

Technology for

SUSTAINABILITY



2022-23

Sustainability
Report

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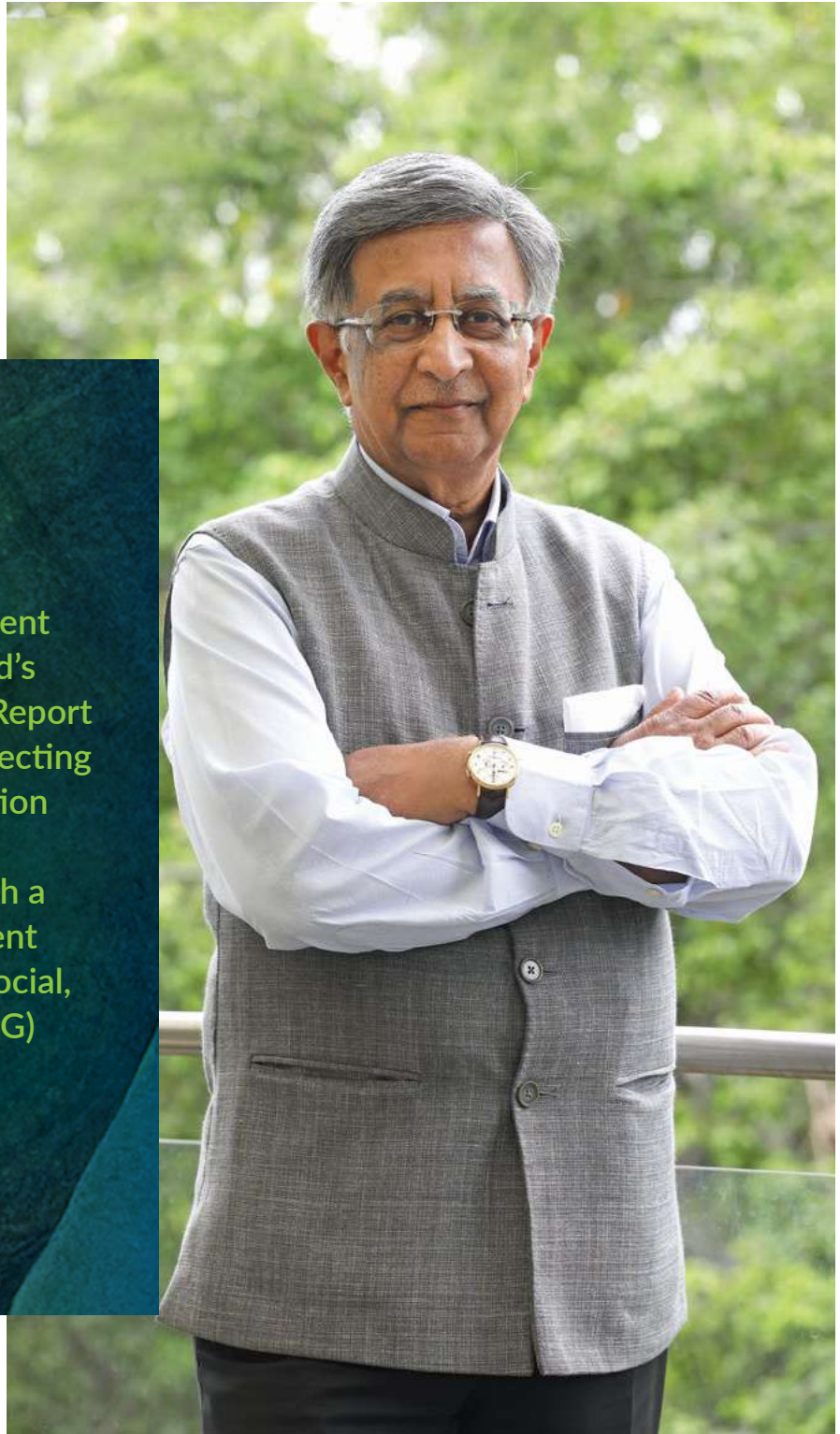
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GRI CONTENT INDEX

Message from the Chairman and MD's Desk

Dear Valued Stakeholders,

I am pleased to present Bharat Forge Limited's third Sustainability Report for FY 2022-23, reflecting our resolute dedication to align sustainable business growth with a steadfast commitment to Environmental, Social, and Governance (ESG) principles.



True to our theme of “Tonnage and Technology”, our unwavering pursuit of sustainability is anchored to strategic fusion of technical innovation, operational excellence, and responsible corporate citizenship for achieving our business objectives i.e. Environmental leadership – reduce carbon footprint, Social empowerment – CSR initiatives based on ESG governing principles, excellence in corporate governance – robust code of conduct, state-of-the-art health and safety measures – aiming for zero incidents work scenario and innovation. As we persistently progress in alignment with international benchmarks, we are dedicated to enhancing the diversity of our workforce for an agile, lively workforce and enhancing our capacity for well-informed decision-making.

Environmental Leadership: A Quantum Leap in Resource Efficiency

We continuously align ourselves with the sectoral trends and best practices for continuous evolution of our operations. Through judicious utilization of advanced manufacturing technologies and process optimization, we have successfully reduced our specific energy consumption and greenhouse gas emissions. Our investments in high-precision forging techniques and state-of-the-art equipment underscore our mission to forge components with minimized material wastage, thus exemplifying our commitment to resource efficiency and circularity in a sector historically characterized as being resource-intensive.

Social Empowerment: Nurturing People for Collective Growth

At Bharat Forge, the bedrock of our social commitment resides in fostering a workforce that flourishes within an ecosystem of safety, empowerment, and skill development. We have initiated robust training programs, coupling traditional craftsmanship with cutting-edge digital tools to ensure our personnel are equipped to thrive in an increasingly technologically advanced business scenario. Our engagement extends beyond forging metal, and we are positively touching the lives of local communities through health, education, and livelihood enhancement initiatives.

Governance Excellence: A Robust Code of Conduct

The G Factor is gaining imminent importance as the work culture is changing globally and the stakeholders are expecting transparent and strong values at the Board-level for achieving highest level of ethical business outputs. Our governance practices transcend the ordinary, ensuring a well-rounded, diverse, and independent Board

AT BHARAT FORGE, THE BEDROCK OF OUR SOCIAL COMMITMENT RESIDES IN FOSTERING A WORKFORCE THAT FLOURISHES WITHIN AN ECOSYSTEM OF SAFETY, EMPOWERMENT, AND SKILL DEVELOPMENT.

of Directors. By imbibing transparency, ethical conduct, and risk management, we galvanize long-term stakeholder value, exemplifying best-in-class governance within our sector, instilling confidence in our stakeholders including our shareholders.

Innovation Redefined: Pioneering Sustainable Paradigms

Innovation is the nucleus of our journey towards sustainable excellence. We have harnessed the convergence of data analytics, machine learning, and advanced simulation tools to engineer forging processes that optimize material utilization, reduce waste, and enhance energy efficiency. Our research collaborations with academia and industry peers culminate in ground-breaking advancements that not only redefine the limits of what is technologically feasible but also what is environmentally and socially responsible.

I express my deepest gratitude to our indomitable workforce, visionary partners, discerning customers, and steadfast investors who have propelled us to these echelons of sustainable development. As we traverse the intricate landscape of the Metal Forging sector, we remain unwavering in our commitment to ESG principles, poised to navigate challenges and forge a sustainable future.

Best Regards

B N Kalyani
Chairman and Managing Director

Message from the Chairman - ESG Committee



Esteemed
Stakeholders,

It is with great pleasure that I present to you the Sustainability Report for FY 2023, themed around “Technology for Sustainability”, which upholds BFL as a dynamic, technology-oriented engineering Organization, with a steadfast dedication in shaping a sustainable future.

At Bharat Forge, our unity is driven by an overarching vision of “Planet Positive”, serving as a resolute testament to our strong commitment to preserve our planet. We firmly believe that the harmonious integration of Environmental, Social, and Governance (ESG) principles transcends a close-knit alignment with our core values and actively propelling our global competitiveness to newer heights.

Our Board-level ESG Committee ensures the commitment of top management in ascertaining the high material topics and the due-diligence around them for a dynamic business scenario, that helps in balancing profitability with sustainability. Our journey toward sustainable development is visible via optimized resource efficiency, initiatives embracing the tenets of circularity, and advancing the agenda of decarbonization across our operational spectrum.

Central to our overarching mission are the quintessential ESG milestones we have set forth for our business:

- Attainment of Carbon Neutrality by 2040
- Adoption of renewable energy in the operations, targeting an impressive 80% by 2030
- A substantial 40% reduction in freshwater consumption by 2030
- A striking 60% decrease in operational energy intensity by 2030
- Unwavering commitment to achieve Zero Safety incidents

We are progressively mapping our carbon footprint to become carbon neutral by means of alternative cleaner technologies, increasing the share of renewable energy across operations and improving energy efficiency of the existing systems and processes. These combined measures crystallize the potential for a momentous 50% reduction in emissions in the near term (by 2030).

At BFL, community initiatives are close to our heart and are completely aligned to our Chairman’s vision of developing 100 Green Villages from the base year of 2015. With a humble beginning of two villages in 2017, this transformation focuses on vital aspects such as water management, infrastructure, livelihood enhancement, education, women’s empowerment, and healthcare to alleviate the living and working conditions

AT BFL, COMMUNITY INITIATIVES ARE CLOSE TO OUR HEART AND ARE COMPLETELY ALIGNED TO OUR CHAIRMAN’S VISION OF DEVELOPING 100 GREEN VILLAGES FROM THE BASE YEAR OF 2015.

of these communities. During the financial year, profound influence of our CSR initiatives has positively touched 2,16,000+ lives across 100+ villages, serving as a testament to our resolute dedication to community development.

Our business continuously evaluates “Reduce, Reuse, and Recycle” scenario for managing resources such as water, energy and waste. During the financial year, we achieved an extraordinary feat of recycling 99.5% of our total waste generated during our operations. We also extend this vision to our supply chain partners by staying connected with them and regularly assessing them on basic ESG parameters. These combined initiatives form the bedrock upon which our sustainable and ecologically conscious business practices are firmly anchored.

As stewards of transparency and engagement, we remain wholeheartedly committed to disseminating regular updates on our initiatives, ensuring that all stakeholders are seamlessly woven into our narrative as we march forward towards our sustainability aspirations.

I extend my heartfelt gratitude to each one of you for enduring trust and unwavering support on this remarkable voyage towards a sustainable future where commitment meets meaningful action.

Happy Reading!

Amit Kalyani

Joint Managing Director / Chairman - ESG Committee

About the Report

Introduction to the Report

GRI 2-1, 2-2, 2-3, 2-6

This is Bharat Forge's third sustainability report which provides detailed disclosures on our sustainability strategy and prospects. We believe in publishing our ESG (Environmental, Social, and Governance) performance transparently so as to give our stakeholders a comprehensive understanding of the business's strategies and operations through the disclosures. We began our sustainability journey by publishing our maiden sustainability performance report in FY 2020-21. Our last sustainability report for FY 2021-22 was published in January 2023 which underwent a third party assurance thereby strengthening our commitment towards sustainability.

We showcase in this report our strategies around management of ESG, stakeholder engagement mechanism, Board's oversight on ESG agenda and our transparent and effective Code of Conduct. The report outlines the company's strategy to mitigate the actual and potential risks, including climate-related risks. The report also highlights BFL's efforts to build strong, self-sufficient communities and the various CSR projects carried out by the company.

Reporting Period Frameworks

Bharat Forge Limited has reported as per the revised GRI (Global Reporting Initiative) Standards 2021 from April 1, 2022 to March 31, 2023. This report is prepared in accordance with the Global Reporting Initiative (GRI) Standard: Core option. Additionally, this report complies with the information disclosure standards of the United Nations Sustainable Development Goals (UNSDGs) and certain requirements of TCFD.

Scope and Boundary

GRI 2-1, 2-4

This report covers the activities and operations of Bharat Forge headquarters, manufacturing plants at Chakan, Baramati, Mundhwa, Satara and Nellore, R&D facilities, warehouses, and sales offices in India. There is no significant change to the organization's size, structure, ownership, and supply chain in the reporting year. This report does not contain any data or information about any entity outside the organization. The key material topics for the business continue to be same as from the FY 2021-22 reporting scenario. The report covers the company's accomplishments concerning sustainability-related KPIs during the reporting period, from April 1, 2022 to March 31, 2023. For comprehensive information on disclosures of economic and governance matters, readers can refer to the BFL's Annual Report 2022-23. The company wants to mention that the ESG Performance of Nellore Plant is also included in the scope and boundary of this year's report. The last report was published in January 2023.

Restatement of Information

There is one restatement of information with respect to the organization's waste diverted from disposal numbers on page number 96 of the report.



Forward-looking Statement

The report includes forward-looking statements based on the company's current understanding and historical performance. Such statements can be recognized by words like "beliefs", "estimates", "anticipates", "expects", "intends", "may", "will", "plans" and "outlook", as well as other words with similar meanings, when they are used in connection with a discussion of economic position, corporate strategy, risk assessments, and targets for future operations. These forward-looking statements contain known and unknown risks, uncertainties, and other factors that could affect the results differently from anticipated ones. Examples of such variables include changes in governmental legislation or regulations. Though the company bases its present projections on reasonable assumptions, it makes no guarantees about the accuracy or precision of the forward-looking statements.

Assurance

GRI 2-5

The non-financial data disclosed in this report has been externally assured by PPEA & ASSOCIATES in accordance with the requirement of the ISAE 3000 Assurance Standard and the financial data is sourced from the BFL's Annual Report 2022-23. The assurance certificate can be found on page number 105.

Feedback

GRI 2-3

BFL encourages readers to share their insightful opinions, comments, and recommendations as part of its ongoing engagement with stakeholders to support the company's continual progress against sustainability KPIs. Any suggestions and feedback can be sent on the email Arularasu.K@kalyani.in



Performance Highlights



ENVIRONMENTAL

15

energy saving projects reduced oil consumption by 5,850.6 KL, electricity consumption by 3,589 MWh/Annum & emissions by 9,609 tCO₂e

1,07,062

metric tons of waste recovered through recycling

3,81,214 (GJ)

of electricity consumed from renewable sources (Solar + Wind)

166

metric tons of waste disposed by Incineration



SOCIAL

Provided training on human rights to

1,500 employees

400 workers

LTIFR (Lost Time Injury Frequency Rate)

0.68

13,585

children benefited from Pratham Pune as a part of SIA (Social Impact Assessment)

2,00,000+

people benefited from Village Development Project in more than 100 villages in Maharashtra State

350 women

benefited from Women Empowerment projects from Hadapsar, Wadgaon Sheri & Keshav Nagar

1,500 students

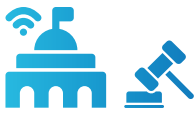
benefited from Skill Development Project

₹137 Million

spent on various CSR projects.

Installation of water filters in villages to provide clean drinking water to villagers





GOVERNANCE

Member of

17

trade and industry
associations

Implemented

**Information Security
Policy**

to manage and secure
information within the
company and externally

84

Patents Filed Till Date and

21

Total Patents Granted
Till Date

₹581.72 Million

invested in Research and
Development, i.e., 0.8% of
total revenue

77.11%

value chain partners covered under
Business Ethics and Sustainability
awareness programs

290

R&D Employee Strength

Integration of Industry

4.0 system



Bharat Forge at a Glance

COMPANY OVERVIEW

GRI 2-1

Bharat Forge Limited (BFL) is a global leader in metal forging, serving diverse sectors such as Automotive, Railways, Aerospace, Marine, Oil & Gas, Power, Construction, and Mining. As the world's largest forging company, we have a strong presence across ten manufacturing locations in India, Germany, Sweden, France, and North America. With expertise in aerospace and automotive forging, we are renowned globally.

As a part of the esteemed Kalyani Group, a USD 3 billion conglomerate with 10,000 employees worldwide, we have access to extensive metallurgical knowledge, design & engineering expertise, and manufacturing capabilities. This has established us as

one of the premier forging manufacturers in India as well as abroad. With over 70+ years of experience, we specialize in producing high-performance, critical, and safety components. From concept to product design, engineering, manufacturing, testing, and validation, we offer comprehensive supply capabilities to our esteemed customers across various locations.

Our success stems from our commitment to developing cutting-edge technology, improving technical processes, adopting the latest manufacturing techniques, and continuously upskilling our workforce. This dedication has created a talent factory, making us a leading automotive forging company in India and beyond.





VISION

We believe nothing is impossible. We challenge the long-standing conventions and keep defying the set limitations. Famous for world-class products for the Automobile Sector making us one of the best automotive forging company in India, we are progressively well-known for our Innovative Engineering Solutions for Industrial Sectors.



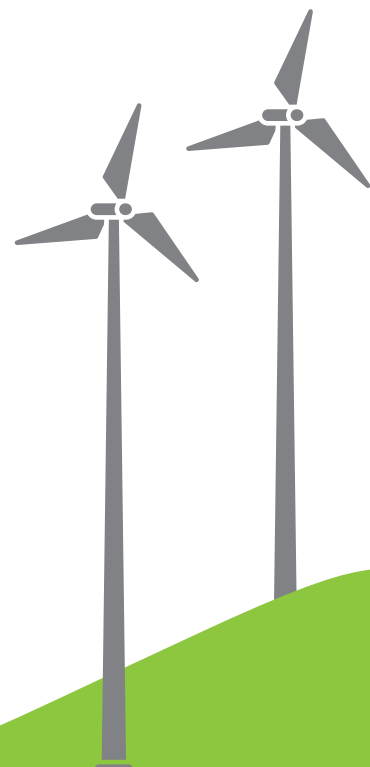
VALUES

Spirit of innovation is the core of the organization's DNA and plays a paramount role in delivering value to our customers through an extensive focus on technology & value addition.



OUR CORE OBJECTIVES

- To be committed to listening and responding to the needs of our customers, associates and business partners and honoring their individual value
- To be committed to an entrepreneurial spirit that fuels the growth of our companies and increases shareholder value



OPERATIONAL PRESENCE

GRI 2-1

Bharat Forge, located in Pune, is a leading manufacturer of a diverse range of high-performance, highly engineered critical, and safety components for automotive and industrial applications. It proudly holds the title of the world's largest single-location forging facility, featuring fully automated forging press lines. Additionally, the facility boasts a state-of-the-art machining facility, which is unmatched in scale and capability.

At Bharat Forge's Baramati Center for Advanced Manufacturing, we operate a cutting-edge facility that produces high-technology, precision-engineered critical, and safety components for various industries, including Automotive, Railways, Aerospace, Marine, Power, and Heavy Engineering. Apart from manufacturing forged and machined heavy components, this facility is equipped to produce large ring and gear blanks for sectors such as marine and wind.

Furthermore, Bharat Forge in Satara houses advanced machining facilities that specialize in supplying precision-machined components for the windmill, oil & gas, and power sectors. The facility's technological prowess



ensures the highest quality standards and reliability in every component produced.

With our state-of-the-art facilities across Pune, Baramati, Chakan, Nellore and Satara is dedicated to delivering exceptional products that meet the stringent requirements of our customers in various industries.

COMPANY PORTFOLIO

GRI 2-6

Bharat Forge's journey towards success has been marked by continuous transformation as a leading manufacturer, and we remain committed to this path of progress. Leveraging our expertise in Metallurgy, Metal Forming, Manufacturing, and Machining (the 4 M's), along with our robust R&D capabilities, we are dedicated to delivering agile and adaptable solutions to our customers, solidifying our position as a premier manufacturer of critical and safety components both domestically and globally.

To drive our growth and stay ahead, we prioritize the development of new processes, expand our product range, and foster innovation throughout our organization. This approach enables us to create new opportunities and avenues for success.

By broadening our horizons and embracing emerging opportunities, we are determined to gain recognition as one of the industry's foremost leaders in delivering products of exceptional quality.

Through ongoing advancements, unwavering dedication, and a forward-thinking mindset, Bharat Forge is poised to shape the future of manufacturing, pushing boundaries, and setting new standards of excellence in the industry.

Key segments and products

Automotive



Commercial vehicles



Passenger vehicles

Industrial



Conventional & Renewable Energy



Rail & Marine

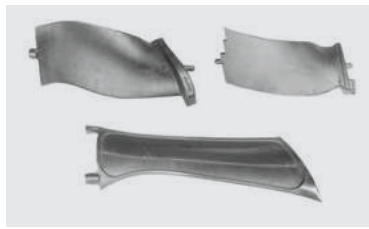


Oil & Gas and Construction & Mining



Agriculture & General Engineering

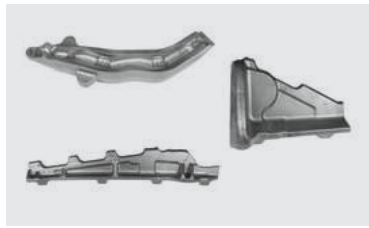
Aerospace



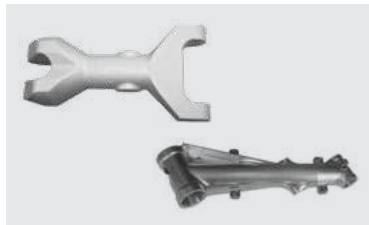
Fan Blade



Compressor & Turbine



Aero Structure



Landing Gear Component

Defence



Artillery Systems



Protected Vehicles



Armoured Vehicles & Unmanned Systems

E-Mobility



Full Powertrain Solutions



Systems & Sub Systems



Parts for Powertrain

WHAT WE ARE



World-Class Technology
driven Engineering Company



Backed by **more than 50 years of experience in manufacturing** a wide range of high performance, critical and safety components



Vertically integrated with end-to-end capabilities from Steel to Finished Components & Aggregates



Your Partner in Innovation - Delivering Innovation Engineering Solutions through Technology & Value-Addition across the globe



Global Footprints with ten manufacturing locations spread across **India, Germany, Sweden, France and North America**



India's largest automotive forging company, for manufacturing and exporting automotive components and leading chassis component manufacturer in the world



Building India's economic backbone, strengthening national capabilities and ensuring a bigger global imprint for ourselves and our country, securing our position amongst the top forging manufacturers in India




CERTIFICATIONS

We have obtained certifications in several areas and continuously update them to align with stakeholders' expectations, evolving ecological requirements, and the dynamic nature of our business landscape. These certifications serve as a testament to our dedication to sustainable practices.

In addition, we have established a robust governance framework to ensure effective business management. This framework enables us to identify and address significant material issues that impact our stakeholders. Through transparent communication and engagement, we actively seek to understand and respond to the needs and concerns of our stakeholders.

At Bharat Forge, we recognize that responsible business practices and strong governance are fundamental to our long-term success. We are committed to upholding these principles and striving for continuous improvement in our sustainability efforts. By working hand-in-hand with our stakeholders, we aim to create shared value and contribute positively to society and the environment.

The list of certifications is presented below:

| | | |
|--|--|--|
| <p>ISO 9001:2015 (QMS Certification for Non-Automotive Parts)</p> | <p>ISO 27001:2013 (Data Security Management System)</p> | <p>ISO 14001:2015 (Environment Management System Certification)</p> |
| <p>ISO 45001:2018 (Safety Management System Certification)</p> | <p>IATF 16949:2016 (QMS Certification for Automotive Parts)</p> | <p>AS 9100 Rev D (QMS Certification for Aviation Parts)</p> |
| <p>API-20B & API-Q1 (American Petroleum Institute Certification for Petroleum products)</p> | <p>NABL: ISO/IEC 17025:2017 (National Accreditation Board for Testing and Calibration Laboratories)</p> | <p>Lloyd's Register (Approved for Closed Die C/S Forgings Surface Induction Hardening of C/S)</p> |
| <p>Pressure Equipment Directive 2014 and Pressure Equipment Safety Regulation 2016 Certificate (Lloyd's Register EC Certificate for CDFD and HFD Parts)</p> | <p>Nadcap (Aerospace, Heat Treating, Measurement and Inspection, Metallic Materials Manufacturing, Non-Destructive Testing)</p> |  |

AWARDS AND ACCOLADES

Bharat Forge has consistently been at the forefront of sustainability performance, demonstrating leadership and innovation since our inception. We take pride in our numerous impactful projects that align with our organizational agenda in Environmental, Social, and Governance (ESG) matters. These achievements fuel our passion and inspire us to continuously deliver reliable, high-quality products to our valued customers, year after year.



