

Message of Continued Support to Global Compact



Around 97% of the global climate science community agree that human activities caused 100% of global warming over the last 50 years, and there is a growing concurrence amongst business and political leaders across the globe that sustainability of business is tied unequivocally to the sustainability of our world. 2016 was not only the warmest year on record since the time temperatures are being recorded starting 1880, but eight of the twelve months – from January through September, June being an exception – were the warmest on record for those respective months. Independent research data now demonstrates that most of the warming

occurred in the past 35 years, with 16 of the 17 warmest years on record occurring since 2001.

Meanwhile, interesting things are happening in the evolution of sustainable business models worldwide. For example Tesla, Inc., an American automaker, energy storage company and solar panel manufacturer based in California and founded in the year 2003, has left Ford behind in market cap. Tesla's market cap is now about \$47.8 billion, while Ford's is about \$44.8 billion. Tesla is just a few steps behind General Motors' \$50.9 billion market cap. To make this game even more interesting, Tesla sold just over 76,000 cars in 2016, whereas Ford sold 6.7 million cars in the same year. This shift in business paradigm is tectonic and there is no escaping this sustainability push for any business in the medium to longer term.

Balmer Lawrie takes pride in developing a sustainability roadmap for its businesses with environment and people at its centre. We have been investing in making our carbon footprint low for our processes and establishments, and designing products and solutions for our customers to enable them to lower their carbon footprint. Our Communication of Progress (COP) report for the year 2016-17 captures our efforts and achievements in taking forward our sustainability objectives, which are well aligned with our business goals. We celebrated our Company's completion of 150 years on 1st February 2017 and it is a matter of great pride that Balmer Lawrie enjoys the rare distinction of earning profits year on year in its entire journey.

Of the various sustainability initiatives taken during the year, installation of 300 KWp of Solar Power plants is noteworthy. A 100 KWp of roof top plant was installed in our Industrial Packaging unit at Asaoti and a 200 KWp of solar plant was put up at our Manali complex in Chennai. Balmer Lawrie, for the first time, achieved Zero LTI [Lost Time Injury] for 365 days in all manufacturing and service business during FY 2015-16. We sustained the "Swachh Vidyalaya" initiative in Government Schools covering states of Assam, Chhattisgarh, Haryana, Andhra Pradesh and West Bengal. The Company constructed new toilets and ensured maintenance on need basis.

Sustainable growth is a key objective in our strategy plan and the leadership continuously encourages "think sustainability" not only in our employees but all the stakeholders. Balmer Lawrie has been a committed corporate citizen in the last 150 years, and is all geared up to take this commitment forward, with new zeal, in the decades to come.

Prabal Basu
Chairman & Managing Director

Communication on Progress (CoP) Report – 2016-17

This Report on Communication of Progress (COP) represents our assessment and perspective on the manner in which the principles of Global Compact have been taken forward in our organisation through various initiatives. The accompanying statements attempt to capture the achievements vis-à-vis the principles pursuant to the actions taken during the past, including the year under report, in brief. For more details, please contact the *Corporate Communications* Department at the Company's Corporate Office or by EMAIL: corpcomm@balmerlawrie.com

Principles Relating to Human Rights

Principle # 1 & 2: Support and respect the protection of internationally proclaimed human rights / Not be complicit in human right abuses

Balmer Lawrie remains committed to uphold and strives to further the cause of human rights in all aspects of its business and ensures that neither the Company nor any of its business partners indulge in any human rights violation or are complicit in any human rights abuse in any manner. The various actions taken and the status are as under:

- The Company has constituted Committees at the Corporate and Regional levels to prevent any possible Sexual Harassment of Women at Workplace and to ensure that the employees are able to work in a positive atmosphere free from physical or psychological threat, abuse or sexual harassment. The committee meets periodically to identify and address issues, if any, that are of concern.
- The Company does not, as a matter of principle, deal with any party with history of human rights abuse.
- The Company consciously works towards the development of the society at large and provides financial support for community development projects. These include programs aimed at ameliorating the problems of the socially and economically downtrodden and the weaker sections of the society and improve their social and economic status.
- All legal and statutory obligations towards employees, shareholders, clients, customers, associates and the society at large are complied with. Periodic audits are undertaken and reports on compliance are submitted to the Board of the Company. Action Taken Reports (ATRs) against Non-Compliance Reports (NCRs) are also reported to and reviewed by the Board.
- The Company has duly constituted Internal Committees (as per the Prevention of sexual harassment of women at the workplace Act) at the Corporate Office and the Regional offices, which can be approached by women employees in case of harassment.

