

Message of Continued Support to Global Compact



Last year, across the globe, there were many instances of calamities, ranging from floods and droughts to wild fires that impacted lives, businesses and displaced communities in large numbers. In our country too, we witnessed grave situations and deep losses caused by floods in 2017. The Arctic Report of 2017 has many observations and concerns that need our undivided attention to act, and act decisively and swiftly. This report is the consolidated effort of 85 scientists from 12 different countries working on arctic weather. The report has been generated every year, over the last 12 years and sadly, each passing year makes the previous year look much better. Two key highlights of the 2017 report which are pretty alarming are – 1. The average surface air temperature for the year ending September 2017 was the second warmest since 1900 and 2. The sea ice cover continued to be relatively young and thin with older, thicker ice comprising only 21% of the ice cover in 2017 compared to 45% in 1985. The climate is so volatile that none of us can predict anything definitive about the future. The National Hurricane Center at Miami, USA published a listing of costliest tropical cyclones to strike the United States, and in 2017 itself, three hurricanes (Hurricane Harvey, Maria and Irma) caused a combined damage of USD 265 billion. During the same year, about 9.8 million acres were burned across USA, compared with 5.4 million in 2016 and this wild fire burning ranked higher in number of acres burned, compared to the 10-year average.

The world is going through an unprecedented time and the cost of not being compliant on sustainability matters will be humongous for businesses. To meet the challenges of unpredictable climatic changes, technology changes including AI, big data, block chain etc., business environment changes and the ever-rising expectations of various stakeholders, companies will have to set more and more aggressive sustainability goals. At Balmer Lawrie we have continuously endeavored to drive up the sustainability index in our businesses and we are well on track as far as our sustainability roadmap is concerned. I am proud to state that for the first time we have published the Business Responsibility Report [BRR] and Sustainability Report 2016-17 for Balmer Lawrie, thereby disclosing our performance on the triple bottom line to our stakeholders. The leadership at Balmer Lawrie has recently endorsed the roll out of the 'HSE Progressive Disciplinary Policy' with the aim of fostering and nurturing the HSE culture in the organisation. SBU: Industrial Packaging (IP) was the proud winner of the BayBuy Award for sustainable value add, for the year 2017, given away by Bayer Corporation. Balmer Lawrie has been associated with the Bayer Group for decades and has been supplying steel drums to their different facilities. Winning this award is a reflection of the organisation's commitment towards sustainability. This year the IP plants at Asaoti, Navi Mumbai and Silvassa have scored 200/200 in the audit for Together for Sustainability (TfS).

Our Communication of Progress (COP) report for the year 2017-18 highlights our organisation's efforts and achievements in furthering our sustainability goals which are seamlessly integrated with the overall business objectives. Trust and transparency is key to driving a culture of sustainable development and we stand committed in our journey to steer sustainable growth not only in our businesses processes, products and services but in the overall ecosystem comprising all our stakeholders and the community.

Prabal Basu
Chairman & Managing Director

Communication on Progress (CoP) Report – 2017-18

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 send an email to 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 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 any harassment. The Internal Committees hold quarterly review meetings.
- The Company has constituted committees to ensure that the employees are able to work in a positive atmosphere free from physical or psychological threat, abuse or sexual harassment. The committees meet 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.

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.



BLWU members along with the Management during the signing of LTS Draft

- Balmer Lawrie Workmen's Union signed the Long Term Settlement with the Management of the Company on 14th November, 2017 towards their Pay Revision effective 01st January, 2014 for a period of 5 years.



BLEU, CCDC members with the Management during the signing of LTS

- Balmer Lawrie Employee's Union, CCDC signed the Long Term Settlement with the Management of the Company on 23rd October, 2017 towards their pay revision effective 01st April, 2014 for a period of 5 years.



Signing of the LTS at LI, Mumbai

- The Long Term Settlement of LI, Mumbai was signed on 6th July 2017 at the Labour Commissioner's Office in Mumbai.
- 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 storage, collection and disposal of hazardous wastes. Recycling of water is being done in various plants to minimize water consumption. LED lights and energy efficient machines are installed in our plants and establishments to minimize our carbon footprint.

- SBU: Greases & Lubricants (G&L) developed a mechanism of segregation and collection of hazardous and non-hazardous waste in its plant at Silvassa.
- SBU: Industrial Packaging (IP) also demarcated separate areas for storage of hazardous waste and non-hazardous waste in its manufacturing unit at Asaoti.