BFL EXCELLENCE SYSTEM

At Bharat Forge, we are committed to constantly evolving our excellence system to stay abreast of global trends, seize opportunities, and enhance our performance to create maximum value for our stakeholders. Our excellence system is built upon six pillars, which serve as the foundation for our customer-centric approach, high-quality standards, and efficient manufacturing systems. By continuously refining and strengthening these pillars, we ensure that our operations are aligned with the highest standards of excellence, driving our continued success and delivering unparalleled value to our stakeholders.



Quality & Manufacturing System based on Customer-specific requirements

People Engagement

Ensuring ongoing employee engagement is paramount to the success of our business operations, as it directly impacts productivity, operational efficiency, and profitability. We recognize the value of upskilling our workforce through regular training and targeted interventions. By leveraging the knowledge and core competencies of our employees, we empower them to assess risks, make informed decisions, address issues, and fulfill their responsibilities effectively.

We acknowledge the significant role that engagement initiatives play in enhancing employee productivity. Our philosophy revolves around people engagement, guided by principles such as DMAIC (Define, Measure, Analyze, Improve, Control), Kaizen & Continuous Improvement, and an Ideation Process. These principles underpin our commitment to fostering an environment of continuous learning, collaboration, and innovation.

By nurturing a culture of employee engagement and embracing methodologies that drive operational efficiency, we unlock the full potential of our workforce.

Performance Management System

At Bharat Forge, ensuring the ongoing success of BFL is paramount, which is why we have implemented efficient management practices within our workplace. A key component of this is our effective performance management system, which enables us to oversee the flow of work and production, ultimately leading to improved results in customer service, quality, and cost.

Our performance management system encompasses a range of instruments, processes, and frameworks designed to evaluate performance against targets. Through this system, we can identify areas of improvement and take timely remedial action when necessary. By consistently monitoring and assessing performance, we strive to optimize efficiency, enhance productivity, and drive continuous improvement across our operations.

By leveraging this system, we empower our teams to achieve their targets, exceed expectations, and deliver exceptional value to our customers and stakeholders.



Operating Systems

At Bharat Forge, our operating system comprises interconnected components that play a vital role in automating various functional areas within our organization. From decision-making and procurement to quality assurance and budgeting, this system enables streamlined processes across multiple departments.

By leveraging automation, our employees are able to focus on their core competencies and fulfill their responsibilities with a heightened emphasis on quality maintenance and effective planning. This automation not only enhances efficiency but also promotes consistency and dependability throughout our operations.

The BFL operating system serves as a unifying force, bringing together different aspects of our business and ensuring a cohesive approach to our operations. It instills a sense of reliability and trust in our processes, enabling us to consistently deliver high-quality products and services to our customers.

Engineering System

At Bharat Forge, systems engineering holds a crucial position in our end-to-end production process. Our engineering system serves as a catalyst for the development of innovative technologies, enabling us to enhance each step of the project lifecycle, from initial conceptualization to the delivery of the final desired product.

The primary objective of our engineering system is to effectively organize and leverage information and knowledge. This empowers our employees responsible for managing, directing, and overseeing planning systems to ensure efficient change management and maintain product dependability.

By leveraging systems engineering, we optimize our processes, streamline workflows, and enhance coordination among various teams. This approach allows us to adapt to evolving requirements, embrace technological advancements, and deliver solutions that meet the highest standards of quality, reliability, and customer satisfaction.

Digital Manufacturing

Bharat Forge (BFL) has embraced the digital era by integrating new technologies, tools, and platforms into our business operations. This digital transformation has allowed us to revamp plans and procedures, leveraging digital automation across the entire value chain. Automation is a key focus area for us, driving increased efficiency and productivity.

To support this transition, we have provided comprehensive Industry 4.0 training to our workforce. This equips our employees with necessary skills to thrive in a digital workplace, enhancing their understanding of products and processes. Our Industry 4.0 methodology encompasses a range of areas, including Hydraulics, Pneumatics, Sensor Technology, Human-machine Interface, PLC & Control Mechatronics, AR & VR, Big Data Analysis, and IoT.

Through this digital transformation, we have unlocked significant opportunities for innovation and gained a competitive edge. This advancement has impacted various aspects of our business, including operational practices, strategic decision-making, technological advancements, and cultural transformation.

At Bharat Forge, we recognize the immense potential of digitalization and its ability to drive positive change. We are committed to harnessing these technologies to continuously improve our operations, meet evolving customer needs, and create sustainable competitive advantages. By embracing digital innovation, we are paving the way for a future-ready organization that thrives in a rapidly evolving business landscape.

Customer Satisfaction

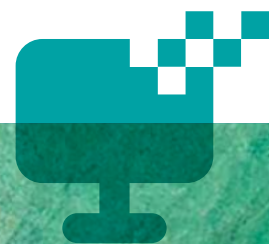
At Bharat Forge, our primary objective is to develop a system that effectively meets the evolving needs of our customers while maximizing our organizational potential and output. We are committed to employing cutting-edge methodologies to not only satisfy our expanding clientele but also to build and strengthen enduring relationships with them.

We continuously strive to exceed customer expectations by not only meeting their requirements but also anticipating their future needs. Our approach involves offering long-term and sustainable solutions tailored to their specific needs. By taking a customized approach, we provide our customers with the confidence that we are committed to their success and are dedicated to delivering value-added solutions.

Furthermore, we prioritize constant engagement and communication with our customers. We believe in fostering transparent and open lines of communication, ensuring that our customers are informed about our Sustainability Performance and the progress we are making in meeting their expectations. This helps us in building trust and reinforce our commitment to delivering exceptional service. During the reporting period, there have been no instances of customer complaints on account of breaches in customer data security.

BFL also recognizes the critical role played by suppliers in our sustainability journey and the overall success. We believe in fostering strong, collaborative partnerships with our suppliers to drive mutual growth and excellence.

At Bharat Forge, we prioritize effective supplier engagement. We actively work towards building long-term relationships based on trust, integrity, and shared social and environmental responsibility. Through regular interactions and feedback mechanisms, we ensure that our suppliers are aligned with our strategic objectives and quality standards. By prioritizing supplier engagement, Bharat Forge Limited aims to build a resilient and sustainable supply chain. We firmly believe that by working collaboratively with our suppliers, we can drive efficiency, quality, and innovation, ultimately delivering greater value to our customers and stakeholders.



Materiality

STAKEHOLDER ENGAGEMENT



At Bharat Forge Limited, we recognize the deep interconnectedness between our operations, the communities we serve, and the environment. Our commitment to creating, preserving, and delivering value is further strengthened by our strategic partnerships and strong relationships with our stakeholders. We understand that sustainable growth can only be achieved through collaborative efforts and co-creation.

Central to our approach is a well-established stakeholder engagement strategy that fosters transparency, trust, and openness in all our interactions. We value the input and guidance of our stakeholders and actively seek their perspectives through periodic engagement initiatives. This enables us to seize opportunities and enhance our existing partnerships.

To ensure a comprehensive understanding of our material topics, we engage our internal stakeholders in dialog with external stakeholders. This collaborative approach allows us to identify and prioritize the most significant topics and critical concerns for our business. We consult our senior leadership and draw upon the expertise and dynamism of each department, considering their interactions with their respective stakeholders. Through this process, we arrive at a meaningful representation of material topics that are relevant to our business and stakeholders, including our shareholders.

At Bharat Forge Limited, we remain committed to nurturing strong and mutually beneficial relationships with our stakeholders. Through active engagement, we aim to forge a sustainable future that addresses the needs of our business, our stakeholders, and the wider community.

Stakeholder Engagement Process



| Stakeholder | Dialog | Frequency of Engagement |
|--|--|--|
| Senior Management  | Conferences / Press Releases Annual Report / Sustainability Report Investor Presentation / Quarterly & Annual Results | Periodically Annually Quarterly |
| Employees  | Training / Conferences / Press Releases Annual Report / Sustainability Report Investor Presentation / Quarterly & Annual Results | Periodically Annually Quarterly |
| Investors  | Annual Report / Sustainability Report Press Releases / Corporate Website Investor Presentation / Quarterly & Annual Results | Annually Periodically Quarterly |
| Customers  | Personal Visits Mass Media & Digital Communications Plant Visits Social Media | Weekly & Quarterly Quarterly Annually Monthly |
| Suppliers  | Supplier & Vendor Meets / Workshops & Trainings Policies / Dialog on the Industry Initiatives IT-enabled Information-Sharing Tools & Recognition Platforms / Training Courses | Periodically Periodically Annually |
| Business Partners  | Dialog with Sales Organizations and Coordinating Units of Importers | Periodically |
| Government & Regulatory Bodies  | Official Communications Channels Regulatory Audits/Inspections Environmental Compliance Policy Intervention / Good Governance | Monthly Annually Annually |
| Communities  | CSR Activities / Meetings and Briefings Impact Assessment Surveys Official Communications Channels including Advertisements Publications / Websites & Social Media | Weekly Annually Monthly Half Yearly |

MATERIALITY ASSESSMENT



Approach to Materiality

Bharat Forge Limited (BFL) is committed to the effective management of key issues that are material to our business and stakeholders. We understand the importance of timely action and have established a robust risk management framework to address these issues. In line with this commitment, BFL conducted a comprehensive materiality assessment during FY 2020-21 to identify the significant topics that have a profound impact on our business and stakeholders.

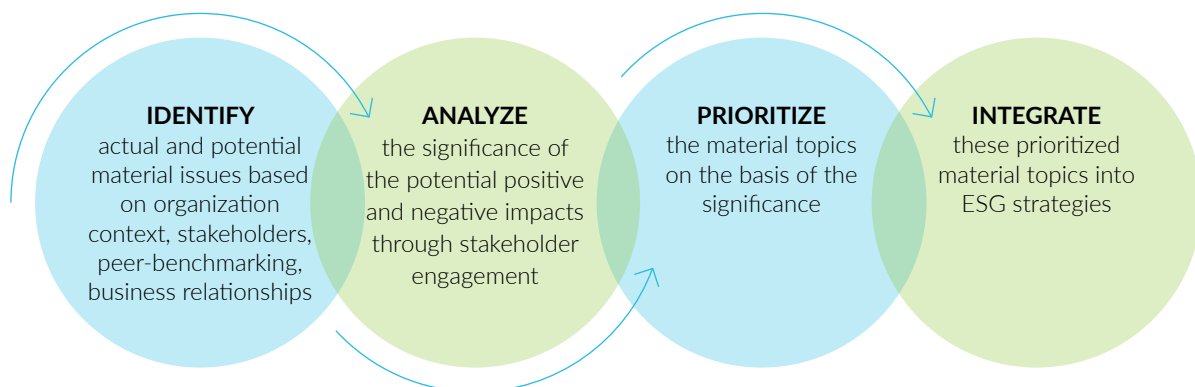
During this assessment, we actively engaged with our internal stakeholders to gain a holistic understanding of the significance of these material topics. We sought insights from both internal and external perspectives to ensure a comprehensive and balanced view. This collaborative approach allowed us to establish a list of

meaningful indicators that form the basis for developing our sustainability roadmap.

The materiality analysis methodology we employed adheres to guidelines such as the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDG) compass. These frameworks enable us to align our strategies with the UN SDGs, supporting our efforts to contribute to sustainable development.

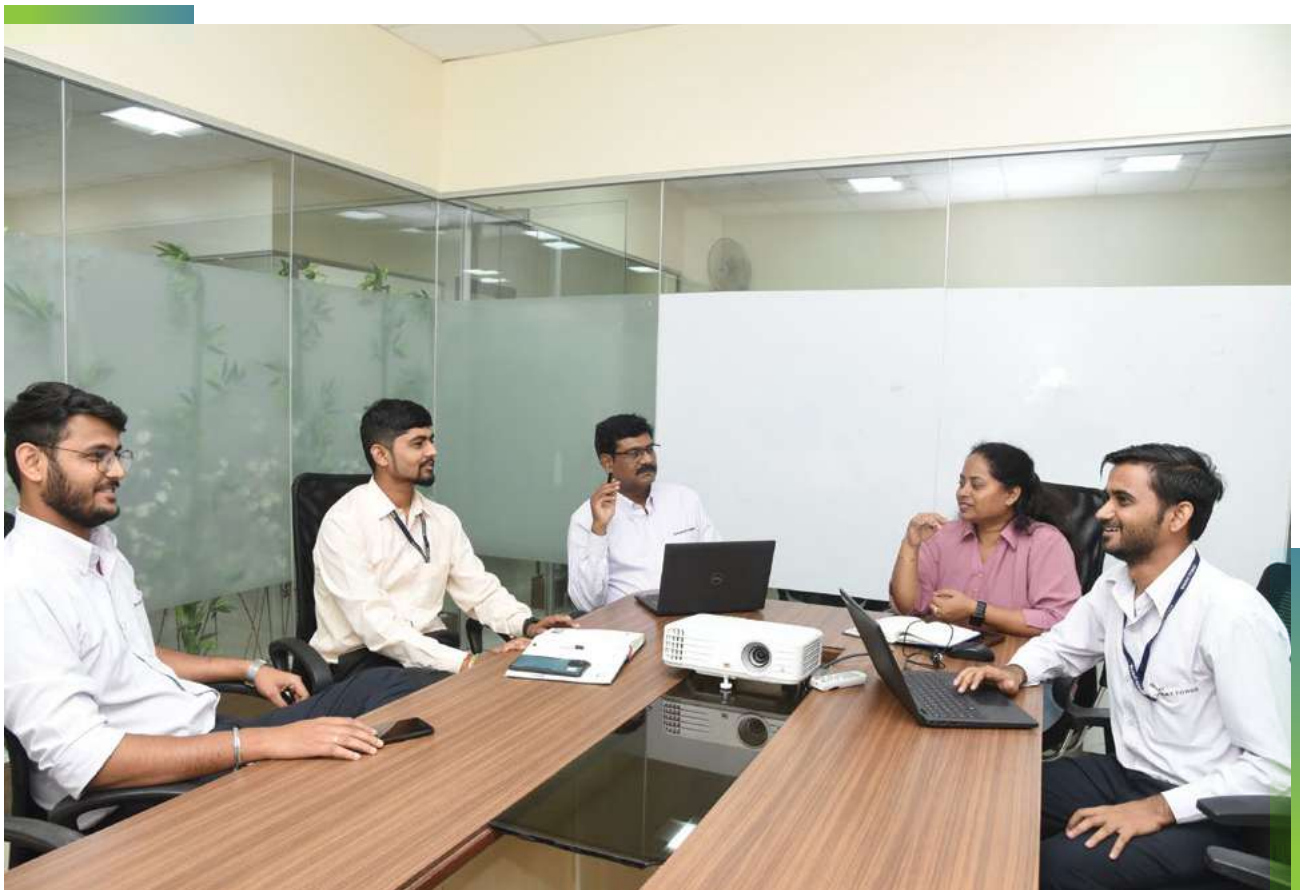
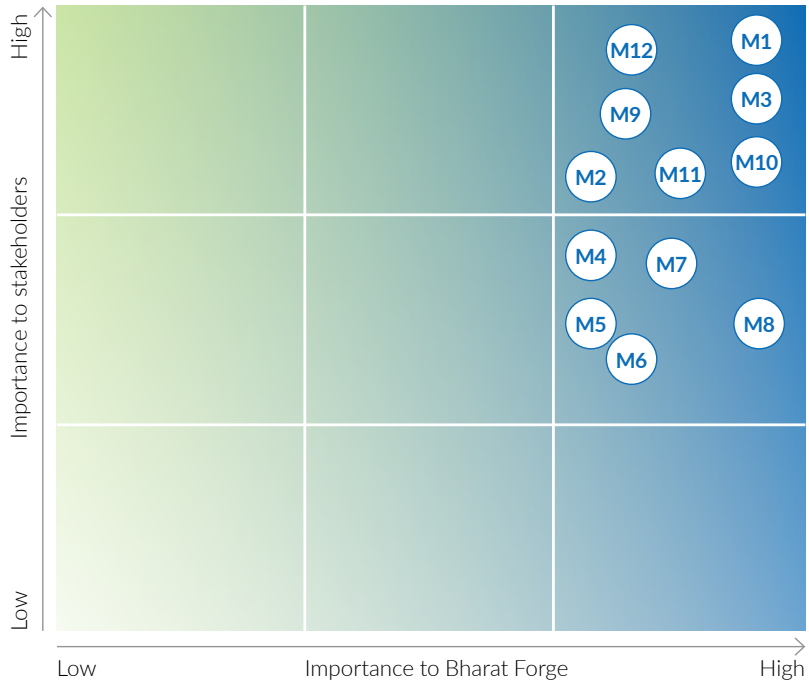
We acknowledge that the dynamic nature of our business and the evolving sustainability landscape necessitate periodic reassessment. Therefore, we are committed to revisiting the materiality matrix once in three years to ensure its continued relevance and effectiveness. Next Materiality Assessment is planned in the year 2023-24.

Materiality Assessment Process



Our Material Matters

- M1** Sustained performance & quality
- M2** Health, safety and environment
- M3** Climate Change
- M4** Intellectual property
- M5** Innovation
- M6** IT data center & farsight disaster recovery
- M7** Training and education
- M8** Maintenance
- M9** Data protection
- M10** Brand risk/reputation
- M11** Customer satisfaction
- M12** Disaster recovery



| Material issue identified | Indicate whether risk or opportunity (R/O) | The rationale for identifying the risk/opportunity | In case of risk, an approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--|--|--|--|--|
| Disaster recovery | Risk | <ul style="list-style-type: none"> ● Business interruption due to natural calamities like earthquakes, cyclones, floods, etc. ● Inadequate disaster recovery planning ● Business interruption due to COVID-19 | <ul style="list-style-type: none"> ● Adequate protection against calamities including appropriate insurance ● Introduced additional mitigation to overcome interruptions due to pandemic situations ● Speed to market | Disruption to business operations leads to negative financial implication |
| Health, safety and environment | Risk | <ul style="list-style-type: none"> ● Non-compliance with safety measures by employees ● Lack of awareness on hazardous operations ● Not following COVID-19 safety measures | <ul style="list-style-type: none"> ● Strict adherence to BBS (behavior-based safety system) ● Focus on reducing the generation of effluents and arresting at the source ● Detailed SOP for COVID-19, employee training & adherence followed strictly ● Medical check-up, as per Govt. regulations ● Encouraging work from home & multitasking Industry 4.0, use of digital technology | Incidents impact employee morale and business reputation leading to a negative financial implication |
| Climate change | Opportunity | <ul style="list-style-type: none"> ● The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities | <ul style="list-style-type: none"> ● Clean energy integration in existing electric networks ● Investment of capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply system | Initiatives taken around climate change have a positive implication towards business |
| Intellectual property | Risk | <ul style="list-style-type: none"> ● Leakage of confidential information ● IP rights clashes can happen in collaborative research projects ● IP infringement actions from outside firms | <ul style="list-style-type: none"> ● Patent filing ● Regular patent awareness sessions ● Consultation with experienced patent attorneys ● Data exchange with vendors/ customers only through secured mode ● Periodic infosec audits ● Entering into NDA with parties for exchanging information, Antivirus upgradation | Impacts the brand reputation in the industry thereby leading to financial loss |
| Innovation | Risk | <ul style="list-style-type: none"> ● Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs | <ul style="list-style-type: none"> ● Structured technology development projects ● New focus areas identified to develop future capability needs ● Focus on light weighting and EV | Innovation in the industry may impact the business negatively if not considered immediately |
| IT data center & far sight disaster recovery (DR) | Risk | <ul style="list-style-type: none"> ● Near sight DR is available. Far sight DR is proposed ● Risk of inadequate data center & far sight DR | <ul style="list-style-type: none"> ● The disaster recovery (DR) strategy is being updated continuously ● Hosted DR proposal is in review with management | Business continuity gets impacted leading to financial loss |

| Material issue identified | Indicate whether risk or opportunity (R/O) | The rationale for identifying the risk/opportunity | In case of risk, an approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--|--|--|---|---|
| Training and education | Opportunity | <ul style="list-style-type: none"> Skilled employees and workers form an asset to the Company. The highly trained employees and workers perform their tasks more efficiently, in less time and with fewer chances of injury | <ul style="list-style-type: none"> Providing a need-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalization Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company Providing programs that are specifically designed for roles which require upgraded skills | Consistent efforts would lead to a positive impact due to improvement in productivity, reduction in defects, etc. |
| Maintenance | Risk | <ul style="list-style-type: none"> Risk of sub-optimal maintenance plan due to manual updating of ODR and MGR reports resulting in uneconomical maintenance costs | <ul style="list-style-type: none"> Operational performance (OEE) & maintenance (PM & breakdown) are being monitored through SAP for all the major plants | Business continuity gets impacted leading to financial loss |
| Data protection | Risk | <ul style="list-style-type: none"> Risk of confidential data leakage via USB drives/ flash drives Exposure of Company data because of work from home and access to respective data | <ul style="list-style-type: none"> All privileged system accesses are reviewed periodically & data leakage prevention (DLP) systems are implemented at these equipment Two-factor authentication provided through VPN for all remote access Restricted data access control & data encryption to monitor work from home activities | Impacts the brand reputation in the industry thereby leading to financial loss |
| Pollution-free environment | Risk | <ul style="list-style-type: none"> Failure to provide a safe working environment exposes BFL to compensation liabilities, sub-optimal productivity, loss of business reputation and other costs | <ul style="list-style-type: none"> All the necessary pollution control norms for air, noise etc. are followed Disposal of hazardous waste is monitored within permissible limits | Incidents impact business reputation leading to a negative financial implication |
| Sustained performance & quality | Risk | <ul style="list-style-type: none"> Risk of customer being lost, in the course of business Dissatisfaction amongst the customer due to lack of attention, focus, etc. | <ul style="list-style-type: none"> Enhance customer satisfaction Coefficient – alignment in strategies, partner of choice Providing end-to-end solutions, dual shore business model | Impacts the brand reputation in the industry thereby leading to financial loss |
| Brand risk/ reputation | Risk | <ul style="list-style-type: none"> Risk of threat or danger to the name or standing of business or entity Actions involving the Company directly or indirectly may damage the brand name | <ul style="list-style-type: none"> Worldwide brand-building activities are an ongoing process. Participation in exhibitions and trade fairs Good reputation and relations with major trade companies | Impacts the brand reputation in the industry thereby leading to financial loss |

Embracing Responsible Governance into our Core Values

GRI 2-9, 2-11, 2-12, 2-13, 2-15, 2-18, 2-19, 2-20, 2-23, 2-26, 2-28

Bharat Forge is driven by a strong commitment to ethical conduct, financial accountability, and equality across all levels of our operations. These core values and principles are deeply ingrained in our company culture, guiding our actions and decisions. We believe that conducting business in an open and honest manner is essential to building trust and maintaining strong relationships with all our stakeholders.

By upholding the highest standards of integrity, we have established a solid foundation of trust with our stakeholders, including customers, employees, investors, and the communities in which we operate. This trust has been instrumental in our ongoing success and has paved the way for our sustainable future.

We are dedicated to fostering excellent corporate governance practices, robust risk management systems, and strict compliance with regulatory requirements. These commitments serve as the pillars of our organization, reinforcing our commitment to responsible and transparent business practices. By adhering to these principles, we create an environment where trust, fairness, and accountability thrive. We believe that by staying true to our values and embracing responsible practices, we can continue to make a positive impact on our stakeholders and contribute to a better future for all.