Principles Relating to Labour

As reported in the previous COPs, Balmer Lawrie recognizes and respects the dignity of labour and strives to ensure that there is total freedom of association and no discrimination whatsoever in matters of employment. The company provides safe and healthy working conditions, pays competitive wages much above the minimum levels and at times best in the industry/region that it operates in, and provides the best of health care and other welfare

facilities to its employees. In all matters pertaining to labour, it follows conventions adopted by the International Labour Organisation. Further, it abides by all regulatory provisions governing the employment in the organisation and strives to enhance the quality of work-life of its employees. To be more specific, the present status, including the actions taken, is detailed in the ensuing paragraphs.

Principle # 3: Uphold the freedom of association and effective recognition of the right to collective bargaining

- The Company strongly believes in and supports the employees' right to association. As of now, there are 6 Unions and 1 Association representing different sections of employees in the Company.
- Settlements on terms and conditions of service of unionized employees are arrived at through the process of collective bargaining. All the commitments made to the collective are implemented in letter and spirit.
- Negotiations to conclude long term settlements, where due, are progressing satisfactorily and it is our expectation that the new wage settlements would be signed in due course.
- The Company continues to follow the policy of non-discrimination of bargaining agents based on political affiliation or any other extraneous considerations.

Principle # 4: Elimination of all forms of forced or compulsory labour

- Employment in the Company is on free volition of the employees. No form of forced or bonded labour exists or is allowed.
- Employees are free to terminate the contract of employment by giving notice as stipulated in their appointment letters.
- All forms of employment are governed by Letters of Appointment / Engagement and are subject to acceptance by the prospective employees.

Principle # 5: Abolition of Child Labour

- The Company policy does not permit employment of any person below the age of 18, directly or through contractor, in any of its businesses. To ensure this, the age of all candidates for employment is verified at the time of recruitment and recruitment rules ban employment of persons below 18 years.
- It also does not buy goods/products from agencies that use child labour.

Principle # 6: No Discrimination in respect of employment and occupation

- The Company does not practice any form of discrimination or bias in matters related to hiring of employees, their career planning, training and development, promotion, transfers, or on remuneration and perquisites. All sections of employees, including women, are given equal opportunities and the Human Resource Policy is to advance the cause of meritocracy and foster development of employees, including learning and growth.
- The Company does not practice any discrimination, in matters relating to recruitment, compensation, promotion, training on the basis of religion, caste, region, political affiliation or sex, excepting positive discrimination in hiring of employees to give effect to constitutional guarantees for socially backward / underprivileged groups like SC / ST / OBC / Minorities / Persons with Disability.

- In all recruitments where there are candidates from SC/ST/Minority communities, the Selection Committee has a member from the said community to ensure that the interest of these communities are safeguarded.

Principles Relating to Environment

Principle # 7: Environmental Protection

The Company gives highest priority to protect the environment. Towards this end, precautionary measures have been put in place with regard to treatment / discharge of effluents conforming to the standards laid down by the regulatory authorities in all its Plants and Manufacturing Facilities.

- The plants of SBU: Greases & Lubricants at Kolkata, Silvassa and Chennai have developed and segregated the hazardous storage area from the non-hazardous storage area for better waste management.
- The Silvassa plant of SBU: Industrial Packaging developed a separate area for storage of both hazardous waste and non-hazardous waste.
- SBU: Industrial Packaging implemented rain water harvesting at its state-of-the-art barrel manufacturing plant at Taloja, Navi Mumbai and does proper maintenance to ensure that the ground water level is maintained.



(L) Rain water harvesting unit at IP, Navi Mumbai. (R) Separate hazardous waste storage area for IP, Silvassa

Principle # 8: Promoting greater environmental responsibility

- The online ambient air and water monitoring system was commissioned at the Company's Leather Chemicals Business Unit at Chennai to ensure that air quality and water quality is as per the prescribed norms of EP Act 1986.
- Balmer Lawrie has installed 300 KWp of solar plants in 2016-17. A 100 KWp of roof top plant has been installed at the Industrial Packaging plant at Asaoti and a 200 KWp of solar plant has been fixed at the Manali complex in Chennai.



100 KWp solar plat at IP Asaoti



200 KWp Plant at Manali Complex

- The CFS unit at Mumbai sustained zero discharge of sewage effluent. All the effluent are treated in-house and are reused in toilets, vehicle washing and gardening.

Principle #9: Development and diffusion of environmental friendly technologies

- The Company has continued its efforts at technological up-gradations in its manufacturing processes to ensure that adverse impact of our operations on the environment are minimized.
- The company has installed and maintained a Zero Liquid Discharge Plant (ZLDP) for the units at Manali Complex, Chennai. In order to minimize the load of the effluent load on the ZLDP, our Leather Chemicals Business Unit is working on projects related to reusing and recycling of liquid hazardous waste.
- Energy efficient welding machines have been installed at our Industrial Packaging Units at Taloja, Asaoti and Silvassa in the recent past.
- Paints with lower Volatile Organic Compounds (VOC), have been introduced in our Industrial Packaging (IP) Units and state of the art technology has been adopted in the paint booth at IP - Navi Mumbai to minimize VOC emission in the air.
- Our Industrial Packaging plant at Navi Mumbai is a zero discharge plant. No water is being consumed in the process for degreasing.
- Our R&D team continuously works to identify raw materials, processes and technologies, which will have minimum impact on the environment. The Application Research Laboratory of the Company has made significant progress in developing a number of biodegradable lubricants like hydraulic fluids, gear oils for high temperature applications for enclosed and open gear boxes, engine oils for 4 stroke gasoline engines etc.