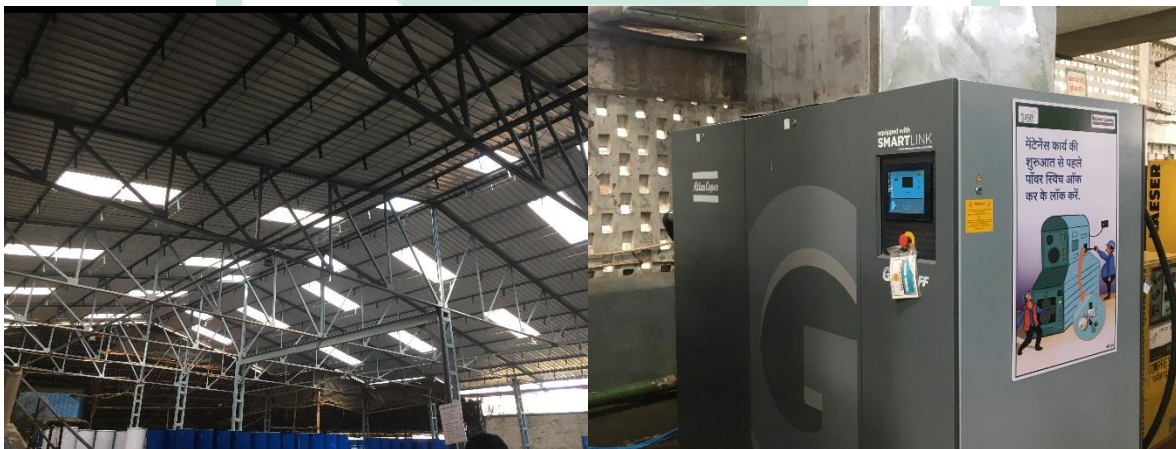
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(L) Segregated waste collecting bins at G&L, Silvassa; (R) Separate hazardous waste storage area at IP, Asaoti

Principle # 8: Promoting greater environmental responsibility

- Asbestos roof sheets were replaced with pre-coated galvanized iron roof sheets at IP, Silvassa thereby improving the work environment.
- The Company has till date installed solar plants with a total capacity of 460 KWp in three different manufacturing sites at Asaoti, Navi Mumbai and Chennai. This helps us to offset 700 tons of carbon dioxide per year from our manufacturing operations.



Pre-coated GI sheet replacing asbestos

Acoustic enclosure of air compressor

- A water recycling system was installed in the Leather Chemicals plant at Chennai and IP plant at Silvassa to reuse the process water thereby reducing water consumption in various processes.
- Air compressors were installed at IP, Silvassa with acoustic enclosures which ensure dampening of noise and minimize noise pollution in the surroundings.

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 in the environment are minimized.
- The Company has installed and maintained a Zero Liquid Discharge Plant (ZLDP) for the manufacturing units at Manali Complex, Chennai. The plant has also done a successful trial run of reusing and recycling liquid hazardous waste.
- SBU: G&L has developed unique esters for producing biodegradable lubricants for some important segments.
- IP, Chittoor has adopted IGBT technology in their welding machines, which helped to reduce energy consumption by 50% and enhance load balance to all the three phases of the power system. Energy efficient welding machines have been installed in our IP units at Taloja, Asaoti and Silvassa in the recent past.
- Our IP plant in Navi Mumbai is a zero discharge plant. It uses special steel to eliminate the process of degreasing.
- Formaldehyde content has been reduced by 1% in our synthetic tanning products manufactured at the Leather Chemicals plant in Chennai to make them more environment friendly.
- 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. Balmer Lawrie for the first time published its Sustainability Report and Business Responsibility Report for the year 2016-17 and it has been uploaded on the Company's website. This year the HSE Progressive Disciplinary policy was also rolled out. Corporate HSE carried out HSE audits in all units across all SBUs, conducted trainings / workshops on Behaviour Based Safety, Process Safety, Sustainable Development and CSR for employees and other stakeholders, and General Planned Inspections at different units on a daily basis. In 2017-18 our Company organised training on HSE Legal requirements, Process Safety and Behaviour Based Safety for the operational managers. We have also carried out Process Safety Audit was carried out for the temperature controlled warehouse in Hyderabad in 2016-17.

World Environment Day was observed with much fervour at various units/establishments of the Company on 5th June 2017. 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 47th National Safety Week was observed from 4th to 10th March 2018 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, mock drills, safety slogan & essay writing and poster competitions.

Balmer Lawrie for the first time achieved Zero LTI [Lost Time Injury] for 365 days in the last financial year that is from 1st April 2017 till 31st March 2018.

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. Balmer Lawrie for the first time published the Sustainability Report on triple bottom line for the year 2016-17. Our Industrial Packaging plants at Asaoti, Silvassa and Navi Mumbai are now qualified TfS [Together for Sustainability] units.

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Corporate Social Responsibility

Balmer Lawrie's current focus is to enhance its triple bottom line year on year. In line with this, the Company has been driving various corporate social responsibility projects independently around its units and establishments across the country and has also been

supporting various programs initiated by the Government of India like the Clean India Mission and Skill Development Institutes. The Company believes in achieving higher socio-economic goals and in pursuance of this belief, it is committed to conducting its business in a socially responsible manner and be responsive to the needs of the society at large. The various CSR initiatives pursued by the Company since the last few decades are aligned with the overall objective of driving sustainable development and growth for its stakeholders.

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. 438.00 Lakhs was spent during the year 2017-18, 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 2017-18.

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. Taking a step ahead our Company also refurbished/repared the toilets which have been used for last 3 years from the date of commencement.