SUSTAINABILITY STRATEGY



BHARAT FORGE IS COMMITTED TO MINIMIZING IMPACTS, MAXIMIZING VALUE AND ENSURING PLANET POSITIVE.

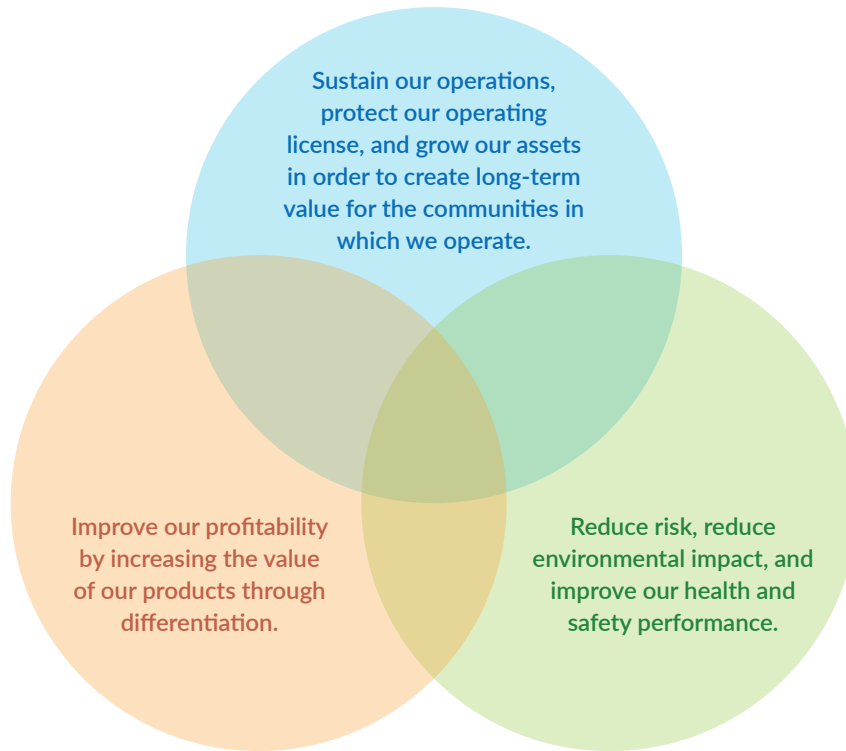
BFL recognizes sustainability as a fundamental component of our corporate values. We firmly believe that integrating sustainable practices is essential for creating long-term value for our stakeholders and addressing the evolving needs of society. Despite facing numerous challenges, we have made substantial advancements by consistently taking measured steps forward.

Our relentless pursuit of competitive advantage has enabled us to deliver exceptional results and achieve profitability while adhering to sustainable principles. We understand that being a responsible corporate citizen means actively contributing to the betterment of society through various social initiatives. Additionally, our commitment to quality management has allowed us to enhance customer value and satisfaction.

Through our sustainable strategy, we aim to balance economic prosperity, social well-being, and environmental stewardship. We understand that sustainable business practices are not only essential for our long-term success but also for creating a positive impact on the world around us.

To drive our sustainability agenda, we have established three key pillars that serve as the foundation for our strategic goals. These pillars encompass our efforts to continually advance our sustainability practices and drive positive change within our organization. By focusing on these pillars, we are able to demonstrate our progress and commitment to a sustainable future.

Pillars supporting our Sustainability Strategy



SUSTAINABILITY FRAMEWORK



Our organization is guided by a set of fundamental principles that act as a guiding force in how we address the risks and opportunities that can impact our customers, investors, employees, value chain partners, and the communities in which we operate. These principles form the basis of our sustainability approach, as we firmly believe that implementing sustainable business practices throughout our Group necessitates robust corporate governance.

At the core of our corporate strategy and operations lies a long-term, ethical approach. We continuously adapt and improve our sustainability practices to meet the growing

demand for sustainable solutions, ensuring that we offer viable alternatives. Recognizing the importance of the ecological movement, we prioritize integrating positive environmental actions into our business practices. This commitment is exemplified by our Planet Positive Initiative.

To foster a culture of sustainability across our operations, we have embraced a top-down approach, embedding sustainability values at every level of our organization. We remain dedicated in translating our strategic vision into practical actions, striving for effective management and enhanced transparency in all our endeavors.

Our Sustainability Roadmap

ENVIRONMENTAL

We strive to protect the environment by improving efficiency and reducing emissions.

- 1** Improving Resource Efficiency
- 2** Reducing Emissions & Waste

SOCIAL

We strive to nurture our people, business partners and communities by empowering them to shape the future.

- 3** Growing Human Capital
- 4** Engaging Business Partners
- 5** Giving Back to Communities

GOVERNANCE

We strive to build an organization which stakeholders can trust by ensuring good governance and ethics.

- 6** Good Governance
- 7** Compliance to Ethics

11 of 17 SDGs favorably impacted through our roadmap



BFL's ESG Roadmap: Forging a Path to Sustainable Excellence

At Bharat Forge Limited (BFL), our unwavering commitment to sustainability is deeply ingrained in our organizational ethos. We recognize that the choices we make today have far-reaching consequences for our customers, investors, employees, value chain partners, and the communities where we operate. This understanding underpins our sustainability framework, which serves as our guiding light in addressing material risks and opportunities.

Our approach to embedding sustainability values across our operations is deliberate and continuous. We consistently evolve this approach by adopting industry-leading practices, all in our pursuit of creating sustainable solutions that stand the test of time.

In FY 2023, we boldly embraced a commitment to emerge as leaders in ESG within the manufacturing sector. This ambitious aspiration is rooted in a clear and compelling purpose: to be a force for positive change through our ESG initiatives and investments. This purpose isn't just a slogan; it forms the core of our sustainability journey.

To translate this purpose into reality, we've set ambitious targets and meticulously crafted a robust roadmap for decarbonization. Our pledge is to integrate ESG principles seamlessly into every facet of our operations.

7 Objectives and 25 Measures: Aligned with UN SDGs



ENVIRONMENTAL



Improving Resource Efficiency

- 80% of electrical energy to be renewable by 2030
- 60% reduction in energy intensity by 2030
- 40% absolute reduction in freshwater consumption by 2030
- 60% recycled water use by 2030
- Water positive by 2030
- Zero waste to landfill by 2030



Reducing Emissions & Waste

- 50% lesser Scope 1 & 2 emissions by 2030
- 30% lesser Scope 3 emissions by 2030
- 50% waste intensity by 2030
- 50% secondary raw material by 2030
- Carbon neutral in operations by 2040

Alignment with SDGs





SOCIAL



Growing Human Capital

- >75% in employee engagement by 2030
- 75% reduction in lost time incidence frequency rate by 2030
- 20% women in managerial & leadership positions



Engaging Business Partners

- Ensuring ESG practices at suppliers by 2030
- 50% RE use by top suppliers by 2030
- PCF for mainstream products by 2030
- 30% lesser CO₂ in freight/unit by 2030

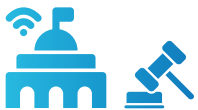


Giving Back to Communities

- Plant 1 Million trees by 2030
- 100 green villages by 2030
- Contribute to education & skill development



Alignment with SDGs



GOVERNANCE



Good Governance

- Robust compliance management system and 100% compliance
- Ensure effective data privacy management



Compliance to Ethics

- Deployment of business ethics policies
- 100% of employees trained on business ethics policy



Alignment with SDGs

CORPORATE GOVERNANCE

WE STRIVE TO BUILD AN ORGANIZATION WHICH
STAKEHOLDERS CAN TRUST BY ENSURING GOOD
GOVERNANCE AND ETHICS.

Our governance philosophy revolves around creating a fair and ethical business system guided by 'Transparency, Accountability, and Ethical behavior'. Our robust corporate governance structure is based on well-structured policies and procedures that are the backbone of our governance philosophy. Our policies are formulated to ensure business continuity and to maintain high ethical standards throughout our operations.



Transparency



Accountability



Ethical Behavior

Governance Structure

At Bharat Forge, our commitment to excellent corporate governance is realized through the establishment of a Board of Directors, who serve as the entrepreneurial leaders of our organization. As the representatives of our stakeholders, the Board members provide oversight to the management teams. To ensure comprehensive monitoring and decision-making regarding our organization's impact on the economy, environment, and social community, we have instituted specialized Board committees.

The Board and its committees foster a culture of responsibility, transparency, and ethical behavior, which lays the foundation for robust and balanced long-term growth. Our Board of Directors possess extensive industry experience, a wide range of business acumen, and a steadfast commitment to the best interests of all stakeholders.

Our governance structure is dedicated to promoting diversity throughout our business, recognizing its value in attracting top talent, engaging loyal customers, and

enhancing competitiveness in the global marketplace. This, in turn, contributes to long-term stakeholder value. Another notable aspect of our governance is our Corporate Structure, which emphasizes operational excellence by closely monitoring developments across all sectors. This enables the Board of Directors to exercise effective control and oversight, ensuring the integration of the company's objectives into its procedures and activities.

We have also established interactive platforms for transparent communication of our company's performance and progress, actively seeking feedback and perspectives from stakeholders. This inclusive approach generates valuable insights and facilitates future planning, fostering increased stakeholder value and trust in our processes.

Governance Framework

At Bharat Forge, we have developed a comprehensive governance framework that prioritizes trust-building among our stakeholders. This thoughtfully designed framework incorporates a range of exceptional corporate governance principles, policies, and charters. It encompasses various facets such as risk management, ethical business practices, compliance with legal and regulatory requirements, transparency and disclosure standards, performance monitoring, and effective communication.

Our Code of Conduct and business policies, which include the Whistle-blower Policy, Anti-Corruption & Anti-Bribery Policy, Human Rights Policy, Supplier Code of Conduct, among others, serve as pillars of strength within this framework. These policies further reinforce our commitment to sustainable growth while providing clear guidelines for organizational conduct.



Board of Directors

Bharat Forge is guided by an exemplary Board, comprising individuals with diverse expertise and extensive industry experience. The entrepreneurial leadership of our Board of Directors forms the cornerstone of our corporate governance structure, driving us towards the achievement of our company's objectives. With a strategic perspective, our Board consistently strives to enhance our business practices, not only for wealth creation but also to lead the company towards deeper decarbonization, aligning with our sustainability goals.

As the highest governing body at Bharat Forge, our Board ensures strict compliance with all relevant regulations, bolstering our position as a leader in the forging industry. To effectively manage potential risks, the Board develops and implements a robust risk management framework, enabling the formulation of strategies to enhance management performance.

Composition of the Board

At Bharat Forge Limited, we uphold the principles of the unitary Board system, recognizing the significance of a well-balanced Board that encompasses executive, non-executive, and independent directors. Our company places great importance on strong, independent, and diverse Board leadership as a cornerstone of effective governance throughout our operations.

To ensure the achievement of this objective, we have formulated a Board Diversity Policy that mandates an optimal blend of executive, non-executive, and independent directors. This approach allows us to cultivate a governance framework that is both robust and conducive to maintaining a healthy Board dynamic. By adhering to this policy, we enhance the overall effectiveness of the Board, aligning with the requirements outlined in Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as Section 149 of the Companies Act, 2013.



Sitting (Left to Right)

1. **Mr. Vimal Bhandari**
Independent Director

1 4 5

4. **Mr. P. G. Pawar**
Independent Director

1 2 3 4

7. **Mr. P. H. Ravikumar**
Independent Director

1

2. **Mr. K. B. S. Anand**
Independent Director

5. **Mr. B. N. Kalyani**
Chairman & Managing Director

5 2 3

3. **Ms. Sonia Singh**
Independent Director

6. **Mrs. Lalita D. Gupte**
Independent Director

3

Standing (Right to Left)

8. **Mr. B. P. Kalyani**
Executive Director

9. **Mr. G. K. Agarwal**
Deputy Managing Director

10. **Mr. Murali Sivaraman**
Independent Director

5 6

11. **Mr. Amit Kalyani**
Joint Managing Director

6 2 5

12. **Mr. Dipak Mane**
Independent Director

4 6

13. **Mr. S. E. Tandale**
Executive Director

14. **Mr. Kishore Saletore**
Executive Director

Board Committee

1. Audit Committee

2. CSR Committee

3. Stakeholder Relationship Committee

4. Nomination & Remuneration Committee

5. Finance & Risk Management Committee

6. ESG Committee

■ Chairperson of the Committee

■ Member of the Committee

Area of Expertise

At BFL, we have established a Nomination and Compensation Committee within our Board of Directors. This committee plays a crucial role in strategically identifying and nominating individuals for Board positions. During the selection process, candidates are thoroughly evaluated based on their experience and expertise in key areas such as strategy, planning, marketing, financial acumen, governance, and risk management. This rigorous evaluation ensures that the Board comprises leaders with diverse backgrounds and extensive experience.

By appointing individuals with varied skill sets, our objective is to enrich the Company with a wide range of perspectives and insights. This commitment to diversity and expertise is reflected in the Board Skills Matrix, which serves as a comprehensive representation of the collective skills and competencies of our Board members.

Key Qualifications, Skills and Attributes

| Expertise required | Description |
|---|--|
|  Strategy and Planning | Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of strategic objectives of the Company, relevant policies, and priorities. |
|  Business Operations | Experience in driving business success in markets around the world with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks and a broad perspective on market opportunities. |
|  Technology | Significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models. |
|  Sales and Marketing | Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation. |
|  Finance Acumen | Ability to comprehend, interpret and guide on financial management, reporting, controls, and analysis. |
|  Governance and Risk Management | Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance. |

| Name of Directors | Area of Expertise | | | | | |
|----------------------|---|---|---|---|---|---|
| |  |  |  |  |  |  |
| Mr. B. N. Kalyani | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. P. G. Pawar | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| Mr. Vimal Bhandari | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. P. H. Ravikumar | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. Lalita D. Gupte | ✓ | ✓ | - | ✓ | ✓ | ✓ |
| Mr. Dipak Mane | ✓ | ✓ | ✓ | ✓ | ✓ | - |
| Mr. Murali Sivaraman | ✓ | ✓ | - | ✓ | ✓ | ✓ |
| Mr. K. B. S. Anand* | ✓ | ✓ | - | ✓ | - | ✓ |
| Ms. Sonia Singh* | ✓ | ✓ | - | ✓ | - | - |
| Mr. G. K. Agarwal | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Amit Kalyani | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. B. P. Kalyani | ✓ | ✓ | ✓ | - | - | ✓ |
| Mr. S. E. Tandale | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Kishore Saletore | ✓ | ✓ | - | - | ✓ | ✓ |

* Appointed as an Independent Director w.e.f. June 27, 2022



STRATEGY AND PLANNING

capabilities to think strategically: Opportunities and threats are to be assessed critically. Implement effective strategic objective of the company, relevant rules and priorities.



BUSINESS OPERATIONS

An awareness of different industries, economic situations, cultural norms, legal frameworks, and market prospects as well as experience driving corporate success in global markets.



TECHNOLOGY

Knowledge of how to predict technological trends, produce disruptive innovation, and expand upon existing business models owing to a strong background in technology.



SALES AND MARKETING

Experience in crafting ideas to increase sales and market share, generate brand equity and reputation, and boost brand awareness.



FINANCE ACUMEN

Understanding, interpreting, and mentoring skills in financial management, reporting controls, and analysis.



GOVERNANCE AND RISK MANAGEMENT

Expertise on how to implement corporate governance principles. Ability to recognize the potential risks of the business across a variety of domains, including compliance with laws and regulations.

Board Committees

In order to ensure the successful implementation of corporate governance, our Board has established a range of committees entrusted with the responsibility of making timely decisions. These committees play a vital role in overseeing the performance of key managerial personnel and providing them with valuable feedback and recommendations for enhancement.

At Bharat Forge, the Company Secretary assumes the role of secretary to all Board Committees, fostering effective communication and coordination between the committees and the Board members. This ensures seamless information flow, facilitates collaboration, and promotes efficient decision-making processes within our organization.

List of Board Committees

- | | | |
|---|---|--|
| <p>AUDIT COMMITTEE</p> | <p>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</p> | <p>FINANCE AND RISK MANAGEMENT COMMITTEE</p> |
| <p>NOMINATION AND REMUNERATION COMMITTEE</p> | <p>STAKEHOLDER RELATIONSHIP COMMITTEE</p> | <p>ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE</p> |

The Bharat Forge Annual Report for FY 2022-23 provides a full explanation of each committee's functions and responsibilities.

ESG Committee

Our vision, goals, policies, and culture at our company are deeply rooted in the principles of sustainability, ensuring the creation of long-term value for all stakeholders. To effectively oversee sustainability-related matters across our operations, we have established the Board-approved ESG Committee, led by our Joint Managing Director.

Recognizing the significance of engaging with stakeholders, we prioritize regular interactions to foster open dialog and gather valuable insights. The ESG Committee plays a pivotal role in monitoring our ESG performance by reviewing and approving publicly reported information. Additionally, the committee ensures the implementation of our ESG strategy and establishes a roadmap for achieving our environmental, social, and governance goals.

We take strategic actions to monitor and assess our company's performance, and updates on our progress are transparently communicated to all stakeholders. The ESG Committee periodically reports on the key updates to the Board of Directors and ensures that their feedback is taken into consideration. Our commitment to environmental sustainability, health and safety, corporate social responsibility, strong corporate governance, and other sustainability-related goals are integral to our overall business strategy, forming the bedrock of our company's strength. Senior Management Member at the

level of Vice President & Head - ESG takes care of the implementation and reports to the Board ESG Committee.

Business Ethics

To uphold the highest ethical standards in our management practices and seamlessly integrate compliance into our corporate strategy, we have meticulously designed a range of corporate policies. These include the Employee Code of Conduct, Supplier Code of Conduct, Risk Management Policy, and more. These policies serve as a compass, guiding our operations with the values of compliance and ethics.

Our policy framework is rigorously designed to ensure that unethical behavior is not tolerated within our company. Any violations or breaches of these policies are treated seriously, and appropriate measures are taken. We are steadfast in our commitment to maintaining transparency, accountability, and full compliance with national and international laws.

We take great pride in our track record of compliance, as evidenced by the absence of fines or penalties for non-compliance with respect to any laws or regulations, product labeling, marketing communications, unfair trade practices and health and safety impacts of products during the reporting period. We continuously monitor our compliance efforts, proactively identifying areas for improvement to uphold our commitment to ethical practices.



Corporate Policies and Code of Conduct

The Code of Conduct is an essential document that we communicate to all company personnel on an annual basis. It serves as a guide to foster a clear understanding and adherence to our principles, practices, and company policies, enabling us to consistently act with integrity and morality. As part of their induction process, all employees undergo training to ensure they are familiar with the Code of Conduct and are equipped to demonstrate professional and ethical behavior in all aspects of their work.

To provide a comprehensive framework for our international operations, our organization has developed corporate policies that outline fundamental principles. These policies serve as guidelines that govern our conduct across various areas. We understand the importance of keeping these policies up to date and relevant, taking into account new laws and regulations, as well as valuable input from our stakeholders. Regular updates and reviews of these policies ensure their alignment with evolving standards and best practices.

THE CORPORATE POLICIES AT OUR COMPANY ARE LISTED BELOW

| | | |
|---|------------------------------------|--|
| ANTI-CORRUPTION AND BRIBERY POLICY | BOARD DIVERSITY POLICY | EMPLOYEE CODE OF CONDUCT |
| CODE OF CONDUCT FOR INSIDER TRADING | CSR POLICY | DIVIDEND DISTRIBUTION POLICY |
| GRIEVANCE POLICY | HUMAN RIGHTS POLICY | HEALTH, SAFETY & ENVIRONMENT POLICY |
| MATERIAL SUBSIDIARY POLICY | NOMINATION AND REMUNERATION POLICY | POLICY FOR RETENTION AND ARCHIVAL OF DOCUMENTS HOSTED ON COMPANY WEBSITE |
| POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS AND INFORMATION | QUALITY POLICY | RISK MANAGEMENT POLICY |
| TAXATION POLICY | SUPPLIER CODE OF CONDUCT | WHISTLE BLOWER POLICY |
| | INFORMATION SECURITY POLICY | |

Conflicts of Interest

Bharat Forge has established conflict of interest prevention and management procedures for Board members in accordance with their Terms of Appointment. The Code of Conduct emphasizes the importance of both Board members and Senior Management in maintaining a high standard of integrity by refraining from engaging in any activity that may present a conflict of interest. They are not allowed to serve as directors for their competitors without prior approval from the Company's Board of Directors. Furthermore, the Nomination and Remuneration Committee conducts a background investigation of each candidate to ensure no conflicts of interest arise.

Anti-Corruption and Anti-Bribery

The Company's culture of integrity is supported by the codes and policies that provide direction to employees on appropriate behavior. These guidelines are continuously improved and updated to reflect business requirements and compliance standards. Our company has a zero-tolerance policy toward bribery and corruption and strives to maintain professional and fair conduct in all business transactions and relationships. We have not identified any major risks during the financial year. We expect everyone associated with our organization, including management, employees, workers, and others, to adhere to the highest moral and ethical standards. The policy was developed to also prevent money laundering and investment fraud. It contains provisions that clearly outline the responsibility of employees to identify and report corrupt activities within the organization. We have ensured that all employees have access to this policy, and we have communicated it effectively to all stakeholders to encourage them to uphold these moral principles and integrity throughout our value chain. During the reporting period, there were zero instances of corruption and bribery reported within the organization and also within the value chain.

Public Policy Advocacy

At Bharat Forge, we actively engage in activities and publications aimed at influencing policies, laws, and regulations within our industry sector. We participate in industry events and hold memberships across 17 trade and industry associations.

Our participation is driven by a commitment to shape public policies that establish a balanced legal and regulatory framework, fostering a favorable business environment. The senior leadership team at our company actively interacts with professional bodies and organizations, gaining insights into the evolving business landscape and changes in government regulations, including emission regulations and industry guidelines.

These interactions enable us to gather valuable data, which we utilize for various purposes such as identifying growth opportunities, managing risks, and developing new products. We are dedicated to providing constructive feedback to regulatory bodies, driving progress and fostering innovation within our industry.

When we seek to influence governmental or regulatory policies, we uphold ethical practices and prioritize transparency. Our approach ensures that the policies we advocate to promote human rights, fair competition, and sustainability. We strive to contribute to the overall welfare of society while advancing the interests of our industry.

Political Contributions

We recognize the importance of engaging with the government to garner support for laws and regulations that govern our operations. It is our organization's expectation that managers stay informed about ongoing government initiatives that may affect our goals and provide assistance, if necessary, in shaping and presenting our stance on such initiatives. We emphasize the need for proactive engagement and collaboration with the government to contribute positively to the policy-making process.

During the reporting period, our organization adhered to a policy of refraining from making any financial contributions to political parties or individuals. This ensures the independence and impartiality of our operations. We remain committed to upholding ethical standards and maintaining transparency in all our interactions.

Additionally, it is noteworthy that our organization did not receive any financial assistance from government agencies during the financial reporting period. We operate independently, relying on our own resources to support our activities and drive our business objectives.





Risk Management

At Bharat Forge, we maintain a vigilant approach to continuously monitor the internal and external environment, identifying, assessing, and mitigating potential and emerging risks that may impact our company. We are proactively working on enhancing our risk management processes to stay ahead of the curve, addressing potential risks, and capitalizing on growth opportunities.

Our risk management methodology offers a systematic and consistent approach, enabling us to identify both opportunities and threats effectively. It has been developed to enhance the company's adaptability and resilience in the face of potential risks. Given the comprehensive nature of our operations across the entire value chain, we encounter various risks associated with price volatility, regulatory changes, resource availability, supply chain sustainability, and community aspects.

To ensure risk mitigation, we have established robust risk governance and management practices. Our Enterprise Risk Management (ERM) framework is comprehensive, aiming to identify, assess, and mitigate both internal and external risks while safeguarding the company's capital and fostering long-term growth. This framework encompasses a risk governance structure, management procedures, and a policy developed by our Risk Management Committee (RMC) and endorsed by the Board.