Continuous trainings are being imparted to our workforce on the latest development in the lubricant industry.

Principles Relating to Ethics & Transparency

Principle # 10: Elimination of corruption in all its forms, including extortion and bribery

1. Transparent policies and systems have been put in place to ensure ethical behaviour of Balmer Lawrie employees, and we expect our employees to behave in conformity with these principles. As a matter of policy, the Company regularly interacts with clients, customers and associates to get their views/suggestions.
2. Issues relating to corruption, dishonesty or unethical behaviour are looked down upon and any instance of such nature is dealt with expeditiously for corrective and preventive action, including disciplinary action against erring employees. There is a vigilance department in the company to deal with such matters in an organized & systematic manner.
3. Balmer Lawrie has institutionalized its "Fraud Prevention Policy". The policy provides for detection, reporting and prevention of fraud, whether committed or suspected. This has been done in pursuance of the Company's motto to nurture a culture of zero tolerance for fraud or fraudulent conduct.
4. Balmer Lawrie has also institutionalized the "Whistle Blower Policy" to develop a culture where it is safe for all employees to raise concerns about any irregular, undesirable or unacceptable practice and any event or incident of misconduct.
5. In order to ensure greater transparency in respect of all procurement actions through tendering, all tenders are now hosted on Company's website. Further, it was decided by the Company in December 2012 that all procurements above Rs 5 lakhs need to be carried out through the e-procurement mode.
6. A Handbook on "Public Procurement" was published by the Vigilance Department in April 2013, with the aim of assisting all Executives in understanding the procurement process well.
7. The company has a practice of conducting internal and external audits by experts.
8. All the employees have been advised to take the integrity pledge released by the central Vigilance Commission.

Sustainability Efforts

HSE: In pursuance of the leadership's advocacy for the institutionalization of a proactive HSE (Health, Safety & Environment) culture in the organization, a full-fledged HSE department was set up at the Corporate Office. Various initiatives are being taken for continuous improvement. Some of them are regular HSE audits at all units across all SBUs, trainings / workshops on HSE, Sustainable Development and CSR for employees and other stakeholders, General Planned Inspections at different units on a daily basis etc. The HSE Manual for standardization of safe working practices was developed and has been uploaded on the corporate website.

In 2016-17 Company has organised training programs on Behaviour Based Safety for the Operational Managers and Electrical Safety for the Engineers. We have also carried out Electrical Safety audit for all the manufacturing plants in 2016-17.

World Environment Day was observed with much fervour at various units/establishments of the Company on 5th June 2016. An online quiz on Environment was organised on an all India basis. Saplings were planted in various units and establishments as part of our green effort.

The 46th National Safety Week was observed from 4th to 10th March 2017 in all units/establishments across locations. The week commenced on 4th March, observed as National Safety Day, with the administering of the safety pledge and reading out of C&MD's message. In line with the theme, various programs were organized over the week. The programs included extempore, quiz, skit, spot the hazard contest, safety slogan & essay writing and poster competitions.

Balmer Lawrie for the first time achieved Zero LTI [Lost Time Injury] for 365 days i.e. from 18th August 2015 to 18th August 2016, in all the manufacturing and service businesses.

Environmental Sustainability: Environmental Sustainability aligned to business is the need of the hour and towards this a long term Sustainability Development Plan was developed for the Company in association with E&Y. In the year 2016-17 our Company installed a total capacity of 300 KWp of Solar Power plants. A 100 KWp of roof top plant has been installed at the Industrial packaging unit at Asaoti and 200 KWp of solar plant has been set up at the Manali complex in Chennai. Our Industrial Packaging unit at Asaoti is now certified in ISO 14001 : 2015.

Corporate Social Responsibility

Balmer Lawrie believes that good financial results are not an end in itself to assess the success of any business; rather it is a mean to achieving higher socio-economic goals. In pursuance of this belief, the Company is committed to conducting its business in a socially responsible manner and be responsive to the needs of the society at large. Accordingly, the Company has been pursuing various CSR initiatives since the last decade or so.