(L) Toilet maintenance in a government school in West Bengal; (R) Use of dustbin by students

2. Balmer Lawrie sponsored the construction of a toilet block in Chatrapati Shivaji Vidyalaya, Palaspe, Panvel, which was inaugurated on 21st August 2017 by Mr. Prabal Basu, C&MD, Balmer Lawrie and Mr. Thakur, MLA, District in the presence of Balmer Lawrie Directors and other dignitaries.



Inauguration of the toilet block at Palaspe Village

3. A toilet block for tribal boys and girls was constructed at Chavane Village, Maharashtra.
4. A total number of 25 toilets were constructed in the government schools and hospital at Bhavi and Kedhapa in Rajasthan.



The foundation stone laying ceremony of the construction of a toilet block in Bhavi Village, Pali, Jodhpur was held on 28th October at the construction site. Mr. P P Chaudhary, Union Minister of State, Ministry of Law and Justice and Ministry of Corporate Affairs graced the occasion as the Chief Guest of the function. Mr. Prabal Basu, C&MD, Balmer Lawrie was the Guest of Honour amongst others. Balmer Lawrie takes pride in being an organisation that cares for children of the nation.

5. Balmer Lawrie sponsored the construction of two community/public toilets at Panvel in Maharashtra and Anand Vihar in New Delhi.

ii. Health

1. 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.



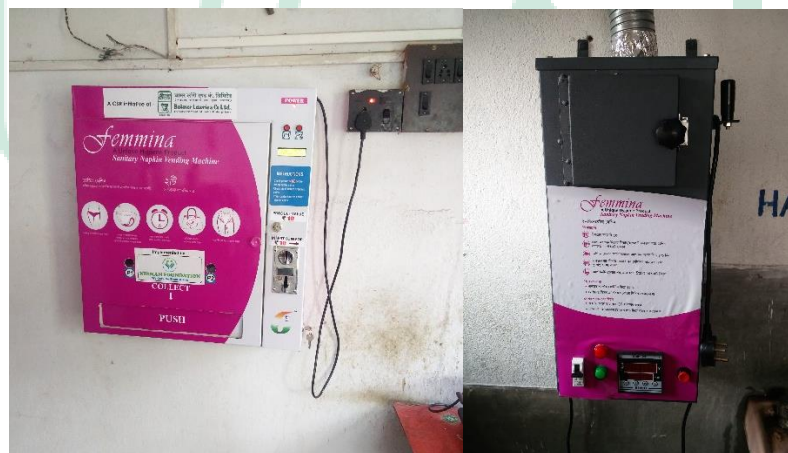
Mobile Health Van at Chennai

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.
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 for providing clean drinking water to the villagers. This initiative has benefited 5000 villagers.



Water tank at Sayali Village

4. An incinerator and vending machine for sanitary napkins was installed in four government schools at Kolkata in West Bengal and behavioral training was carried out for the adolescent children and their parents.



Vending machine and incinerator for sanitary napkins in a government school at Kolkata

iii. Skill Development

Skill Development Institutes (SDI) 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 150 Lakhs for the institutes coming up at Guwahati and Rae Bareilly and fully operational SDI at Bhubaneswar and Vishakhapatnam. Some of them have started the courses on skill development.



SDI at Bhubaneswar

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 January 2018.



Classrooms are sponsored by Balmer Lawrie in the Indian Institute of Cerebral Palsy

3. 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.



Ekal Vidyalaya

v. National Cleanliness Campaign

1. As part of the Swachh Bharat Abhiyan, Swachh Bharat Pakhwada was observed from 16th to 31st December 2017. Cleanliness drives were organised across units and establishments, the swachhta pledge was administered in some units and various programs were organised across locations to generate awareness. On 28th December, a medical camp for scavenging workers of Chennai Corporation, Manali region was organised by our Company. 150 workers benefitted from the camp which had the provision for testing hemoglobin, blood grouping and typing, random blood sugar, blood cholesterol, blood creatinine, total blood count, blood differential count, urine albumin, urine deposits, urine sugar, Hepatitis B, TB and cervical cancer. General check-up by the physician was also carried out. A medical camp was also organised at Silvassa for the house keeping staff.



Medical camp at Chennai



Medical camp at Silvassa

2. Balmer Lawrie joined the 'Swachhta hi Seva' movement and organized various cleanliness activities not only in its units and establishments but also in the schools and villages near its factories. Various activities were organized like the Swachh Karyasthal contest, Essay and Drawing competitions for school students, cleanliness drives,

Swachhta awareness sessions, distribution of dustbins, personal hygiene sessions for girl students and distribution of sanitary napkins.



Activities during 'Swachhta hi Seva' campaign

3. Department of Scientific and Industrial Research (DSIR) under Ministry of Science & Technology observed Swachhta Pakhwada as part of the Swachh Bharat Mission between 1st and 15th November, 2017. Our Application Research Laboratory (ARL) at G&L – Kolkata, being a DSIR recognized R&D Unit since November 1981, observed the Swachhta Pakhwada during the same period. Various activities like cleaning of the factory premises, plantation of saplings, extempore speeches by employees, quiz contests and awareness programs were organised to reinforce the significance of cleanliness at the workplace.



Cleanliness drives at the G&L plant in Kolkata