In alignment with our risk management practices, the variable remuneration of our senior leadership is tied to the accomplishment of goals, including addressing the most critical safety and environmental risks, particularly

those related to climate change. By integrating risk management into our key result areas (KRAs), we emphasize the importance of prioritizing safety, the environment, and sustainability within our leadership team.

Through these measures, we strive to create a resilient and sustainable business that proactively manages risks, protects our stakeholders, and ensures the long-term success of Bharat Forge. The Risk Management Committee and the Board of Directors play an active role in overseeing risk management procedures and ensuring that all relevant risk variables are considered by the management through the following actions:

- Provide a framework that enables future activities to take place in a consistent and controlled manner;
- Improve decision-making, planning, and prioritization;
- Develop responses to either prevent such events from occurring or manage and minimize their effects if they do;
- Comply with the requirements of applicable laws;
- Identify any unavoidable risks and create action plans to resolve them.

The Board periodically reviews the risk assessment and determines the company risk tolerance. In order to implement and monitor the risk management plan, the Board has established a Finance and Risk Management Committee, which is responsible for reviewing the effectiveness of the plan. Financial risk is additionally monitored by the Audit Committee.



Digital Risk

At Bharat Forge, we have made substantial investments in digitalization, reaping numerous benefits such as enhanced employee experience and data-driven decision-making. However, we acknowledge that digitalization also brings significant security risks, particularly concerning networks, IT systems, and data. Given the sensitive nature of the data we handle, the increased digitalization of our business poses the risk of cyberattacks and unauthorized access to this information.

Therefore, we prioritize the assessment of IT-related risks on a regular basis. Our commitment lies in protecting client data from breaches and ensuring its confidentiality and integrity while maintaining the trust of our clients.

RISK

INFORMATION SECURITY

MAJOR RISK POSED IN FRONT OF BHARAT FORGE IS THE CHALLENGE IN SETTING UP THE SECURITY MEASURES FOR SECURING THE DATA AND PREVENTING LITIGATION

Mitigation Strategy

- Considered as one of the corporate sustainability concerns
- Adhering to the rules outlined in ISO 27001:2013 Information security management system certification
- ISO 27001:2013 certification for IT services, design and the defense department
- Multilayer security strategy supported by next-generation solutions to ensure real-time threat prevention
- Voluntary Product Accessibility Template (VAPT) and independent 3rd party validations

IT Security, Support Functions and Training and Awareness

BFL's comprehensive approach, by way of integrating innovative technologies in cybersecurity, encompasses various key aspects such as endpoint protection, securing the perimeter, securing data centers, maintaining communications security, and protecting data at rest and in motion. By leveraging the latest advancements, the IT initiative creates a robust and multi-layered security framework that strengthens the entire infrastructure of the company. All our departments viz., Human Resources, Legal, Physical Security, and Environmental, Health and Safety department have committed to the information security program by implementing efficient security practices. To achieve this objective, the information security cell places high priority on training its employees in information security.

Economic Performance

At Bharat Forge, we place a strong emphasis on fostering transparency within our business model, as it enables us to uphold a robust financial position and consistently provide long-term value to our stakeholders. Our commitment to maintain the right capital structure, characterized by low debt and strong cash flows, is a fundamental driver behind our ability to generate substantial economic value.

We prioritize the judicious allocation of funds, channeling resources strategically into areas of growth and opportunity. This prudent approach ensures that we maximize the impact of our investments and sustain our financial stability over time.

Our achievements in financial improvement are attributed to various factors. These include our extensive network of reliable suppliers, which enables us to leverage strong partnerships for operational excellence. Additionally, our business model, which has proven its resilience and effectiveness, contributes significantly to our overall financial success. Moreover, our diverse product portfolio enhances our competitive advantage in the market.

Furthermore, our commitment to efficient financial management ensures that our company's funds are effectively utilized and optimized, reinforcing our financial performance.

Through our transparent business practices, diligent financial management, and strategic resource allocation, we consistently deliver value to all our stakeholders, earning their trust and contributing to our sustained growth.

Economic Value Generated FY 2022-23 (in ₹ Million)

75,727.12

Revenue from operations

1,504.96

Other income

77,232.08

Total income

Economic Value Distributed FY 2022-23 (in ₹ Million)

55,445.53

Operating costs

5,430.06

Employee benefits and wages

2,126.89

Payment to providers of capital

3,372.73

Payments to governments

137

Community investments

Value Creation Model at Bharat Forge

Inputs



Financial Capital

| | |
|----------------------------|-------------------|
| Total capital employed | ₹1,41,941 Million |
| Debt to equity ratio (net) | 0.29 |
| Capex | ₹3,006 Million |



Manufactured Capital

| | |
|---------------------------------|-----------------|
| Number of manufacturing plants | 5 |
| Material cost | ₹32,833 Million |
| Manufacturing costs | ₹11,199 Million |
| Total capacity | 4,03,750 TPA |
| Industry 4.0 enabled operations | |
| Investment in renewable energy | ₹276.54 Million |



Intellectual Capital

| | |
|-----------------------------|--------------|
| R&D spending | ₹582 Million |
| R&D spend as a % of revenue | 0.77% |
| Patents filed | 7 |
| R&D team strength | 290 |



Human Capital

| | |
|---|----------------|
| Total employees | 4,265* |
| Employee benefit expense | ₹5,430 Million |
| Total training hours / awareness sessions | 53,395 hours |
| Focus on employee diversity | - |



Social and Relationship Capital

| | |
|--------------------------|--|
| CSR spending | ₹137 Million |
| Employee voluntary hours | 3,000 hours |
| CSR focus areas | Village Development, Education, Community Development, Sports, Skill Development |



Natural Capital

| | |
|---|-----------|
| Renewable energy | 85.11 MW |
| % of energy consumed from renewable sources | 29% |
| No. of trees planted | 1,00,000+ |

Principal activities



Research and Development



Design and Simulation



Tools and Die Making



Forging



Precision Machining

Sources that enable our value creation

Deep culture of innovation for technology and product differentiation

Robust forging competence supported by Industry 4.0 excellence

Technical know-how of people

Vertically integrated model with end-to-end capabilities

Value Creation Model and Principal Activities



*Indicated figures includes 6 Executive Directors

Outputs

2,46,467 Tons
Total Tonnage

Key segments and products

Automotive



Passenger Vehicles



Commercial Vehicles

Industrial



Power and Oil & Gas



Wind



Rail



Marine



Aerospace



Construction and Mining



Defence



Agriculture

Outcomes

Financial Capital

| | |
|---|-----------------|
| Total income | ₹75,727 Million |
| EBITDA | ₹19,280 Million |
| PAT | ₹10,455 Million |
| Dividend per share (Interim + proposed final dividend) | ₹7 |
| RoCE (Net of surplus funds) | 16.2% |
| RoNW | 13.6% |

Manufactured Capital

| | |
|----------------------------|-------------|
| Tonnage shipped | 2,46,467 MT |
| Automotive segment revenue | 59% |
| Industrial segment revenue | 41% |

Intellectual Capital

| | |
|--|-----|
| Process improvement | 12 |
| Product improvement | 14 |
| Technical papers published and presented | 8 |
| Industrial segment revenue | 41% |

Human Capital

| | |
|---|----------------|
| Employee productivity (revenue per employee) | ₹17.78 Million |
| Loss time injury frequency rate | 0.68 |

Social and Relationship Capital

| | |
|---------------------------|----------|
| Lives touched through CSR | 2,31,544 |
| Women empowered | 910 |
| Students benefited | 47,535 |
| Youths skilled | 3,000 |

Natural Capital

| | |
|--|--------------|
| Waste water reused | 100% |
| GHG emission avoided by use of renewable energy (tCO ₂ e) | 83,656 |
| Increase in energy consumed from renewable sources | 9% |
| Reduction in hazardous waste disposal (MT/Year) | 122.53 / 13% |

Deep and nurtured relationships

Engineering driven product development

Fostering Connections: Building Stronger Social Ties

EMPLOYEES

At Bharat Forge Limited, we strongly believe that social development plays a vital role in shaping the world we live in today. We are deeply committed to making a positive impact on the lives of individuals in our community and driving meaningful social change. Our primary objective is to nurture our workforce and empower them with the necessary skills and abilities to thrive.

In our hiring process, we prioritize competence, capability, and experience, while also striving to enhance diversity across all aspects of our business. We recognize that a diverse workforce brings unique perspectives and drives innovation and growth within our organization.

We understand that creating a conducive environment is crucial for the progress of our company. We foster an atmosphere that encourages open and constructive communication, recognizing that it is the key to developing our human capital. By fostering a culture of collaboration, respect, and continuous learning, we empower our employees to reach their full potential.

Through our dedicated efforts towards social development, nurturing our workforce, promoting diversity, and fostering open communication, we aim to create a positive and progressive impact on our organization and our employees.



HR Values

Bharat Forge is dedicated to prioritizing the well-being of our employees by offering a range of benefits and opportunities that support their physical, mental, financial, and social well-being. We have established comprehensive programs and initiatives to promote the physical well-being of our employees. This includes access to health and wellness resources, preventive healthcare measures,

fitness facilities, and initiatives that encourage a healthy and active lifestyle. By prioritizing the holistic well-being of our employees, we strive to create a positive work culture where individuals can thrive both personally and professionally.

HEALTH AND WELLNESS BENEFITS

- Medical & Accident insurance coverage for employees and immediate family
- Regular Health camps
- Wellness Programs
- Well-balanced diet

FINANCIAL BENEFITS

- Interest-Free loans
- Relocation allowances
- Two-wheeler loan

COMMUNICATION

- Mobile Handset
- Corporate SIM Data Card
- Recognition
- Long-term Service Award
- Superannuation Gift
- Silver Jubilee Award

FAMILY WELLNESS BENEFITS

- Insurance coverage for dependent members
- Employee Death Relief Policy

BENEFITS

- Privilege Leave
- Casual Leave
- Sick Leave
- Relocation / Joining Leave
- Maternity Leave

Talent Acquisition and Retention

Bharat Forge Limited has effectively navigated the highly competitive talent market by attracting and retaining top-quality professionals from diverse domains, ensuring that we meet the demands of rapid growth, complexity, and scalability. We believe in the power of diversity and have actively embraced it in our hiring practices, welcoming lateral talent from prominent Indian, global, and emerging organizations.

Our commitment to become a learning and talent development organization plays a pivotal role in achieving our objectives. We go beyond campus hiring and provide comprehensive on-the-job training to enable individuals to progress and acquire the necessary competencies for advancement. Our approach encompasses two key aspects:

- 1. Learning and Development Opportunities:** We offer a wide array of learning and training opportunities throughout various career stages and professional fields. Through partnerships with esteemed institutions across India, we empower our employees to enhance their domain-specific knowledge and expertise. We place particular emphasis on areas such as forging and machining. Moreover, we actively invest in strengthening their managerial and leadership skills.
- 2. Job Opportunities:** We believe in providing the right opportunities to our employees. We align their talents and aspirations with suitable roles within the organization. During the reporting period, we successfully onboarded 540 talented individuals who have contributed significantly to our growth.

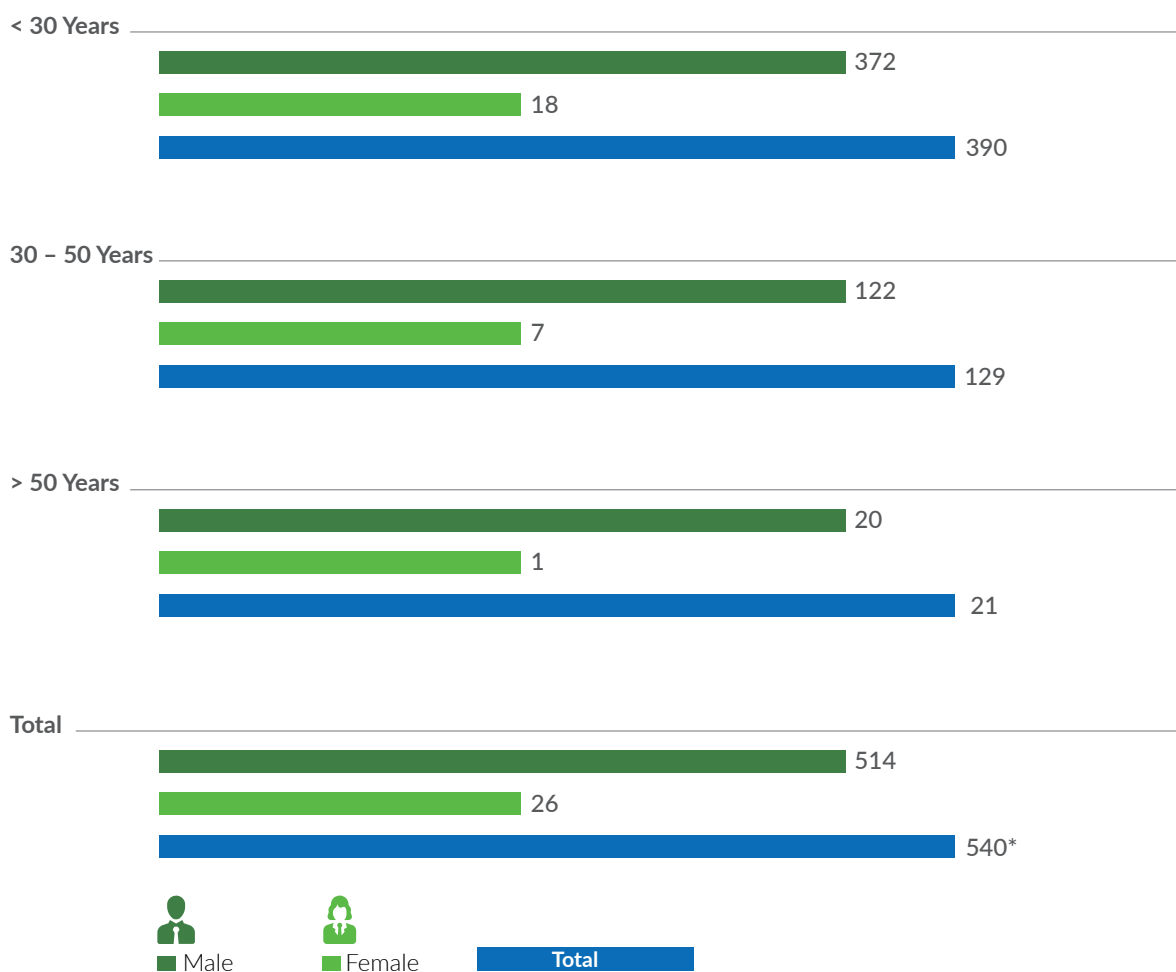
As a forward-thinking organization, we recognize the importance of involving employees as key stakeholders during strategic changes. Their valuable insights and perspectives shape our decision-making process, fostering a sense of ownership and engagement.

By establishing partnerships with renowned institutions, we create a collaborative ecosystem that nurtures continuous learning and skill development. We encourage

our employees to broaden their horizons, acquire new knowledge, and expand their capabilities, ensuring that they remain at the forefront of their respective fields.

At Bharat Forge, we are committed to attracting, developing, and retaining exceptional talent. We understand that investing in our employees' growth and providing them with diverse opportunities are essential to our long-term success and sustained excellence.

New Employees Hired



*Indicated figure includes trainees hired under GET Management Programme.

Turnover rate

| | FY 2022-23 | | FY 2021-22 | |
|--------|---------------------|-------------------|---------------------|-------------------|
| | Permanent Employees | Permanent Workers | Permanent Employees | Permanent Workers |
| Male | 10.37% | 8.16% | 6.94% | 14.07% |
| Female | 21.95% | 0% | 30.23% | 0% |
| Total | 10.56% | 8.16% | 7.96% | 14.07% |

GET Management Programs



At BFL, we are dedicated to staying ahead of the curve and creating an environment that fosters growth and success. To achieve this, we have outlined strategic plans to significantly expand our talent pools and enhance our processes and assessments, ensuring that we continually work towards mitigating biases.

We recognize the potential of young achievers and the value they bring to our organization. Through a robust reward and recognition system based on their skills, we provide mentoring opportunities that empower them to achieve their targets and progress in their careers at the right pace. We believe in nurturing talent from an early stage and provide a platform for their growth and development.

One such initiative is the Graduate Training Program at Bharat Forge, which exemplifies our commitment to talent development and our belief in the potential of young individuals to shape the future of our company and the industry. This program serves not only our immediate talent requirements but also contributes to the personal and professional growth of the employees. We provide them with comprehensive training and support to prepare them for successful careers and future leadership roles.

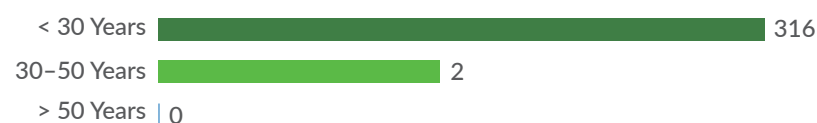
Through these initiatives, we not only expand our talent base but also foster an environment that cultivates the skills and capabilities of our workforce. We believe that investing in the development of young talent is instrumental in building a strong foundation for our company's growth and ensuring sustained success in the long term.



Hiring under GET

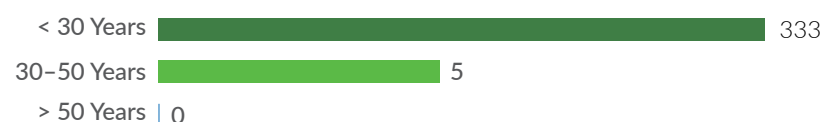
FY 2022-23

Trainees



FY 2021-22

Trainees



Career Opportunities for Women

At Bharat Forge, we understand the significance of promoting gender diversity and fostering equal career opportunities for women. We are committed to enhancing female representation in our business operations and have implemented a range of initiatives to achieve this goal.

Recognizing that diversity is a catalyst for innovation and improved business outcomes, we have designed comprehensive recruitment activities that aim to attract a diverse pool of highly qualified candidates. These initiatives enable us to tap into a broader talent pool and create an inclusive work environment.

We firmly believe in providing equal opportunities for career growth and advancement to all our employees, irrespective of gender. Our organization is dedicated to breaking down barriers and ensuring that women have

access to leadership positions and decision-making roles. We actively support the development and progression of women within our organization, providing them with the necessary resources, mentoring, and training opportunities to thrive and excel in their careers.

Furthermore, we continually review our policies and practices to ensure they are inclusive and supportive of gender diversity. We strive to create an environment where every individual feels valued, respected, and empowered to contribute their unique perspectives and talents.

By embracing gender diversity and promoting equal career opportunities, we aim to foster a culture of inclusivity, where everyone can reach their full potential. We believe that by harnessing the diverse skills and experiences of our workforce, we can drive innovation, enhance business performance, and create a more sustainable and successful organization.

Table on Performance Development Review

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------|------------|---------|-----------|------------|---------|-----------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | 2,436 | 2,436 | 100% | 2,483 | 2,483 | 100% |
| Female | 42 | 42 | 100% | 39 | 39 | 100% |
| Total | 2,478 | 2,478 | 100% | 2,552 | 2,552 | 100% |

A - Total Number of Employees

B - Number of Employees Receiving Career Development Reviews

C - Total Number of Employees

D - Number of Employees Receiving Career Development Reviews

Performance Development Review

Building a performance-driven culture is one of our most important business priorities. Our Performance Management System is based on a Balanced Score Card approach. Cascade of KPI is done across all levels of hierarchy and we follow an annual and midyear performance review cycle.

Every employee is rated on a five-point scale – ranging from EO – Extraordinary, EE – Exceeds Expectations, SP – Solid performance, NI – Needs improvement and NE – Not meeting expectations. The rating scale descriptors are a combination of objective and qualitative measures of performance. We follow a

diligent calibration process based on the normalised bell curve method. HR business partners and business leaders' have open and healthy discussions of calibrating employees' performance. This calibration of ratings is put through multiple level of validation across hierarchy to ensure accuracy and objectivity.

All people managers are put through sessions to improve and develop their performance dialog and feedback skills. Having transparent and objective performance

feedback dialog is encouraged. Standardised allocation of increments with appropriate balance of leader's discretion is the base of making this process successful. Having Performance linked variable pay encourages team spirit and drives business targets achievement.

Performance improvement plans are devised for all employees having NE & NI rating. These are for a 3-month review period. Confidentiality in all discussions and increment allocation is a basic threshold norm.

| Category | FY 2022-23 | | | Total (C) | FY 2021-22 | |
|----------------|------------|---------|-----------|-----------|------------|-----------|
| | Total (A) | No. (B) | % (B / A) | | No. (D) | % (D / C) |
| Workers | | | | | | |
| Male | 1,434 | 1,434 | 100% | 1,556 | 1,556 | 100% |
| Female | 1 | 1 | 100% | 1 | 1 | 100% |
| Total | 1,435 | 1,435 | 100% | 1,557 | 1,557 | 100% |

Learning and Development



At Bharat Forge, we recognize the significance of continuous learning in enhancing employee skills and supporting their professional growth. We have developed comprehensive learning programs that encompass a wide range of tools and resources, facilitating holistic development. As pioneers in the industry, we actively drive the transition towards digitization, while ensuring the long-term stability of employment by modernizing our sites.

A primary focus is on grooming middle-level managers for leadership roles through comprehensive training

and mentoring initiatives. In the fiscal year 2022-23, we successfully provided skill enhancement opportunities to approximately 200 employees, demonstrating our unwavering commitment to empower the workforce with the latest industry knowledge.

We strive to foster a culture of continuous learning within our organization, equipping our employees with the skills necessary to thrive in an ever-evolving business landscape. By embracing this approach, we ensure that our workforce remains agile, adaptable, and well-prepared to meet the challenges and opportunities of the future.

Training Hours

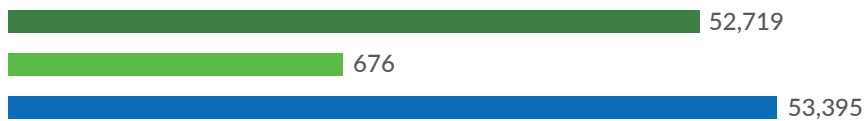
Permanent Employees



Permanent Workers



Total



12.52 Training Hrs per employee

Employee Engagement

At Bharat Forge, we are dedicated to achieving our company's growth objectives by continuously upgrading ourselves and fostering innovation. We understand the significance of the work atmosphere and its impact on employee satisfaction playing a major role towards organizational growth. To ensure a positive and engaging environment, we regularly evaluate employee satisfaction levels. As part of our commitment to enhance employee engagement, we have implemented various initiatives across all our activities. Furthermore, we are planning to carry out a formal employee satisfaction survey in the coming year with the help of an external agency.

Throughout the year, we organize team-building exercises that promote collaboration, diversity, and inclusion in the workforce. These activities are designed to strengthen bonds among employees and create a sense of unity within the organization. We believe that a diverse and inclusive workforce leads to improved performance and better decision-making.

In recognition of exceptional contributions and efforts, we host events to honor our employees. These events serve as a platform to celebrate achievements, foster a sense of pride, and inspire others to excel in their roles.

At Bharat Forge, we understand the importance of career development and personal growth. We provide comprehensive career counseling and employee development programs that focus on behavioral

well-being, mental well-being, and acquiring the desired skills for succession planning. These initiatives support our employees in reaching their full potential and prepare them for future leadership roles.

By prioritizing employee engagement and investing in their well-being, we aim to create a thriving work environment that nurtures talent, encourages innovation, and drives overall organizational success.

Employee Benefits

Transition Assistance Program

Bharat Forge places great importance on its employees and actively takes measures to support them during career transitions and significant life changes. We offer a range of programs and initiatives aimed at empowering our employees to navigate and thrive in times of rapid change.

One such initiative is our comprehensive career counseling program, which provides employees with guidance and support to make informed decisions about their career paths. We also offer various training and development opportunities to help employees enhance their skills and adapt to evolving trends and technologies.