Balmer Lawrie's CSR initiatives are driven by two Flagship Programs - **Balmer Lawrie Initiative for Self Sustenance [BLISS]** and **Samaj Mein Balmer Lawrie [SAMBAL]**. While the first Program is directed at providing and improving the long term economic sustenance of the underprivileged, the second Program aims at improving the living standards and quality of life of population in and around the Company's work-centers.

In pursuance of these Programs, the Company has undertaken several community development projects, partnering with various NGOs with a focus to trigger development at micro-communities and thereby generate the desired developmental impact. The focus areas for the Schemes under the Programs, amongst others, have been on education, healthcare, sanitation, shelter, integrated village development, employment generation, vocational training leading to employability & livelihood, rehabilitation of the destitute, disaster mitigation, and environmental protection. CSR efforts are channelized on the above mentioned thematic focus areas and target groups like children, women, youth, elderly and differently abled people.

Through the various CSR programs, the Company has constantly endeavored to integrate the interest of the business with that of the communities that form part of the areas it operates. In keeping with Department of Public Enterprises [DPE] guidelines on CSR, the Company has

formulated a **CSR Policy and Long Term Perspective Plan**. In order to facilitate companywide implementation of our CSR policy and ensure that CSR is embedded across various business units and their operations, a CSR governance structure has been put in place.

With the advent of the various flagship programs launched by the government, we as an organisation take pride in furthering the initiatives which comes under the purview of CSR by engaging specialized agencies, and in keeping with the DPE guidelines, the Companies Act 2013 and Schedule VII of the Companies Act.

A total sum of Rs. 412.65 Lakhs was spent during the year 2016-17, towards CSR activities, including expenses towards promotion and publicity of the schemes and other related expenses.

The following activities / initiatives were undertaken during the year under report, i.e. FY 2016-17.

i. Education

1. Under the Swachh Vidyalaya : Swachh Bharat Abhiyan, toilets were constructed in the states of West Bengal, Assam, Andhra Pradesh, Chhattisgarh and Haryana for the students of primary government schools to avail facilities of toilets. It was committed by Balmer Lawrie to maintain the toilets at least for 5 years. Therefore, our Company is maintaining the toilets as per need in West Bengal, Andhra Pradesh and Haryana.



2. A Toilet block was constructed at Chatrapati Shivaji Vidyalaya, Village Palaspe in Maharashtra. The school comprises 650 students out of which 380 are girls. Hence, a need was felt to construct the toilets.
3. As part of the Swachh Bharat Abhiyan, Balmer Lawrie has adopted the Sayali village in Silvassa and has sponsored the construction of a water tank, which will benefit 5000 villagers.

ii. Health

1. Balmer Lawrie assessed the need of a Hospital in Ranipet, Tamil Nadu and donated a sonography machine, so that people residing in the vicinity are benefitted.



Mobile Health Van at Chennai

2. The Balmer Lawrie sponsored Mobile Health Van run by Helpage India at Manali, Chennai to provide medical care especially for the elderly people, caters to 12000 patients annually.

iii. Skill Development

Skill Development Institutes are being set up at various places in the country by the member companies of the Ministry of Petroleum and Natural Gas (MOPNG), Govt. of India. As a member company, Balmer Lawrie contributed Rs 180 Lakhs for the institutes at Bhubaneswar, Kochi and Vishakhapatnam. Some of them have started the courses on skill development.

iv. Education & Child Sustenance

1. Child care includes family support and education to orphaned/destitute children and children with physical and other disabilities. Balmer Lawrie supports two Family Homes at SOS Children's Village – 1 in Kolkata and 1 in Vishakhapatnam.



Family home adopted by Balmer Lawrie at SOS Village in Salt Lake, Kolkata

2. Two classrooms are being sponsored under the "Corporate Leverage and Support Scheme" (CLASS) of Indian Institute of Cerebral Palsy (IICP) for supporting the differently abled, particularly children suffering from cerebral palsy. In all 30 children are being supported. Balmer Lawrie also supported IICP in their fund raising for the charity Golf Tournament - "Hope Cup" held in Kolkata in the year 2016-17.



A special child at IICP, Kolkata in a classroom sponsored by Balmer Lawrie

3. Balmer Lawrie sponsored Rs 50 lakhs for the construction of the Mogapair School at Chennai. This school is an initiative taken by various stakeholders to build a model school where only girl students from the marginalized communities are enrolled.

SINCE 1867



Ekal Vidyalaya

4. Our Company extended support to projects focused on the upliftment of the tribal students, run by Friends of Tribal Society known as EKAL Vidyalayas. Balmer Lawrie sponsored Rs. 10 lakhs for these vidyalayas catering to the tribal populace.



National Cleanliness Campaign



Cleanliness drive during Swachh Bharat Pakhwada

5. Balmer Lawrie also distributed waste bins, conducted rallies, quiz, essay competition and awareness programmes in schools of South 24 Parganas during National Cleanliness Week and Swachh Bharat Pakhwada.

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