In recognition of the diverse needs of our workforce, we have established a voluntary retirement scheme (VRS) that provides employees who choose to leave before their usual retirement age with termination benefits and pursue their passion. These benefits not only include financial support but also other advantages to assist employees in their transition to the next phase of their lives.

At Bharat Forge, we believe in fostering a culture that supports employees throughout their professional journey, acknowledging that career transitions and life changes are natural and inevitable. By offering robust support programs and termination benefits, we strive to ensure that our employees feel valued and empowered as they navigate their individual career paths.

Provident Fund

Employee's provident fund is a financial security and retirement benefit to employees. Under the provident fund scheme, the employee's contribution is deducted from their salary while the employer's contribution is an additional expense borne by the company. A portion of the contributions is allocated to the Staff Provident Fund Trust of Bharat Forge Company Limited

Gratuity

Gratuity is a monetary sum that is provided by a company to an employee as a token of appreciation for the services

rendered during their tenure. This amount is given in recognition of the employee's contributions and dedication to the company. Bharat Forge provided their employees with two defined benefit plans, which are gratuity and special gratuity.

Superannuation

Superannuation refers to a pension fund that employees receive upon reaching retirement age. Under this scheme, the Company contributes 15% of the employee's basic salary towards the fund. Upon retirement, the employee has the option to withdraw this accumulated amount and enjoy the associated benefits.

Privilege Leave Benefit

Our organization provides the benefit of availing Privilege Leave to all employees, subject to approval from their respective department heads. Each employee is allocated earned leaves at the beginning of the financial year.

Health Benefit Programs for Employees

PHYSICAL HEALTH

- Regular Health check-ups
- Follow-up post-health check-up
- Awareness on lifestyle diseases through external and internal faculty
- Screening camps, for ensuring healthy heart and vision by conducting cardiac and retinopathy camps etc.

EMOTIONAL WELL-BEING

- Psychological Counseling
- Mindfulness for mind and body relaxation
- Relaxation/Meditation/ Jacobson's Progressive Muscle Relaxation/Vipassana/Yoga
- Desk and breathing exercises for stress relief and improved concentration
- Sessions on stress management

BUILDING STRONG WORK RELATIONSHIPS

- Discussion with leaders for creating a purpose-driven strategy
- Knowledge management for effective action plans
- Webinars on work-life balance and employee engagement for employees' physical and emotional well-being

IMPROVING MENTAL AND PHYSICAL WELL-BEING

- Regular yoga sessions
- Well-equipped gym with trainers

ENCOURAGING HEALTHY HABITS

- All plants have skilled medical staff
- Canteen committee monitors the nutritional value, cleanliness, and quality of the daily meals provided to employees
- Counseling cell is available to support persons who want to stop using drugs or alcohol, as per the Government of India's "No Smoking" regulation in public settings

FOSTERING A CULTURE OF WELLNESS

- Employees' emotional wellness is assessed by conducting an annual employee engagement survey
- Programs like Relationship Management, Reflective Conversation, Potential Life Journey, and Coaching & Mentoring enhance the emotional health of employees

Turnover rate:

| Gender | Permanent employees | | Permanent workers | |
|--------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | - | - | - | - |
| Female | 100% | 100% | 100% | 100% |
| Total | 100% | 100% | 100% | 100% |

Employee Well-being

Bharat Forge is committed to enhancing the well-being of our employees by creating a safe and healthy working environment. We prioritize the welfare of our workforce and have implemented several initiatives to support their health and wellness.

Details of return to work & retention rates of permanent employees & workers that took parental leave.

To ensure comprehensive coverage, we provide substantial benefits such as health and accident insurance for employees and their immediate families. These policies offer financial assistance in case of unexpected accidents or serious illnesses, promoting peace of mind and security for our employees.

In addition, we consistently promote employee well-being and healthcare through various measures. We have implemented a robust hazard identification and risk management system to continually improve occupational health and safety across our organization. Our commitment extends beyond physical safety to mental well-being as well.

To foster awareness and equip our employees with valuable tools for maintaining overall well-being, we conduct wellness awareness seminars on stress management, diet and lifestyle management, and meditation. These initiatives empower our employees to lead healthy and balanced lives both within and outside the workplace.

As part of our safety initiatives, we conducted a total of 27 safety mock drills during FY 2022-23, reinforcing our commitment to employee safety.

To further support employee well-being, we have designated dedicated areas for yoga practice, recognizing the importance of physical and mental fitness. Our canteens provide nutritious meals to cater to the dietary needs of our employees. Additionally, we have implemented a comprehensive healthcare plan that covers the medical needs of both permanent and temporary employees and workers, ensuring access to prompt medical care when required.

At Bharat Forge, the well-being of our employees is a top priority, and we continually strive to provide a healthy and safe working environment that supports their overall health and happiness.



Health awareness sessions

The company conducts health awareness sessions on a regular basis for the employees. These sessions include topics such as kidney and heart care, cancer prevention, lifestyle diseases, healthy food, mental health and stress management. Around 1,925 employees and their family members got benefited from these sessions in the last financial year.

International Yoga Day

We have celebrated International Yoga Day at BFL on June 21, 2022 to encourage employees for keeping themselves physically and mentally fit. The theme for the year was "Yoga for Humanity". A session on Meditation, Yoga and Workplace ergonomics was conducted as part of the celebration. 140 employees participated actively and practiced Yoga during the celebration.

In-house magazine - 'Pariwar'

We publish an in-house magazine "Pariwar" on a quarterly basis. This includes happenings and events in the company, contribution from our employees and their family members in the form of poems, articles and stories. At times, our employees share their real-life experiences too. It is a good platform to showcase our employee and family member's achievements and awards to our entire workforce. This magazine provides wealth of information, inspiration, and creative ideas to the readers.

Employee day

As part of employee engagement, we have organized a cultural festival on December 17 and 18, 2022 for the employee and their family members. Around 1,400 participants showcased their talent in various activities like drawing, singing, dance and fancy-dress competition. Winners got felicitated with certificates and trophies.

A fun fair was also arranged for entertainment. The cultural festival lifted the spirit of all our employees and their family members which made them happy and helped in boosting their morale.

Celebrations

To enhance employee morale and offer them an opportunity to bond and socialize, we conduct many celebrations in the company. 75th Independence Day on August 15, 2022 and 73rd Republic Day on January 26, 2023 was celebrated at BFL with lots of joy, happiness and pride in our hearts. On the occasion of 'Khandenawami', we have performed the YANTRA POOJA on October 4, 2022. Sweets were distributed to all our employees followed by delicious food.

Commemorating Ganeshotsav, employees were trained to create Ganesha Idols using eco-friendly materials in place of plaster of paris. Lakshmi puja was done by our Chairman during Diwali festival which was participated by our entire leadership team. On February 19, 2023, we have celebrated the birth anniversary of Shivaji, greatest leader in Indian History, a legendary warrior, King and founder of the Maratha Empire.

Teacher's day

We have celebrated Teacher's Day on September 5, 2022 with great enthusiasm. We recognize our trainers and teachers for their devotion to enhance the skills and competencies by providing continuous learning atmosphere. We have felicitated more than 80 employees, who act as teachers and trainers, with certificates and gifts to express our gratitude. A street play explaining the importance of Green Revolution was played on this occasion that attracted the attention of all the participants.



Sporting events



Cricket tournaments

BFL Inter Department Cricket Tournament 2022-23 was conducted at Pune Institute of Cricket Ground, Manjari and Hadapsar from November 13, 2022 to January 8, 2023. 18 teams participated in the tournament. Union committee members, large number of employees and their family members witnessed the matches.

Carram tournaments

Carram tournaments was conducted at BFL during the months of November and December 2022. 94 employees participated in these tournaments. Also, our teams participated in 5th Indoor Games Competitions by ACMA (Automotive Component Manufacturers Association) (Western Region) conducted on January 8, 2023 at Silver Fitness Club, Chikhali, Pune. BFL Team won the 2nd and 3rd positions in Carram.

Electric Vehicle

An interest-free loan scheme was launched for our employees to purchase electric two wheelers manufactured by our group company (M/s. Tork Motors). This was done with an aim of contributing to our PLANET POSITIVE initiative. Tork Electric Motorcycle, Kratos is the first Electric motorcycle made in India.

Diwali exhibition

Community Development Center of Kalyani Group had organized “Diwali Exhibition cum Sale” on October 20 and 21, 2022. There were 20 stalls with displays made by 55 women from our community center in the exhibition. Akash-kandil, Pantya, lamps along with tasty and homemade snacks were the attraction. Members of the community center had taken lot of efforts in preparing different products, paintings and good quality eatables. More than 1,100 employees visited the stalls and made purchases which encouraged the women of our community center.



Blood Donation Camp

On April 20, 2022 and January 11, 2023, Blood Donation Camp was organized at Baramati campus on the occasion of our beloved Chairman & Managing Director's Birthday. Total 750+ employees donated their blood.





Environment Day

World Environment Day was celebrated on June 5, 2022 and the theme for the year was “Only One Earth”, Sapling plantations and awareness sessions carried out across all sites.



Daily HSE Message

We have started a practice of sharing messages on various safety topics in the name of “Daily HSE Message” through e-mails, Toolbox talk and presentations on the shop floor to create awareness among the employees, trainees, contractors and vendors. These messages are believed to be essential in building the safety culture among our workforce.

Road Safety Week

Roadshows were conducted for all our employees and drivers, with the help of logistic partners to increase the road safety awareness among them.

Fire Service Day

We observed National Fire Services Week from April 14 to 20, 2022 and the theme was "Learn Fire Safety, Increase Productivity". Activities such as firefighting equipment training and demo, mock drills, trainings on electrical safety, LPG, PNG handling, chemical safety, emergency preparedness plan etc. were conducted in this week.

World Water Day

We have celebrated World Water Day on March 22, 2023 to create awareness among the employees about the values and benefits of water conservation which is an integral part of our ecosystem. The campaign promoted the awareness on proper use of water and its resources. Water Day theme for last year was 'Accelerating Change – Be the change you want to see in the world'.



National Safety Week

We have celebrated 52nd National Safety Week at all sites, and the theme for this year was "Our Aim – Zero Harm". The Safety Week celebration started on March 4, by taking safety oath and concluded with prize distribution ceremony on March 11, 2023. Week-long celebrations included competitions such as quiz, drawings, hazard

recognition, awards for best forklift drivers, best contractors, and best safety slogan. Trainings on welding machine and gas cylinder safety, shot blasting machine operation and maintenance, fire safety etc. were conducted by external agencies to create awareness among the employees.



Diversity, Equality and Inclusion

Bharat Forge is deeply committed to cultivating a diverse and inclusive culture that embraces individuals from all backgrounds and ensures equitable treatment for everyone. We firmly believe that diversity, equality, and inclusion are not only core values but also catalysts for driving innovation and fostering sustainable growth.

At BFL, we celebrate and value the unique characteristics of individuals, including age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. We recognize that it is through these differences that we gain valuable insights into our markets, generate innovative ideas, and make a positive impact on society.

In our pursuit of fairness, we prioritize treating everyone with equity and providing equal opportunities for personal and professional growth. We actively seek to leverage the diverse perspectives and talents of our workforce, nurturing an inclusive culture that enables us to adapt to the evolving needs of our customers. This inclusive approach not only enables us to deliver exceptional

products and services but also drives the sustainable growth of our company.

To promote diversity and inclusion, we undertake a range of initiatives, such as employee resource groups, mentoring programs, and training opportunities that celebrate differences and foster collaboration. These initiatives empower individuals to contribute their unique perspectives and talents, creating a vibrant and harmonious work environment. We value equality and strive to ensure that every individual can participate and have their voice heard.

Our ultimate goal is to create an environment where every individual feels valued, respected, and empowered to contribute their best. By embracing diversity, promoting equality, and fostering inclusion, Bharat Forge aims to cultivate a workplace that benefits our employees, our customers, and society as a whole. During the reporting period, there were zero instances of discrimination reported across our operations.

| | FY 2022-23 | | FY 2021-22 | |
|---|------------|--------|------------|--------|
| | Male | Female | Male | Female |
| Senior Management (AVP and above) | 138 | 02 | 138 | 02 |
| Middle Management (Deputy Manager to Senior Manager) | 1,156 | 13 | 1,061 | 10 |
| Assistant Manager & Below | 1,483 | 38 | 1,646 | 33 |
| Contract Workers (Bargainable Employees) | 1,434 | 01 | 1,556 | 01 |

FY 2022-23



FY 2021-22



Male



Female

Promoting Differently Abled Employees

At Bharat Forge, diversity and inclusion are integral components of our growth strategy. We have implemented robust policies, including our Diversity, Equity, and Inclusion policy and Human Rights policy, which are readily accessible to employees on our intranet.

We strongly believe in promoting diversity and inclusion within our organization, creating an environment where employees can bring their authentic selves to work. By embracing their unique skills, experiences, and perspectives, we foster an inclusive culture that generates exceptional value for all stakeholders. To ensure accessibility and inclusivity, our company locations, including offices and premises, have been thoughtfully designed. We have implemented features such as ramps, lifts, and handrails on stairways to facilitate the seamless movement of individuals with disabilities. Our aim is to create access-friendly premises that accommodate the needs of all individuals.

Through our commitment to diversity and inclusion, we strive to create an environment where every employee feels valued, respected, and empowered to contribute their best. By embracing the richness of our differences, we are able to drive innovation, enhance productivity, and create a more fulfilling work experience for all.

Fair Pay Commitment

At Bharat Forge, we are dedicated to upholding the principle of equal compensation for equal work. We firmly believe in fostering fairness in salaries, ensuring that both women and men who hold the same job profile and responsibilities are compensated equitably.

To achieve this, we conduct thorough assessments of the gender pay gap based on pre-tax earnings per employee. These evaluations are carried out regularly to identify any discrepancies in pay that cannot be justified by legitimate factors. Our aim is to address and rectify any such disparities promptly.

In our evaluation process, we take into account various factors, including job profiles, roles, skills, experience, and performance. By considering these elements, we strive to ensure parity in compensation across the Board, promoting fairness and equality in our workforce.

Local Employment

At Bharat Forge, we place a strong emphasis on nurturing skilled and talented communities by actively seeking out local talent. Our goal is to inspire and empower individuals within the community to pursue excellence in education and career aspirations, with the ultimate aim of attaining senior positions within our organization.

We take immense pride in the fact that 75% of our senior management roles are held by individuals from the local community. This not only demonstrates our commitment to provide opportunities for growth and advancement but also highlights our belief in the potential and capabilities of our community members.

In addition to our dedicated recruitment efforts, we recognize the vital role we play in creating opportunities that contribute to the overall development and well-being of our communities. We understand that inclusive growth is essential for sustainable progress, and we actively work towards fostering an environment where everyone can thrive.

By investing in local talent, we not only enrich our organization with diverse perspectives and experiences but also contribute to the growth and prosperity of the communities we operate in. At Bharat Forge, we are dedicated to building stronger communities and promoting inclusive growth through our recruitment practices and community development initiatives.

Total No. of Employees in Sr. Management



Total No. of Local Employees in Sr. Management



140 Total No. of Employees in Sr. Management

105 Total No. of Local Employees in Sr. Management

*BFL defines local as states where the manufacturing plants of BFL are located

Succession Planning

At Bharat Forge, we understand the importance of cultivating a pipeline of talented leaders for the future. As part of our commitment to organizational growth and success, we place a strong emphasis on succession planning. By nurturing and developing young leaders, we ensure a smooth transition of responsibilities and maintain a continuous momentum in our operations. We actively seek out skilled and capable professionals who can contribute to our project expansion and drive the timely completion of our initiatives. By strengthening our human resources through strategic hiring and talent development, we lay the foundation for sustained progress and achievement.

Human Rights

At Bharat Forge, we prioritize the safeguarding and promotion of human rights, which is reflected in our comprehensive Human Rights Policy that underpins all aspects of our business operations. This policy applies to every individual associated with our organization, including employees, contingent workers, and our business relationships encompassing partners, supply chains, and vendors.

Our Human Rights Policy is grounded in internationally recognized principles such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organization (ILO), as well as the United Nations Global Compact. It serves as a guiding framework for upholding human rights within our organization and beyond.

As an organization, we firmly oppose and actively work against slavery, sexual harassment, and forced labor. We encourage all our employees and stakeholders to report any concerns related to these issues, and we have established channels for reporting complaints or grievances, including the Human Resources department and Senior Management. Importantly, we ensure that there will be no retaliation or reprisal against anyone who raises concerns in accordance with our policy.

To address reported issues, we may form or delegate a committee responsible for investigating and addressing the concerns raised. This committee, in collaboration with Senior Management, may recommend appropriate resolutions. Throughout the entire process, we prioritize maintaining a peaceful and respectful environment, ensuring confidentiality and avoiding any additional stress for the complainant. Our Grievance Policy explicitly emphasizes the strict duty of confidentiality for all members of the Grievance Committee, individuals involved in record-keeping, and staff members who are questioned regarding an issue.

Moreover, we have a zero-tolerance policy towards any form of harsh or insulting behavior during grievance proceedings. Such behavior is considered misconduct under our disciplinary policies, and we take appropriate actions to address any unethical conduct.

By upholding these principles and practices, we demonstrate our unwavering commitment to human rights and our dedication to fostering a safe, inclusive, and respectful work environment for all individuals associated with Bharat Forge.



Workforce Relation Management - Freedom of Association

At Bharat Forge, we prioritize maintaining a transparent and trustworthy relationship with our employees and union members. Our commitment to ethical business practices drives us to uphold the rights of all employees, including contract workers, recognizing their valuable contribution to our organization. We strongly believe in the principle of freedom of association and collective bargaining, as we understand the importance of engaging in a constructive dialog to address their rights and promote shared organizational interests in a peaceful manner. To facilitate this, we actively support and collaborate with the Bharat Forge Works Council (Union) members. Through this mutual platform, we work together to identify and implement necessary business improvements, fostering meaningful discussions on critical aspects of our operations. This collaborative approach helps us maintain a harmonious work environment and mitigates the risk of disruptive scenarios that may adversely impact our business.

We are proud to report that during the reporting period, no instances of violations related to employees' rights to freedom of association or collective bargaining were reported. We strive to ensure that our employees feel empowered and their voices are heard. In line with this commitment, 100% of the workers at Bharat Forge are covered under collective bargaining agreements, demonstrating our dedication to fair and inclusive labor practices. Signing of recent collective bargaining agreements happened on May 12, 2023 for the period starting July 1, 2022 to June 30, 2025.



Training on Human Rights

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---------------------|------------|--|-----------|------------|--|-----------|
| | Total (A) | No. of employees / workers covered (B) | % (B / A) | Total (C) | No. of employees / workers covered (D) | % (D / C) |
| Employees | | | | | | |
| Permanent Employees | 2,830 | 1,500 | 53% | 2,552 | 300 | 11.75% |
| Workers | | | | | | |
| Permanent Workers | 1,435 | 400 | 28% | 1,557 | 609 | 39.11% |

Occupational Health and Safety

At Bharat Forge, the foundation of our Health and Safety Policy rests on the unwavering commitment to prioritize the well-being and safety of every individual involved in our operations. This principle resonates strongly throughout all our operations across the country. The organization firmly believes that the protection of health and safety should permeate every aspect of business activities.

To achieve this, our employees work in synergies with our associated entities, including contractors and procurement partners, to create a workplace that upholds the highest standards of safety, security, comfort, and well-being.

To promote a culture of safety and prevention, we actively communicate to all BFL employees regarding the importance of preventing occupational injuries and illnesses. We encourage open communication,

providing channels for employees to report any safety concerns or near-miss incidents. By fostering a culture of reporting and learning from such incidents, we continually improve our processes and prevent the recurrence of potential hazards. By fostering a sense of ownership, we empower our employees to be proactive in creating a safe work environment.

We continually assess and improve our safety protocols, ensuring they align with industry best practices and regulatory requirements. Through regular training programs, we equip our employees with the necessary knowledge and skills to identify and mitigate potential risks.

We recognize that safeguarding the health and safety of our employees goes beyond meager compliance. It is a shared responsibility that requires ongoing commitment, collaboration, and vigilance. As we continue to evolve and grow, we remain steadfast in our commitment to protecting the well-being of our employees and promoting a culture where health and safety are paramount.



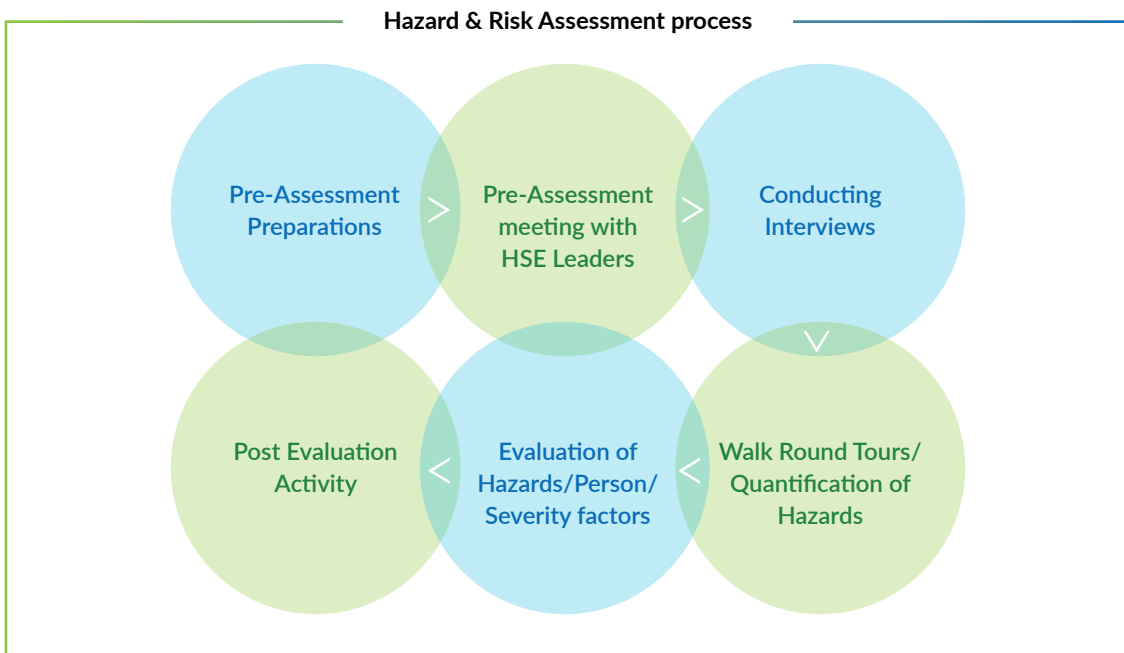
Hazard Identification and Risk Assessment

BFL has a robust and comprehensive Hazard Identification and Risk Assessment (HIRA) process which allows us to identify potential risks and develop effective mitigation plans to ensure a safe working environment. We are guided by our Sustainability Framework, which includes safety standards and relevant guidelines applicable to all BFL operations.

To continuously improve workplace safety, we regularly update our mitigation plans, taking into account new risks and industry best practices. Our dedicated team of professionally skilled process owners and qualified coordinators oversee the HIRA process at all levels of the organization. Their expertise in safety activities and guidelines ensures thorough assessments and the development of accurate preventive action plans based on investigation findings.

To enhance our risk management practices, we utilize two methodologies for assessing risks. The first is a risk rating through a scoring method, which helps quantify and prioritize risks. The second approach involves rating risks based on factors using a hierarchy of control, which includes elimination, substitution, engineering control, administrative control, and personal protective equipment. These methodologies enable us to identify, quantify, and address risks effectively.

To ensure continuous improvement, we have established the HIRA procedure in alignment with ISO 45001:2018, an international standard for occupational health and safety management systems. This demonstrates our commitment to follow industry best practices and maintain a safe working environment for our employees.



Emergency Responses

At Bharat Forge, we recognize the importance of having robust emergency response strategies in place. We understand that our employees and supply chain efficiency can be exposed to workplace hazards, and therefore, we have taken proactive measures to implement a comprehensive emergency response system.

Our primary objective is to ensure the safety and well-being of our employees in the event of an emergency. Through our emergency response system, we aim to minimize the potential risks and damages associated with these emergencies. We have designated trained personnel who are responsible for coordinating emergency response efforts and ensuring that appropriate actions are taken promptly.

Our emergency response strategies encompass a wide range of aspects, such as evacuation procedures, communication protocols, first aid and medical support, and coordination with relevant authorities. These measures are designed to mitigate the impact of emergencies, protect lives, and maintain the continuity of our operations. Additionally, we conducted 27 mock drills and simulations to test the effectiveness of our emergency response system. These exercises help us identify any areas for improvement and ensure that our employees are well-prepared to handle emergencies.

By implementing a comprehensive emergency response system, we demonstrate our commitment to prioritizing the safety of our employees and safeguarding the efficiency of our supply chain. We continuously strive to enhance our emergency preparedness and response capabilities, incorporating the latest industry best practices and learnings.



Safety Control System

We, at Bharat Forge, have implemented a comprehensive safety control system in order to minimize the risks posed by external factors and ensure a safe working environment.

Our safety control system is designed to identify and mitigate potential hazards and risks. We adhere to strict safety regulations and guidelines to protect our workforce and assets from harm. Regular audits are conducted to assess compliance with these safety standards, ensuring that all necessary measures are in place to prevent accidents and injuries.



In case, where safety norm violations occur repeatedly, we take appropriate action by imposing penalties. This underscores our commitment to maintaining a safe and secure workplace for everyone involved in our operations.

We also prioritize the assessment of third-party or external entities to ensure their competence and adherence to safety protocols. We carefully verify the certificates issued by government authorities to ascertain the capabilities and qualifications of these entities. By doing so, we can confidently collaborate with trusted partners who share our commitment to safety. We continuously strive to enhance our safety measures and stay up-to-date with the latest industry standards and best practices.

Incident Analysis

We continuously monitor the safety incidents and accident rates across all our operational sites.

One of our key objectives is to achieve Zero Reportable/ Lost Time Incidents. We understand the criticality of this goal and are dedicated to implementing proactive measures that prevent any work-related fatalities. To ensure the effectiveness and resilience of our safety management, we actively seek and incorporate employee feedback on health and safety matters. Our leaders at BFL value the insights and experiences shared by our workforce, enabling us to

make informed decisions and continuously improve our safety protocols.

Our comprehensive safety measures encompass a well-defined health and safety policy that outlines our commitment to creating a secure work environment. We have implemented a meticulous work permit system to regulate activities and mitigate potential risks. We have a robust accident investigation and analysis approach to understand the root causes and prevent and mitigate hazards, helping us take a step ahead towards our aim of creating a safer work environment. Additionally, we provide first aid facilities, conduct safety trainings and perform regular audits to maintain high safety standards.

As part of accident / incident investigations, detailed risk assessments are conducted to identify potential hazards and develop appropriate preventive measures. By understanding and mitigating these risks, we strive to prevent workplace incidents and ensure the well-being of everyone involved in our operations.

During the reporting period, no work-related fatalities were recorded at Bharat Forge Limited. This is a testament to our rigorous safety protocols and the collective efforts of our employees and contractors.

| Safety Incident / Number | Category | FY 2023 | FY 2022 |
|--|-----------|---------|---------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0.97 | 0 |
| | Workers | 0.50 | 0.13 |
| Total recordable work-related injuries | Employees | 7 | 0 |
| | Workers | 6 | 3 |
| No. of fatalities (safety incident) | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 3 | 1 |



Health and Safety Training

At BFL, we have established stringent safety regulations that are detailed in our occupational health and safety standards. These standards apply to all individuals within our organization, including employees, temporary workers, and visitors. They encompass organizational measures and specific prerequisites for implementing technological and interpersonal safety measures across all our sites.

To ensure workplace safety, we provide essential safety equipment to our production employees. In addition to providing safety equipment, we emphasize the importance of continuous training in health and safety. Our team regularly conducts on-the-job training programs that cover a wide range of topics, including working at heights, confined spaces, and on-site emergency protocols. These training sessions are designed to educate new hires and reinforce safety measures for all employees. By empowering our workforce with knowledge and preventive actions, we strive to create a safe and secure working environment.



Total Training Hours

35,430 Permanent Employees

Total Training Hours

17,965 Permanent Workers

12.52 Training Hrs per Employee

COMMUNITY

As an organization, Bharat Forge acknowledges the significance of social responsibility and is committed to creating a positive impact on the communities we serve. We deeply value our relationship with the neighboring community and believe that a harmonious partnership is essential for mutual growth and success. In this spirit, we actively engage in various initiatives aimed at community betterment, expressing our gratitude for their support.

We understand that a peaceful and prosperous community creates a favorable environment for all stakeholders, contributing to long-term sustainable growth. To uphold our commitment, we prioritize sharing our values with the community through training and development programs. By interacting with the community, we aim to build strong relationships based on trust and mutual benefit. Through our efforts, we strive to contribute to the overall development of the community, aligning with their specific needs and aspirations.

At Bharat Forge, we acknowledge the significance of initiatives focused on women empowerment, education, and skill development. These areas hold a special place in our hearts, as they serve as the foundational steps towards community development. Over time, we have also recognized the tremendous potential for rural development in and around the

Pune site. Our Chairman envisions fulfilling the basic needs of 100 marginalized villages in Maharashtra, with a focus on five major indicators: water accessibility, infrastructure, livelihood, education, and health.

To effectively execute our community development initiatives, we have established a dedicated CSR committee at the Board Level. This committee plays a vital role in guiding our CSR projects, leveraging their valuable insights and experiences. Their expertise ensures that our efforts align with the community's needs and aspirations, maximizing the positive impact we can make together.

Our ultimate aim is to provide essential facilities and growth opportunities at the grassroots level in the target villages. By doing so, we aim to uplift the community, enhance their quality of life, and contribute to their overall well-being. We believe that through sustainable and inclusive community development, we can create a brighter future for all.



| CSR Project | No. of persons benefited from CSR projects (FY 2022-23) | No. of persons benefited from CSR projects (FY 2021-22) | % Of beneficiaries from vulnerable and marginalized groups |
|---|--|--|--|
| 1 Village Development Project in more than 100 villages in Maharashtra State | 20,0000+ people from more than 100 villages | 15,0000+ people | >90 |
| 2 Education Project in collaboration with Pratham Pune Education Foundation | 13,585 children from 8 communities | 10,254 children from 8 communities | 100 |
| 3 Education Project in collaboration with Jnana Prabodhini | 389 children from 5 different communities | 145 children from 8 communities | 100 |
| 4 Education Project in collaboration with Vidyarathi Sahayak Samiti | 20 girl students from engineering or diploma background | 18 girl students from engineering or diploma background | 100 |
| 5 Women Empowerment - Community Centers, vocational training and income generation activities | 350 women from self-help groups located at 3 centers (Hadapsar, Wadgaon Sheri & Keshavnagar) | 950 Women | >75 |
| 6 Skilling through CoE (Center of Excellence) at Vidya Pratishthan, Baramati | 161 students pursuing Engineering | In the year 2021-22, the center was in establishment phase | >75 |
| 7 Skill Development Project - Working with (ITIs) | 1,500 rural youth | 1,500 rural youth | >75 |
| 8 Waste Management | 500 families from the Hadapsar area | 65 families from Keshav Nagar | >75 |



1 Village Development Project

Name of the initiative
Water Conservation Projects under Village Development

Beneficiaries
2,00,000+ Villagers

UNSDG Aligned



Focus Area
Replenishment of Waterbody



Summary of the initiative: The taluka of Ambegaon under the jurisdiction of Pune district faces the challenge of water availability. This has resulted in severe drought with the villages facing crisis with respect to water availability. Bharat Forge realized the problem and has undertaken desilting initiatives to free up the reservoirs and ensure water availability for drinking and agriculture. It is expected that very soon this whole belt will turn into a green belt positively impacting the lives of 3,600 villagers. Similarly, the same initiative has been undertaken across 100+ villages benefiting 2,00,000+ villagers.

Name of the initiative
Construction of School Building

Beneficiaries
2,100 Students

UNSDG Aligned



Focus Area
Construction of Better Infrastructure for School Children



Summary of the initiative: Bharat Forge conducted baseline studies & understood that the schools across the villages of Salave, Sonori & Saswad lacked the basic infrastructure required to provide quality education to the students. Due to lack of infrastructure, the children were losing upon the opportunity of a formal education. The company undertook initiative & constructed the necessary infrastructure including classrooms & washrooms across the three schools benefiting more than 2,100 students to continue their formal education currently and would benefit many more in the future.

Name of the initiative

Tree Plantation

1 Lakh Trees planted in the year 2022-23



Name of the initiative

Cancer Screening Camps

Beneficiaries

910 women benefited from health camp in the year 2022-23



2

Education Project in collaboration with Pratham Pune Education Foundation

Name of the initiative

Pratham Pune

Beneficiaries

13,585 children

UNSDG Aligned



Focus Area

Responsible and Meaningful Corporate Citizenship



Summary of the initiative: At Bharat Forge, we strongly believe that education is the key to a brighter future and the foundation for personal growth and development. With this vision in mind, we have designed our Education Program to empower underprivileged children with essential knowledge and skills. In collaboration with Pratham, a Pune-based Not-for-Profit Foundation, the company organized a series of activities including summer camps aimed at providing non-formal education to underprivileged children. These camps were designed to enhance their learning experience. As part of our commitment to education, we also conducted training sessions for teachers, empowering them to deliver effective and engaging classes. Additionally, we actively participated in initiatives to promote environmental awareness and sustainability around the communities.

3

Education Project in collaboration with Jnana Prabodhini

Name of the initiative
Anubhav Shala and Pradnya Vikas

Beneficiaries
389 children

UNSDG Aligned



Focus Area
Informal education for slum children

Summary of the initiative: Bharat Forge Limited (BFL) has partnered with Jnana Prabodhini, a social organization based out of Pune, to run an impactful education program for children from slum communities. The program aims to support children whose parents are occupied with work and unable to supervise them during the day. In the program various enriching sessions are conducted, including Mental Maths, Sketching learning games etc. BFL celebrates special occasions like Children’s Day and Independence Day, engaging such children in fruitful activities to stimulate creativity and innovative thinking through locally conducted Art & Craft sessions at ANUBHAV SHALA. Children from these communities who display promising potential are provided more specialized education in PRADNYA VIKAS initiative. Different sessions like Essay Writing, English Grammar, Puzzle-solving, and Reading Skills, fostering a comprehensive development are conducted for them. Additionally, the company provides essential training to teachers, ensuring the program’s effectiveness and enhancing the overall impact on these young minds. Through this collaboration, BFL contributes to the betterment of underprivileged children by offering them educational opportunities and a platform for holistic growth.

4

Education Project in collaboration with Vidyarathi Sahayak Samiti

Name of the initiative
Project Tejaswini

Beneficiaries
20 girl students

UNSDG Aligned



Focus Area
Upliftment of Female students through quality education and mentorship



Summary of the initiative: Bharat Forge Limited (BFL) is dedicated to promoting gender equality and has partnered with Vidyarathi Sahayak Samiti for a meaningful initiative to provide growth opportunities to college-going girl students. As part of this collaboration, BFL sponsors the higher education of 20 talented girls from polytechnic and engineering backgrounds, providing them with opportunities to pursue their academic aspirations. Additionally, BFL also provides financial support and has assigned 12 mentors to guide and support these young women throughout their educational journey. Through this initiative, BFL aims to empower and uplift girls by giving them a platform for higher education, fostering a more inclusive and equal society.

5

Women Empowerment - Community Centers, Vocational Training and Income Generation Activities

Name of the initiative

Community Development

Beneficiaries

350 women from self-help groups

UNSDG Aligned



Focus Area

Women Empowerment



Summary of the initiative: Bharat Forge Limited (BFL) has taken significant steps to promote women empowerment by initiating vocational training programs in three different community centers. These programs aim to equip women with valuable skills and knowledge, fostering their economic independence. Some of the activities include hand embroidery classes and bag making as income generation opportunities. BFL further supports women's economic participation by helping them participate in events like Diwali exhibition cum sales and Bhimthadi Jatra (a local fair), where the women can showcase and sell their products, thereby generating income and becoming self-reliant.

6

Skilling through CoE (Center of Excellence) at Vidya Pratishthan, Baramati

Name of the initiative

Center of Excellence

Beneficiaries

161 students pursuing Engineering

UNSDG Aligned



Focus Area

Rural Youth Empowerment



Summary of the initiative: Bharat Forge has joined hands with Vidya Pratishthan to establish a Center of Excellence Lab dedicated to providing skill training in cutting-edge technologies such as Artificial Intelligence, IoT, and Machine Learning. The primary goal of this initiative is to equip rural youth with new-age technological skills, opening doors to better employment opportunities. The program also emphasizes on encouraging maximum participation from girl students, aiming to empower women and enhance their employability prospects. By promoting skill development and gender inclusivity, Bharat Forge is making significant strides in fostering empowered and technologically proficient workforce.

7

Skill Development Project - Working with (ITIs)

Name of the initiative
Skill Development Project - Working with (ITIs)

Beneficiaries
1,500 students

UNSDG Aligned



Focus Area
Formal Technical Education



Summary of the initiative: Bharat Forge Limited (BFL) has undertaken an initiative to empower rural youth by providing formal vocational training at ITI Khed. Through this program, BFL aims to enhance the employability of young individuals in the region by equipping them with valuable skills and knowledge. By offering vocational training, BFL is enabling the rural youth to access better job opportunities and contribute meaningfully to their communities and the workforce. This initiative reflects BFL's commitment to skill development and creating a positive impact on the lives of the rural youth.

8

Waste Management

Name of the initiative
My Garbage My Responsibility

Beneficiaries
500 families

UNSDG Aligned



Focus Area
Circularity



Summary of the initiative: Bharat Forge Limited (BFL) has launched the “My Garbage My Responsibility” campaign to address waste management in the Hadapsar area in Pune. As part of this initiative, around five hundred composter planters (CP) are installed across 500 households. Each planter is designed to decompose around 750 gm of kitchen waste per day, promoting responsible waste management at the grassroots level. By encouraging residents to take charge of their waste and convert it into compost through these planters, BFL aims to create a positive impact on the environment and foster a culture of sustainable waste management in the community.

SUPPLY CHAIN

At Bharat Forge, sustainability is a core focus across our business operations and value chain as we strive for shared prosperity with our procurement partners. As we expand our presence in the region, we recognize the importance of addressing environmental, social, and governance (ESG) risks and minimizing our overall impact in alignment with our core values.

To achieve this, we proactively implement a range of initiatives aimed at reducing our environmental footprint. We believe that effective collaboration with our supply chain is crucial in mitigating our impact

throughout the entire value chain. We engage with our suppliers and emphasize their role in helping us achieve our goals of carbon neutrality and environmental stewardship. By working together, we can drive positive change and contribute to a more sustainable future.

Furthermore, we actively identify and mitigate procurement risks to ensure a responsible and sustainable supply chain. By assessing potential risks and working closely with our suppliers, we can address any issues that may arise and continually improve our procurement processes.



Responsible Supply Chain

Through our commitment to sustainability, responsible sourcing, and strong supplier relationships, we aim to create a positive impact not only within our own operations but also throughout our supply chain. By promoting sustainable practices and fostering collaboration, we can collectively contribute to a greener, more equitable future.

Supplier Code of Conduct

As a company committed to ethical and responsible practices, BFL upholds compliance with all relevant laws and regulations. We place a strong emphasis on human rights and strive to create a work environment that fosters respect, dignity, and safety for our employees and vendors. Environmental stewardship is also a core value at BFL. Through sustainable procurement practices and continuous improvement, we strive to uphold our legacy of promoting environmental sustainability. We recognize that by prioritizing the environment, we not only contribute to a healthier planet but also ensure a sustainable future for generations to come.

We uphold the highest standards of product quality, business integrity, and supplier relations. We are committed to ensuring safe working conditions,

respecting workers' rights, and promoting environmentally and socially responsible manufacturing processes.

To uphold these principles, we have established a comprehensive Supplier Code of Conduct that applies to all our major suppliers involved in manufacturing our products. This code is regularly reviewed and updated to reflect evolving regulations, customer requirements, industry practices, and the outcomes of internal and supplier audits. We expect our suppliers to comply with applicable environmental and social parameters, as well as adhere to our own business code of conduct.

In our procurement practices, we ensure that our vendors accept and adhere to our Supplier Code of Conduct (SCoC), which outlines our expectations for responsible business conduct. Our procurement team maintains a tracker to monitor and ensure compliance with the SCoC. In the reporting year, we sourced 5.94% of our raw materials from Micro, Small, and Medium Enterprises (MSMEs), supporting local businesses and promoting economic development. For instance, the boiler suits and aprons required as uniforms by Bharat Forge are provided by Self Help Groups from community centers, showcasing our commitment to community empowerment and social impact.

Supplier Selection Criteria

Suppliers are required to adhere to all the applicable laws, rules and regulations and ethically conduct their business. The supplier management process at Bharat Forge includes stringent norms for supplier selection and qualification. The basic requirements are:



Business Ethics and Compliance

The Ethics and Compliance policy has two key objectives – to uphold and ensure the values of Integrity and Transparency. In the purchase of products from domestic and international suppliers, we anticipate suppliers adhere to rules and regulations to avoid corruption, extortion, fraud, bribery, or embezzlement cases.



Third-Party Representation

Without BFL's prior explicit consent, Suppliers are not permitted or allowed to make statements for BFL or use the BFL/Kalyani brand. For the purpose of this Supplier Code, operations taken by third-party agents or representatives, including government representatives, will be assumed as being performed by the Supplier.



Social Responsibility

By embracing social responsibility, suppliers not only make valuable contributions to positive social outcomes but also strengthen their reputation, cultivate stronger relationships with customers and stakeholders, and enhance long-term opportunity towards sustainability and profitability.





Working Conditions in Factory/Plant/Offices

The suppliers must adhere to the rules and regulations set by BFL for the safety of the employees and security of the products produced.



Antitrust Compliance

If suppliers are under investigation for any actions linked to antitrust regulations, BFL must be notified right away.



Political Activities

As a representative of BFL, the suppliers should not be involved in any political campaign and activities.



Data Protection

Suppliers are required to adhere to all regulations governing the protection and privacy of personal information and data. They must comply with the General Data Protection Regulation (GDPR) in accordance with EU law, whenever it is applicable.



Legal Compliance

Suppliers bear responsibility for breaching the laws, rules, and regulations of their own country or the country from which their products and services originate.



Bribery

The impact of bribery in the supply chain can be significant and far-reaching. It can distort competition, undermine fair business practices, and can lead to inefficiencies and unfair advantages for certain parties. It can also compromise the integrity and transparency of the supply chain, increase costs, and hinder the overall trust, reputation of the company, and can hamper the relationship with the external stakeholders.



Sustainability

Suppliers are required to adhere strictly to sustainability practices in order to uphold ethical responsibilities, meet stakeholder expectations, comply with regulations, mitigate risks, create business opportunities, and achieve long-term success in a rapidly changing business environment.



Protecting Company Assets and Intellectual Property

When given permission by BFL to use such resources, suppliers must responsibly take control of all tangible and intangible assets of BFL, including supplies, consumables, equipment, and intellectual property.



Conflict of Interest

Conflict of interest that could harm a supplier's reputation with BFL must be avoided. A conflict of interest arises if a BFL employee who has the power to influence decisions that have an impact on the Supplier's company is related to an employee of the Supplier or related to them.



Communication and Enforcement

In order to engage in business with BFL, all suppliers are required to comply with the guidelines mentioned in this Supplier's Code of Conduct. BFL will establish and maintain a system to evaluate and guarantee adherence to these standards. Should BFL identify any breaches of this Supplier Code, the Supplier in question is obligated to furnish details regarding the incident(s) and demonstrate the measures undertaken to rectify the situation within a period of 30 days. BFL retains the authority to refer to the Supplier's own code of conduct as necessary.



Green Supply Chain Portal

To streamline our supplier engagement and ensure adherence to sustainability standards, we implemented the “Green Supply Chain” portal, developed in-house, to connect with our extensive supplier base. The revised supplier code of conduct, available in multiple languages, was posted on the portal, and suppliers were requested to review and acknowledge its requirements.

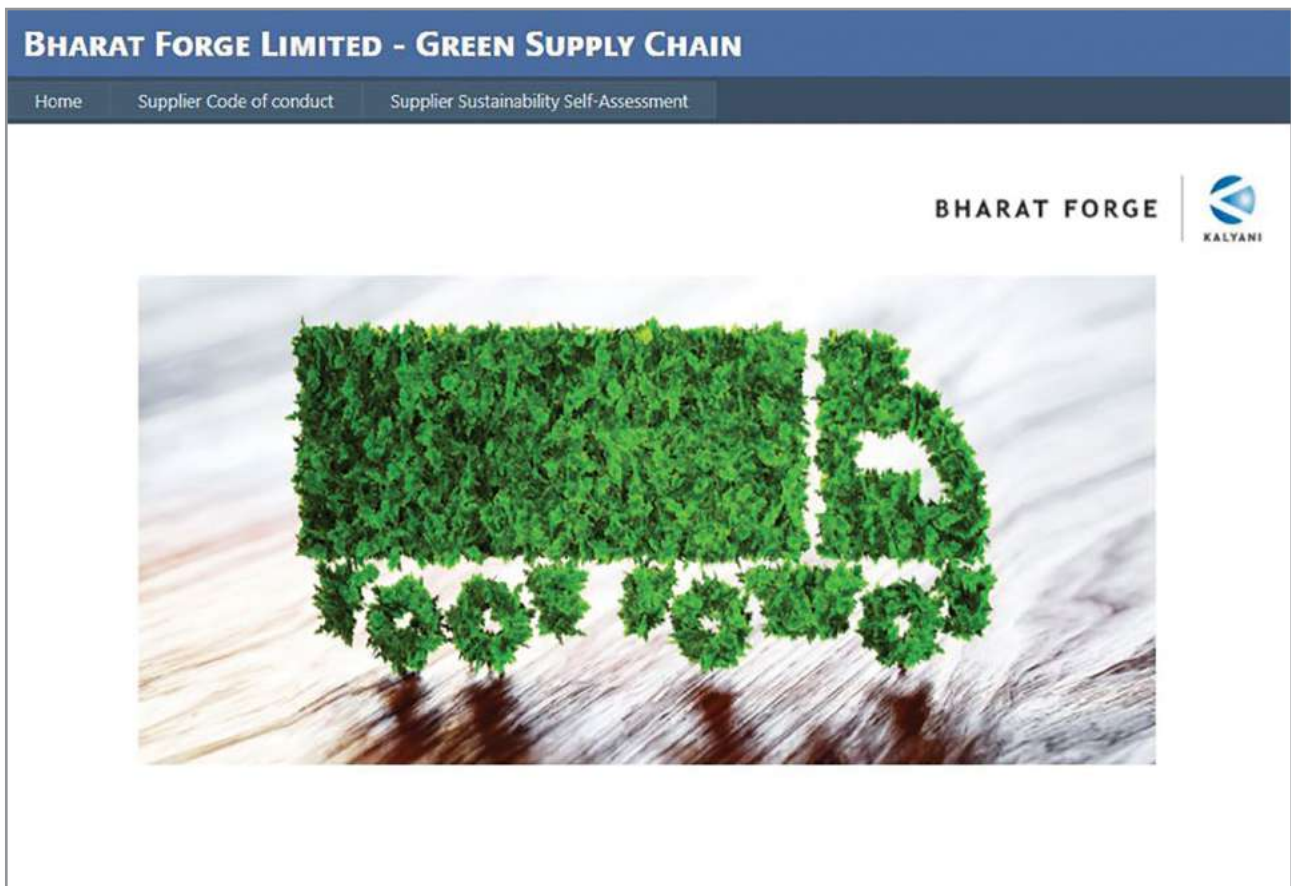
To ensure authorized access, we introduced OTP verification for supplier portal login, guaranteeing that only authorized representatives from the supplier side could provide the acknowledgment. We conducted training sessions to educate suppliers about the portal's functionalities, fostering active engagement and awareness among our supply chain partners.

Upon receiving the supplier's acknowledgment of the code of conduct and the forced labor survey, we retained the date-stamped acknowledgments for future reference. We achieved a successful acknowledgment rate from all supply chain partners, reflecting our robust communication and compliance efforts.

Additionally, the portal facilitated the sustainability self-assessment process for critical suppliers, previously done manually. Suppliers were prompted to undertake the self-assessment and provide evidence as needed. A comprehensive analysis of the responses was conducted, enabling us to identify areas of improvement and collaboratively address them with our suppliers.

An impressive 77.11% of our value chain partners (by the value of business done) completed the self-assessment, showcasing their commitment to sustainability goals. To foster continuous improvement, we are planning training sessions and site visits to collaborate with critical suppliers on targeted areas of enhancement.

The deployment of the Green Supply Chain portal streamlined the entire process, optimizing efficiency through automation. Going forward, the portal's incorporation in the supplier selection process will ensure our sustainability requirements are consistently met with suppliers.



Supplier Assessment

At Bharat Forge Limited, supplier sustainability assessment plays a crucial role in our commitment to responsible and sustainable business practices. We understand that the sustainability performance of our suppliers directly impacts our own sustainability goals and overall supply chain resilience. Therefore, we have implemented a comprehensive supplier sustainability assessment process.

Our assessment process begins with identifying key sustainability criteria that aligns with our values and objectives. These criteria encompass various aspects, including environmental impact, social responsibility, ethical practices, and adherence to regulatory standards. We evaluate our suppliers based on their performance in these areas, ensuring that they meet the necessary sustainability standards.

To conduct the assessment, we employ a combination of self-assessment questionnaires, site visits, and audits. Through these methods, we gather data and insights into our suppliers' sustainability practices, allowing us to assess their strengths and areas for improvement. We also engage in constructive dialog with our suppliers, promoting transparency and collaboration to drive positive change.

In our commitment to address Scope-3 emissions, we recognized the significant impact of GHG emissions originating from raw material sources. To proactively tackle this aspect, we initiated a comprehensive engagement with all our 12 raw material suppliers to

gain insights into their energy mix and consumption patterns. Our primary objective was to assess and mitigate emissions resulting from the materials they supply to us.

To facilitate this process, we designed a concise yet comprehensive questionnaire centered around decarbonization and distributed it to each supplier. We were pleased to receive responses from all 12 raw material suppliers, which provided us with valuable data to analyze.

By studying their responses, we gained a clear understanding of the emissions associated with the quantities of raw materials they supply to us. Additionally, the information collected shed light on their green energy utilization practices, providing a crucial perspective for future collaboration.

Supplier sustainability assessment is not just a one-time event but an ongoing process. We recognize that sustainability is a journey, and we work closely with our suppliers to help them improve their sustainability performance over time. We provide guidance, support, and resources to help them implement sustainable practices and overcome any challenges they may face.

By conducting rigorous supplier sustainability assessments, we ensure that our supply chain operates in an environmentally responsible and socially conscious manner. We prioritize suppliers who share our commitment to sustainability, fostering long-term partnerships that contribute to the well-being of our stakeholders and the communities in which we operate.

| | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Number of suppliers assessed for environmental and social impacts | 51 | 61 |
| Number of suppliers identified as having significant actual and potential negative environmental and social impacts | Nil | Nil |
| Significant actual and potential negative environmental and social impacts identified in the supply chain | Nil | Nil |
| Percentage of suppliers identified as having significant actual and potential negative environmental and social impacts with which improvements were agreed upon as a result of assessment | Nil | Nil |
| Percentage of suppliers identified as having significant actual and potential negative environmental and social impacts with which relationships were terminated as a result of assessment | Nil | Nil |

Local Procurement

In line with our commitment to supporting the growth and prosperity of the regional economy, Bharat Forge Limited actively advocates for the utilization of local suppliers for raw materials and other essential supplies. While our centralized purchasing is conducted in India, we prioritize collaboration with local vendors to fulfill the specific requirements of each region. This approach aligns with our perspective of considering the state of Maharashtra as our local region due to the presence of our manufacturing facilities in Mundhwa (Pune), Chakan, Baramati, and Satara.

By engaging with local suppliers, we aim to enhance the economic ecosystem within Maharashtra. Approximately, 54% of Bharat Forge's raw material needs are sourced from suppliers based in Maharashtra, further strengthening our support for locally-owned businesses. This strategic partnership not only ensures a reliable supply chain but also promotes regional economic development and fosters long-term sustainability.

We believe that by actively engaging with local suppliers, we contribute to the growth and success of the regional economy. Through these collaborative efforts, we reinforce our commitment to the communities in which we operate and strive to create a positive impact on the local business landscape.

Customer Relationship Management

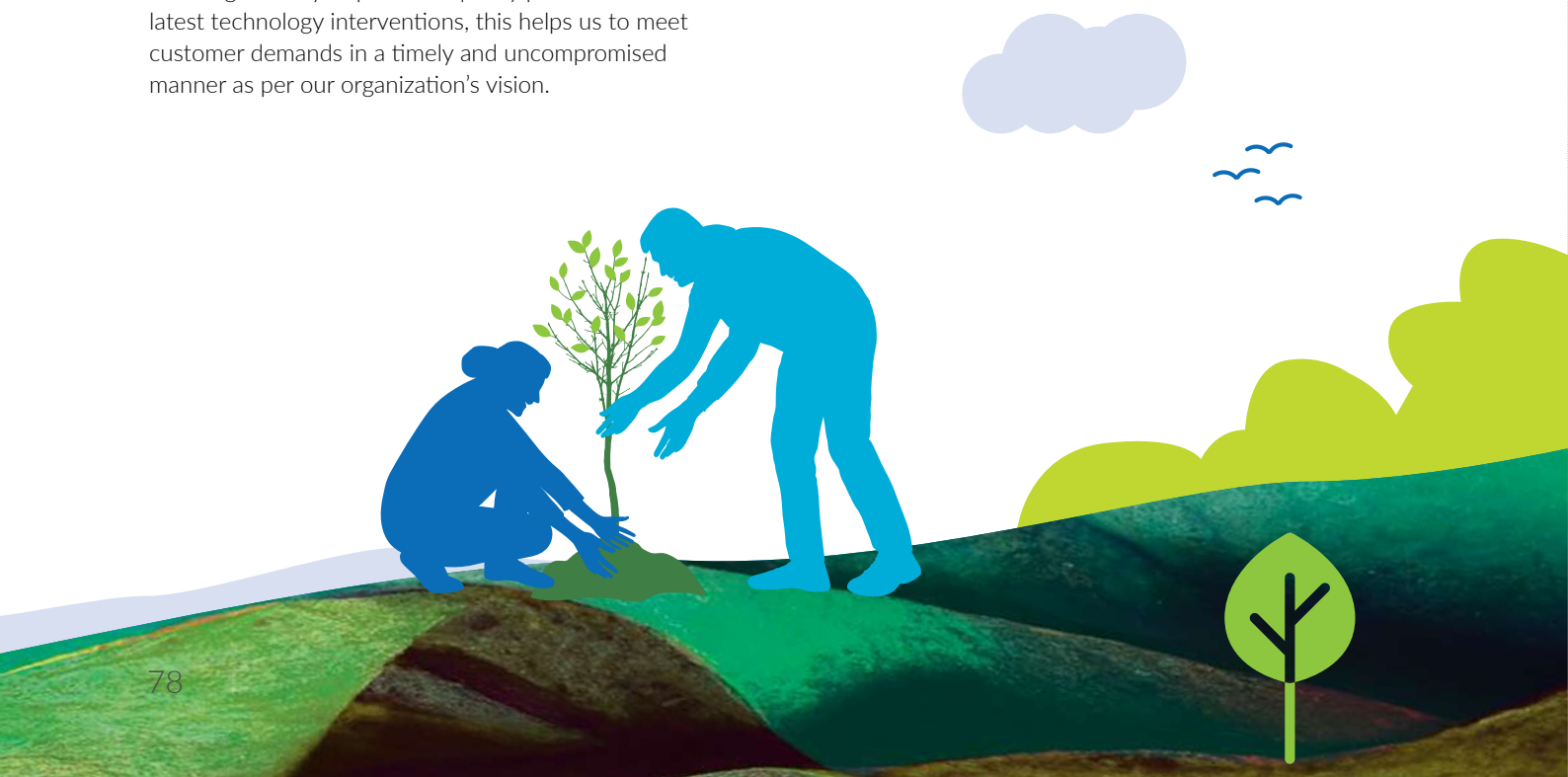
At Bharat Forge, our relationships with our customers are based on trust and respect, forming the foundation for our sustained growth and success. To cater to the evolving customer needs and demands, we are proactively investing in capability building and collaborative working, ensuring delivery of premium quality products based on latest technology interventions, this helps us to meet customer demands in a timely and uncompromised manner as per our organization's vision.

The pandemic has changed the way the businesses work and has once again highlighted the VUCA world that we live in. However, BFL has always shown resilience as the key and navigated through the uncertain times to support its customers unhindered. In response to the rapidly changing market dynamics, we swiftly augmented our capacity, ramped up production of new products, and ensured record-breaking New Product Development (NDP) timelines.

In FY 2023, the supply chain issues further intensified due to geopolitical tensions and rising input costs. Amidst these challenges, Bharat Forge emerged as a dependable and reliable global supplier, earning the trust of our customers. We worked tirelessly to fulfill our commitments on time, creating a win-win situation for both our customers and ourselves. Our dedication and performance were acknowledged and recognized by our customers, further strengthening our reputation as a key contributor to their success.

With a relentless focus on growth, we made significant strides in expanding our presence in the traditional business while also exploring and developing solutions for E-mobility. Our approach is guided by the dependability factor that we have nurtured over more than two decades of fruitful relationships with all our key customers.

As we look ahead, our customer-centric approach remains at the forefront of our business strategy. We will continue to innovate, invest in our capabilities, and foster collaboration to meet the evolving needs of our customers and sustain our position as a reliable global supplier of choice for critical and safety components.



Our Commitment to Environmental Stewardship

Sustainable development embodies a comprehensive approach to policies, projects, and investments, aiming to achieve positive outcomes in the present while safeguarding the environment, promoting social equity, and improving human health and well-being for future generations.

Our ERM framework proactively identifies and addresses key risks, enabling us to adopt alternative practices that minimize environmental impacts, such as utilizing renewable energy sources and implementing efficient resource management strategies.

To achieve sustainable development, it is crucial to integrate economic, social, and environmental objectives while fostering collaboration among the government, private sector, and civil society. At Bharat Forge, we deeply embrace this commitment to long-term

sustainability. We actively work towards conserving natural resources, improving energy efficiency, reducing waste generation, and mitigating pollution. As we operate in a biologically less sensitive area, we prioritize supporting and conserving biodiversity, which plays a vital role in maintaining a healthy ecosystem.

We acknowledge that our operations can have certain environmental impacts, such as the emission of non-respirable particulate matter, waste generation, and water consumption. To minimize these impacts, we continuously assess and enhance our operational processes and systems, placing significant emphasis on strategies that mitigate harm to biodiversity. Our commitment extends beyond our organization, as we strive to raise awareness and foster community understanding of biodiversity protection.

ENVIRONMENTAL MANAGEMENT SYSTEM

Acknowledging the significance of effective environmental management, we place great importance on maintaining a robust environmental system. In order to address our environmental responsibilities in a systematic and comprehensive manner, we have adopted the ISO 14001 standard as our guiding framework which outlines the requirements for establishing an environmental management system.

By adhering to the ISO 14001 standard, we demonstrate our commitment to sustainability and environmental protection. The standard guides us in developing and implementing an environmental policy that aligns with our values and objectives. It further helps us identify and assess the environmental aspects and impacts of our products and services, allowing us to make informed decisions and take proactive measures to minimize our environmental footprint.

Through the ISO 14001 standard, we plan and implement environmental programs aimed at continuous improvement. This involves setting objectives and targets, implementing strategies to achieve them, and monitoring our progress. It enables us to effectively manage and mitigate environmental risks, promote resource efficiency, and contribute to the overall well-being of the environment.

Additionally, we prioritize performance evaluation and certification processes to ensure that our environmental efforts meet recognized standards and best practices. This includes assessing and measuring our environmental performance to drive continuous improvement and achieve the highest levels of environmental stewardship.

Climate Risks and Opportunities

At Bharat Forge, we recognize the significance of climate change and its potential impact on our company. As part of our proactive approach, we are actively engaged in identifying climate change-related risks and opportunities. This assessment allows us to better understand how climate change may affect our operations and enables us to develop appropriate mitigation plans.

In the coming years, we will conduct a comprehensive evaluation of the threats posed by climate change. This assessment will guide us in formulating a roadmap for effectively managing and mitigating climate-related risks. We are committed to implementing measures that will ensure the long-term sustainability and resilience of our business in the face of changing climatic conditions.

We view climate change as an opportunity for growth and innovation and believe that embracing potential

carbon reduction pathways presents us with unique operational and energy supply opportunities. By incorporating clean energy into our existing electricity networks, making strategic capital investments in diverse electricity assets, and implementing fuel retrofitting measures within our energy supply system, we can positively impact our business while contributing to climate change mitigation efforts.

We are actively exploring various climate change initiatives to enhance our operational and strategic practices. By leveraging these opportunities, we aim to reduce our carbon footprint, improve energy efficiency, and contribute to the transition towards a more sustainable future.

Environmental Investments

We allocate a significant portion of our capital expenditures, amounting to 3.97% of total expenditure, towards various progressive environmental initiatives. These investments encompass a range of projects aimed at environmental preservation, restoration, waste management, and environmental consultancy.

We actively seek opportunities to minimize our environmental impact and implement sustainable practices across our operations. By investing in these initiatives, we strive to enhance our environmental performance and contribute to the overall well-being of the ecosystems in which we operate.

Environmental Compliance

At Bharat Forge, we uphold a strong commitment to ethical conduct and strict adherence to legal requirements across all aspects of our business operations. Environmental compliance is a fundamental responsibility of our sites and businesses.

To ensure compliance, we have implemented a robust management system that includes procedures for monitoring internal and external controls, as well as regular updates on legal regulations. This system enables us to stay informed about any changes in environmental laws and regulations and take proactive measures to comply with them.

We have established a comprehensive framework for internal audits, which encompass a range of assessments such as HSE audits, loss prevention visits, quality audits, and authority inspections. These audits are conducted regularly at various sites to assess compliance and identify any areas for improvement. Apart from the internal audits, BFL also undertakes third party assurance every quarter in order to ensure that the systems are in line with the changing regulations and that the processes are followed to maintain a safe working environment.

The findings from HSE audits and other audits are compiled into detailed reports that are shared with senior management. Agreed-upon actions are then implemented to address any identified non-compliance issues. Site managers also participate in management reviews where compliance and regulatory inspections are discussed, ensuring that all necessary measures are taken to maintain compliance.

To monitor and track environmental compliance, we utilize an environmental data system that allows us to enter and review the indicators of non-compliance, if any. This system helps us identify underlying causes and take corrective actions as needed.

The site management teams play a crucial role in reviewing and implementing legal changes, which form the foundation of our compliance assurance process. Through regular environmental audits, we continuously monitor, evaluate, and maintain compliance with applicable regulations.



ENERGY MANAGEMENT

At Bharat Forge Limited, we are steadfast in our commitment to effective energy management practices as a key aspect of our sustainability journey. With a three-pronged approach, we aim to achieve reductions in energy consumption and emissions while promoting environmental stewardship.

Firstly, we prioritize the conversion to cleaner fuels as a means of reducing our carbon footprint. By transitioning to cleaner energy sources, we actively contribute to the mitigation of greenhouse gas emissions. This includes exploring alternative fuels and investing in advanced technologies that enable us to operate more sustainably.

Secondly, we are focused on harnessing the power of green energy. Through renewable energy initiatives,

such as solar and wind power, we strive to integrate sustainable energy solutions into our operations. By incorporating green energy sources, we aim to reduce our reliance on non-renewable resources and support the transition to a low-carbon future.

Lastly, we emphasize energy efficiency throughout our operations. By implementing energy-saving measures, optimizing processes, and investing in energy-efficient technologies, we strive to maximize our energy efficiency. This approach not only reduces our energy consumption but also enhances operational efficiency, resulting in cost savings and reduced environmental impact.

Energy Portfolio (GJ)

| Parameter | FY 2022-23 | FY 2021-22 |
|---|------------|------------|
| Total electricity consumption | 13,03,364 | 11,16,684 |
| Total fuel consumption | 12,51,303 | 11,82,321 |
| Total energy consumption | 25,54,667 | 22,99,005 |
| Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) | 33.74 | 36.75 |
| Energy intensity (GJ / MT Production) | 10.36 | 10.37 |



Energy Efficiency

Bharat Forge recognizes the pivotal role that innovation in technology plays in addressing the climate change agenda. Innovation not only provides us with a competitive advantage but also empowers us to enhance our processes and reduce energy intensity. Our approach at Bharat Forge encompasses two key aspects: reducing energy intensity and increasing the integration of renewable energy in our overall energy mix. This strategic approach enables us to lower our greenhouse gas (GHG) emissions and promote greener operations. We use large amount of energy for our operations which involves forging, heat treatment, machining and material handling. We spend significant amount in the purchase of energy from the state utility company (MSEDCL). Achieving energy efficiency is a key focus area in our operations.

To achieve our objective, we have initiated energy scoping exercises through periodic audits to assess our energy requirements. These audits provide valuable insights that strengthen our systems and facilitate a smooth transition towards a low-carbon future. We understand that our value chain partners may encounter challenges in decarbonization, and we actively support and guide them in developing their own decarbonization pathways.

Through capacity building and raising awareness about energy management issues, we enable our partners to navigate the decarbonization journey effectively.

Energy Reduction Projects

Achieving energy efficiency in operations and thereby, emission reduction is another key objective for the company. Energy efficiency projects were identified and taken up for implementation as part of this objective. Information on some of the projects are shared here:

a. Fuel conversion in heating application

Process of billet heating happens with the combustion of fossil fuels such as Natural gas. Heating of billets is part of the forging operation. Use of electrical heaters in place of the fuel-fired heaters was implemented as a measure to reduce the Carbon emission. Also, induction heaters are preferred over fuel/gas fired furnace as they do not involve direct combustion and its by-products. They use electromagnetic induction to heat the billets, minimizing energy wastage and overall energy consumption. Induction heaters have fewer moving parts compared to furnaces, resulting in reduced maintenance costs. Reduction of PNG up to 22,82,155 SCM/Annum was achieved.



b. Pre-heating of inlet air for combustion

Recuperators are used in furnace operations, wherever possible, to reuse the waste heat. The principle involves transferring of heat from the exhaust gases to the incoming air using recuperators. Exhaust gases from the furnace is at 580°C. Letting out this high temperature gases directly to atmosphere results into heat loss. Pre-heating of the incoming air from 30°C to 280°C using the exhaust gas reduces energy consumption that is required for heating. This improves the overall system efficiency. Energy saving of around 252 MWh/Annum was achieved due to this project thereby leading to an emission reduction of 200 tCO₂e.

c. Use of magnetic resonator in furnace operation

When a fluid or gas passes through a strong external magnetic field, the magnetic moment of the molecular clusters occurs, which is called magnetic resonance. Magnetic resonance polarizes the fuel. Polarized fuel is expected to react readily with air which improves the area of contact between air and fuel. This enhances the combustion efficiency leading to reduction in energy consumption. Magnetic resonators were installed in locations wherever possible. Energy savings of around 1,020 GJ/Annum was achieved leading to an emission reduction of 56.5 tCO₂e.

d. Conversion of cooling medium in air compressors

Medium of cooling used in the air compressors has a direct impact on the energy consumed. Water-cooled compressors have a higher heat dissipation capacity as water has a higher thermal conductivity than air and hence, it can absorb and carry away heat more efficiently. Air compressors cooled by water can handle higher capacity and larger loads than air-cooled compressors. The efficient heat transfer properties of water enable the compressor to maintain lower operating temperatures, allowing it to work continuously. Air-cooled compressors were converted into water-cooled compressors wherever possible. Energy savings of around 384 MWh/Annum was achieved due to this project thereby leading to an emission reduction of 303.8 tCO₂e.

e. VFD installation in pump of cooling tower

Variable Frequency Drive (VFD) is a device used to control the speed of an electrically-driven motor. It adjusts the frequency and voltage of the electrical power supplied to the motor. Frequency and voltage adjustment leads to precise control of the motor speed leading to reduction in the energy consumption. Significant reduction in energy consumption is achieved due to the use of VFDs. Implementation of VFDs were taken up wherever possible. Energy savings of around 294 MWh/Annum was achieved due to this project thereby leading to an emission reduction of 232.3 tCO₂e.

f. Controller in compressor operation

Controller refers to a device that monitors and regulates the performance of a compressor. The controller's primary function is to maintain the compressor's operation within specified parameters to ensure efficient and safe operation. In forging shop, a common controller got installed for six compressors and preference of compressors was set in controller based on the efficiency or performance of the compressors. This controller switches on/off compressors according to the set preference. Use of controller eliminated the problems such as overheating, breakdown and pressure fluctuations. The expected energy saving due to this implementation is around 62 MWh/Annum thereby leading to a reduction in emission to the extent of 49 tCO₂e.

g. Skin coating in furnace for heat loss reduction

Heat loss in furnace includes the leakage to surroundings. Application of refractory protective coating over the furnace wall reduces skin temperature resulting into the reduction of this heat loss. Refractory skin coating also improves the thermal shock resistance, emissivity of refractory lining, reduces the fuel consumption and increases the life of refractory lining. This enhances the furnace efficiency and reduces the downtime. We have provided the skin coating in furnaces and achieved an energy savings to the extent of 28.5 MWh / Annum and emission reduction of 22.5 tCO₂e.



h. Reduction of furnace height

Furnace height reduction helps in avoiding unnecessary heat loss as a shorter furnace generally results in less heat loss to the surrounding environment. Also, it reduces the surface area exposed to ambient environment, which further reduces heat dissipation and improves overall thermal efficiency. Greater proportion of the generated heat remains within the furnace, resulting in less fuel consumption. Shorter furnace helps in better combustion efficiency.

Combustion processes rely on the mixing of fuel and air, and a shorter furnace height can lead to improved fuel-air mixing patterns. This helps in uniform and controlled combustion conditions, ensuring complete combustion of the fuel. Energy savings due to this implementation was around 312 MWh/Annum thereby leading to reduction in emission by 247 tCO₂e.

i. Optimization of furnace utilization by improvement in fixture design

Improvement in fixture design helps in optimizing furnace utilization. Fixtures play a critical role in holding and supporting workpieces during heat treatment, annealing, or any other furnace-based operations. By optimizing the design of fixtures, it's possible to fit more workpieces into the available space within the furnace chamber. Efficient fixture design maximizes the use of furnace volume, allowing for higher workpiece density during each batch. Energy saving of 2,859 MWh/Annum was achieved due to this, thereby leading to reduction in emission by 2,258 tCO₂e.

j. Idle time reduction IBH cooling & IBH pusher

Motors of Induction heater were observed to be running non-stop though the component to be heated was not placed inside. Program in the controllers were modified to address this idle running and ensured to automatically switch them off once the heater is in idle condition. Energy savings of around 77 MWh/Annum was achieved, thereby leading to a reduction in emission by 61.83 tCO₂e.

Additionally, the company also undertook several other initiatives to reduce its energy consumption and increase its energy efficiency such as:

- a. Replacement of Metal halide lamps with energy-efficient LEDs
- b. Implementation of motion sensor in lighting
- c. Energy-efficient modular heater for press line
- d. Installation of Automatic Power Factor correction panel
- e. Replacement of conventional burner with high velocity burners
- f. Application of Pyro bloc insulation in continuous furnaces
- g. Addition of recuperative system for combustion air of furnace

Energy saving projects mentioned above led to reduction in oil consumption by 5,850.6 KL, electricity consumption by 3,589 MWh/Annum & emissions by 9,609 tCO₂e.

By embracing innovation, implementing energy audits, supporting our value chain partners, and increasing the adoption of renewable energy sources, Bharat Forge is dedicated to driving positive change and creating a more sustainable future for our operations and the broader community.

At Bharat Forge, we are committed to increasing the proportion of renewable electricity, including wind, solar, and other sources, in our energy consumption. This allows us to decouple GHG emissions from our energy use.

As part of this efforts, we have a provision to utilize 85 MW of renewable energy. This includes 25 MW of wind energy & 60 MW of solar energy. Sourcing of this renewable energy is done from our own wind farm and also through Power Purchase Agreements with 3rd party developers.



Energy Management System

Implementing a structured energy management system is crucial for achieving optimal energy efficiency in any organization. To strengthen our existing energy management system, we initiated a process of identifying energy measurement requirements and conducting a thorough gap assessment of the current system.

Our focus now lies in enhancing the energy data collection mechanism through our Industry 4.0 platform, which features custom-designed energy dashboards. These energy dashboards serve as powerful tools that offer real-time insights and analysis of energy-related data. They enable us to monitor, manage, and optimize energy usage across various processes and operations.

Energy dashboards leverage data from diverse sources, including energy meters and networking devices, to provide a comprehensive view of energy consumption patterns. The data is presented in a user-friendly format, empowering decision-makers to make informed choices regarding energy consumption and identify potential areas for energy efficiency improvements.

The significant progress we've made in this area positions us well to achieve our energy efficiency objectives in the coming years. By leveraging our strengthened energy management system and advanced energy dashboards, we are confident in our ability to drive substantial energy savings and subsequently reduce emissions across our operations.

Energy Audits

Conducting energy audits plays a pivotal role in identifying opportunities for achieving energy efficiency within our organization. To ensure a focused approach, we adopted a systematic strategy of conducting energy audits for individual systems. We initiated this process by prioritizing air compressors and sought the assistance of an external agency to carry out the comprehensive evaluation.

The energy audits involved a thorough examination of the operational performance of more than 60 air compressors and their distribution network. Various activities were conducted as part of this initiative, including Free Air Delivery tests, quantification and identification of leaks, assessment of cooling water adequacy, and measurement of pressure drop in the compressed air network.

Through these audits, we gained significant insights into the potential energy-saving opportunities within the air compressor system. The identified measures and recommendations hold the promise of reducing energy consumption, cutting costs, and mitigating greenhouse gas emissions.

This initiative marks just the beginning of our broader efforts to enhance energy efficiency across our organization. We have similar initiatives planned for other systems in the coming months, ensuring a comprehensive approach to achieving our energy efficiency objectives.

BFL also undertook multiple initiatives in order to increase its energy efficiency. The same are as below:

Employee Engagement - Energy Mela

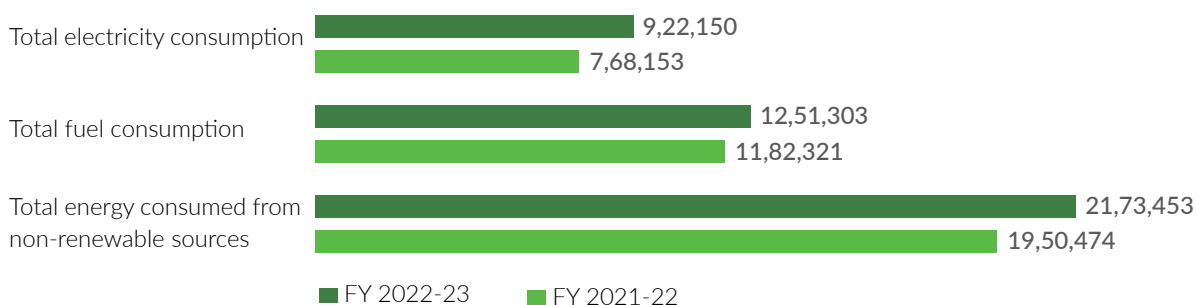
We realize the fact that achieving energy efficiency is not possible without employee involvement. Hence, we carried out an employee engagement activity of obtaining energy conservation ideas from the employees. The event was named as “Energy Mela” and carried out in all locations for a period of 6 days covering different working hours and employee population.

Energy conservation posters were used as part of the Energy Mela to create awareness among the employees. Employees were rewarded with a small gift as a token of appreciation for their participation and promised with a bigger reward if their idea gets selected and implemented in the shopfloor. Employees participated actively and shared their ideas towards energy conservation. Ideas collected from the employees were analyzed and the best ones have been shortlisted for implementation.

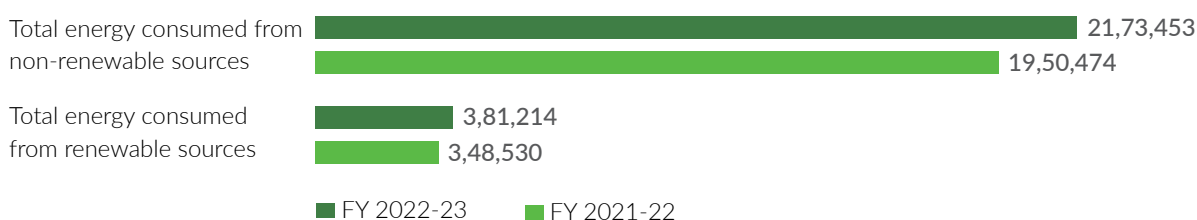


| Parameter | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| From renewable sources (GJ) | | |
| Total electricity consumption - Solar + Wind | 3,81,214 | 3,48,530 |
| Total energy consumed from renewable sources | 3,81,214 | 3,48,530 |
| From non-renewable sources (GJ) | | |
| Total electricity consumption | 9,22,150 | 7,68,153 |
| Total fuel consumption | 12,51,303 | 11,82,321 |
| Total energy consumed from non-renewable sources | 21,73,453 | 19,50,474 |

Electricity Consumed from Non-Renewable Resources Electricity Consumption (in GJ)



Energy Consumption Pattern Consumption (in GJ)



GHG EMISSIONS

At Bharat Forge, we deeply recognize the potential impact of our operations on the environment, particularly in relation to our energy consumption patterns. Our production processes involve the on-site combustion of non-renewable fuels for heat, power, and various forging activities. Furthermore, as part of the manufacturing industry, we acknowledge that our operations contribute to both direct and indirect emissions, making us one of the significant emitting sectors with respect to climate change.

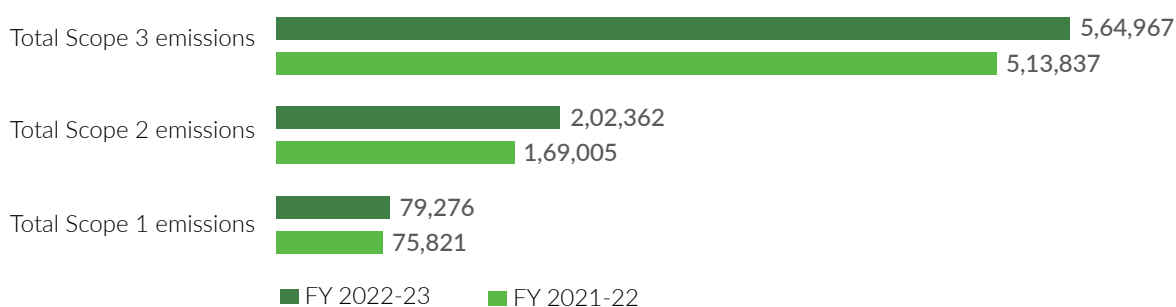
Understanding the gravity of this situation, we are fully committed to addressing these challenges head-on. We acknowledge our responsibility to mitigate the environmental impact arising from our energy consumption. By adopting sustainable practices and embracing cleaner technologies, we aim to reduce our carbon footprint and contribute to a greener future.

Through ongoing efforts and continuous improvement, we strive to enhance the efficiency of our energy consumption and explore alternative energy sources. Our focus is not only on reducing direct emissions but also on minimizing the indirect emissions associated with purchased electricity. By investing in renewable energy solutions, optimizing our processes, and implementing energy-saving measures, we are actively working towards mitigating the environmental consequences of our operations.

We firmly believe that taking proactive measures to address the environmental impact of our operations is not only necessary but also a crucial step towards sustainable development. We are committed to playing our part in mitigating climate change and creating a more environmentally responsible manufacturing industry.

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|------------|------------|
| Total Scope 1 emissions | Metric tons of CO ₂ equivalent | 79,276 | 75,821 |
| Total Scope 2 emissions | Metric tons of CO ₂ equivalent | 2,02,362 | 1,69,005 |
| Total Scope 1 and Scope 2 emissions | tCO ₂ e | 2,81,638 | 2,44,826 |
| Total Scope 1 and Scope 2 emission intensity (Per million rupees of turnover) | tCO ₂ e/₹ Million | 3.72 | 3.91 |
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tons of CO ₂ equivalent | 5,64,967 | 5,13,837 |
| Total Scope 3 emissions per rupee of turnover | Tons of CO ₂ e per rupee of turnover | 7.46 | 8.81 |
| Total Scope 3 emission intensity | (Metric tons of CO ₂ /Metric tons of Production) | 2.29 | 2.31 |

GHG Emissions



Other Air Emissions

At Bharat Forge, we continuously strive to enhance our operational efficiencies by adopting industry best practices. As part of our efforts, we recognize the importance of monitoring and mitigating air emissions resulting from our operations, including SOx, NOx, particulate matter, and other standard air pollutants generated from fossil fuel combustion.

To ensure compliance with the National Ambient Air Quality Standards (NAAQS 2009) and local regulations, we have established robust monitoring systems to keep a close check on our emissions. By adhering to these standards, we maintain our emissions within permissible limits, prioritizing the well-being of both the environment and the communities where we operate.

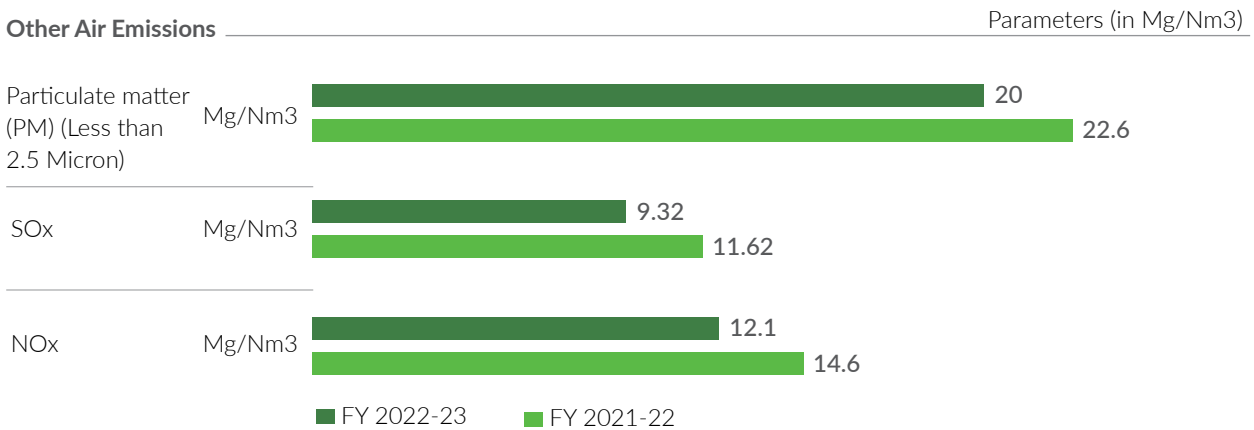
In line with our commitment to environmental stewardship, we have implemented significant improvements in our manufacturing processes, ongoing management, and supervision. These enhancements have been guided by international agreements such

as the Montreal Protocol, as well as other relevant local regulations. Through continuous adjustments and improvements at the plant level, we strive to minimize the impact of our operations on the environment.

Furthermore, we have taken proactive steps to phase out all ozone-depleting refrigerant gases (ODP) and replace them with zero-ODP refrigerants. This transition demonstrates our commitment to sustainable practices and aligns with global efforts to protect the ozone layer.

We, at Bharat Forge, believe that responsible environmental management is an integral part of our growth strategy. By monitoring and mitigating air emissions, complying with regulations, and implementing improvements, we aim to minimize our environmental footprint while delivering value to our stakeholders.

During the financial year, the company successfully reduced its NOx emissions by 17% and its SOx emissions by approximately 20%.



Lowering Our Carbon Footprint

We, at Bharat Forge, are committed to addressing the escalating threat of climate change by improving the energy efficiency of our facilities. Given the substantial energy usage in our manufacturing processes, which contributes significantly to our emissions, we are actively working towards increasing the adoption of renewable energy sources. This includes driving improvements in our energy mix, implementing productivity-enhancing initiatives, adopting energy-efficient measures, and pursuing targeted greenhouse gas (GHG) emission reductions.

Our primary objective is to eliminate the use of fossil fuels in our current operations and expand our portfolio of renewable assets, focusing on wind and solar-based electricity. This strategic approach allows us to sever the link between fossil fuel consumption and grid electricity. By harnessing the power of solar and wind energy, we can significantly reduce our carbon footprint in the long term. Notably, the carbon emissions associated with solar and wind energy are considerably lower than those emitted through the burning and utilization of fossil fuels.

We are dedicated to mitigating climate change by steadily decarbonizing our processes. Furthermore, we are committed to implementing circular economy principles across our value chain, ensuring a more sustainable and resource-efficient approach to our operations.

By actively pursuing these initiatives, we aim to make a substantial contribution to mitigating climate change, reducing our environmental impact, and promoting a more sustainable future.



Steps taken for utilizing alternate source of energy in FY 2022-23

1. To reduce GHG emission, the Company has utilized 74,906 MWh of solar electricity and 30,987 MWh of electricity from wind-based turbines. It is part of decarbonization plan which includes the improvement of the energy mix towards the adoption of renewable energy and the replacement of fossil dense fuels with those with comparatively lesser emissions.
2. Replacement of Oils (Furnace oil, LDO, Biodiesel & SKO) by cleaner fuels (PNG & LPG) in furnace operations.
3. Conversion of diesel-operated forklifts to electrically-operated forklifts. Planned to utilize renewable energy for these forklifts to make them "Green Forklifts" in the near future.



WATER AND EFFLUENTS

Water is a critical resource that holds immense importance for individuals and businesses alike. At our company, we recognize the significance of adopting a strategic approach to water management in order to promote sustainable operations. As responsible business owners, we are committed to maximizing the efficiency of our water usage and ensuring the responsible utilization of this valuable resource.



| Particulars (Unit) (KL) | FY 2022-23 | FY 2021-22 |
|-------------------------|------------|------------|
| Surface water | 8,44,253 | 5,50,452 |
| Groundwater | 1,84,317 | 2,09,914 |
| Third-party water | 24,035 | 8,667 |
| Total water withdrawal | 10,52,605 | 7,69,033 |
| Recycled water | 3,63,193 | 2,96,595 |
| Total water consumption | 14,15,797 | 10,65,628 |

Water plays a crucial role in both domestic activities and the production of goods. Therefore, we have implemented rigorous measures to carefully regulate our water outflow, optimize our current water usage, and explore alternative and recycled water sources. Throughout the reporting year, we have achieved significant progress in reducing our water consumption by actively seeking opportunities for water reuse and recycling whenever feasible.

We have also engaged our stakeholders in this important initiative by providing them with water-positivity training. By involving our stakeholders, we aim to create awareness and promote a collective commitment to water conservation. Our primary focus lies in reducing water requirements and minimizing wastewater volumes, all the while ensuring compliance with water quality standards.

To achieve these objectives, we have implemented specialized water treatment technologies that enable us to recover and reuse water, thereby minimizing discharges. We conduct regular site audits and organize awareness sessions for our operations team to enhance their knowledge and expertise in efficiently managing our water management systems.

Water Risk Assessment

During the reporting period, Bharat Forge also undertook a Water Risk Assessment with the support of an external agency to understand and address water-related risks and enhance sustainable water management practices. The water risk assessment evaluated the water availability, quality, and regulatory compliance aspects related to Bharat Forge's operations. Key findings indicate that the company operates in a region with moderate water stress and faces potential risks associated with water quality and regulatory compliance.

Aligned with the United Nations' Sustainable Development Goal 6, we are dedicated to ensuring water availability and sustainable management for our employees and neighboring communities. By implementing robust water management practices, we strive to contribute to the

preservation of water resources and support the well-being of both our company and the communities we operate in.

Becoming Water Positive

At Bharat Forge, we are deeply committed to driving sustainability within our industry by taking proactive steps to reduce water consumption and champion positive initiatives. Our primary objective is to achieve a significant 40% reduction in freshwater consumption by the year 2030 building upon the baseline set in 2019.

In addition to reducing our water footprint through enhanced efficiency measures, we are determined to become water positive in our operations by 2030. This ambitious goal goes beyond simply minimizing our impact on water resources; it involves actively replenishing water in regions where we operate, particularly in areas facing water scarcity.

To accomplish this, we are focused on implementing intensified measures to enhance water efficiency throughout our operations. By adopting innovative technologies and implementing best practices, we aim to optimize our water usage and minimize wastage.

Furthermore, we recognize the importance of actively replenishing water resources to offset any negative impacts and contribute to the well-being of water-stressed communities. We are dedicated to collaborating with local stakeholders, governments, and communities to implement water replenishment projects that address the specific needs of the regions where we operate.

By working towards these ambitious targets, we aim to play a leading role in promoting sustainable water management practices within our industry. We are committed to making a positive difference by reducing our water consumption, replenishing water resources, and supporting the resilience and well-being of water-stressed communities.

Water Recycling

At Bharat Forge, we place a strong emphasis on water conservation, recognizing its critical importance for both our operations and the well-being of local communities. We have implemented various strategies to maximize water recycling and minimize external withdrawals, ensuring responsible and sustainable water management practices.

To reduce our reliance on external water sources, we have significantly increased the percentage of recycled water in our operations. By closely monitoring our manufacturing processes and actively tracking water consumption, we strive to minimize usage wherever feasible. This involves employing efficient systems for recycling wastewater, allowing us to repurpose it for other industrial needs.

In line with our commitment to sustainable water resources, we have adopted closed-loop systems that enable us to recycle RC fan cooling water, further reducing our water footprint. Additionally, we have installed rainwater harvesting systems to capture and utilize rainwater effectively. These systems help store rainwater, preventing runoff and replenishing groundwater levels. We focus on conservation of rainwater & its harvesting in an effective manner, for that, we have installed artificial ponds at Nellore plant where capacity is 600 KL & for Baramati plant capacity is of 32,937 KL respectively.

Through various collection methods, such as rain barrels, cisterns, or underground storage tanks, we harness rainwater to optimize its use for irrigation, landscaping, and non-potable household needs. This alternative approach not only conserves precious freshwater resources but also alleviates pressure on local water supplies.

By prioritizing water conservation through recycling, efficient systems, and rainwater harvesting, we strive to minimize water wastage, protect local ecosystems, and contribute to sustainable water management. Our efforts align with our commitment to environmental stewardship and ensuring the availability of water resources for present and future generations.

Waste Water Treatment

Target: Use of 60% recycled water by 2030

At BFL, we prioritize environmental responsibility and ensure strict compliance with regulatory requirements

when it comes to wastewater discharge into the aquatic ecosystem. Before seeking a discharge permit, we collaborate with local authorities to assess the composition and sensitivity of nearby aquatic ecosystems, ensuring that our actions do not pose any risks to their well-being.

Bharat Forge has set an ambitious target to utilize 60% recycled water by the year 2030. Recognizing the critical importance of water conservation, we are committed to maximizing the use of recycled water in our operations. By implementing advanced water treatment and recycling technologies, we aim to significantly reduce our reliance on freshwater sources. This target aligns with our sustainability goals, contributing to the preservation of precious water resources and mitigating the environmental impact of our operations. Through continuous innovation and collaboration, we are determined to achieve this milestone and make a positive impact on water sustainability.

Within our facilities, we have implemented comprehensive wastewater management systems, including the operation of an Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP). These plants undergo rigorous processes to treat the wastewater generated from our industrial operations. The treated water is then repurposed for various applications such as industrial cleaning and horticulture, both within and around our manufacturing plants. By maximizing the utilization of treated wastewater, we aim to reduce our reliance on freshwater resources and promote sustainability.

To further enhance our water conservation efforts and minimize residues, we continuously improve our production streams and purification techniques. This ongoing commitment enables us to save water and optimize the purification process, resulting in more efficient and environmentally-friendly operations.

Throughout our wastewater management practices, we strictly adhere to all applicable laws and regulations. Compliance is a cornerstone of our approach, ensuring that we meet the required standards and uphold our commitment to environmental stewardship.

By prioritizing wastewater treatment, reuse, and compliance, we actively contribute to preserving the aquatic ecosystem, conserving water resources, and minimizing our environmental footprint. These efforts align with our dedication to sustainable practices and demonstrate our commitment to responsible and environmentally-conscious operations.



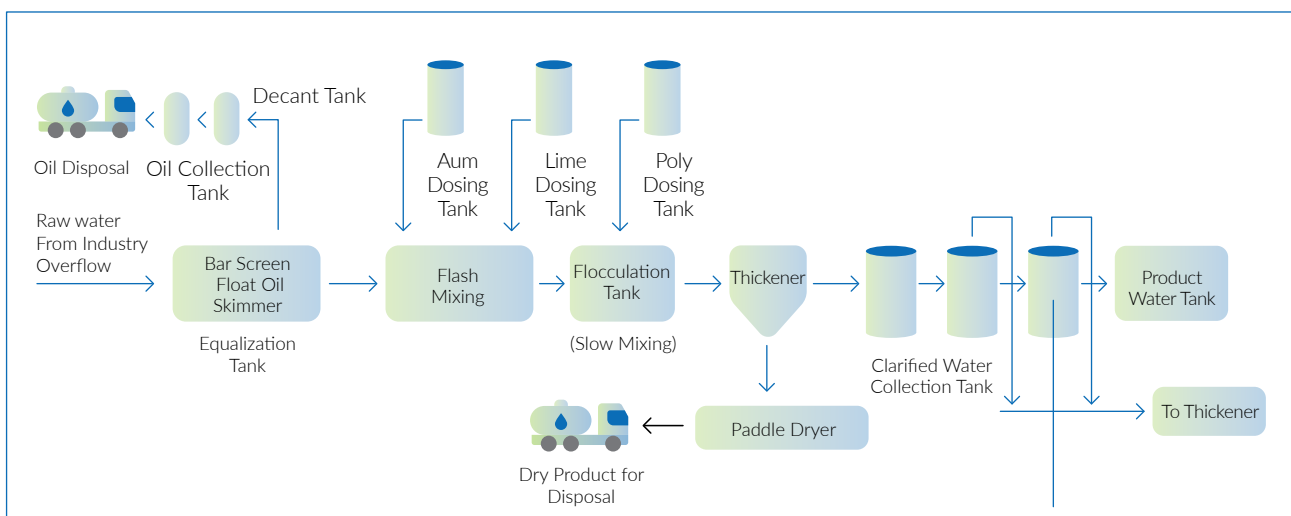
Effluent Treatment Plant

We have a highly efficient and comprehensive system for treating industrial wastewater, which ensures that every drop of treated water remains within our industrial boundaries, leaving no room for unintended discharge. Our focus is on delivering exceptional products and services while ensuring responsible wastewater management.

Our treatment process is designed to meticulously address various components found in industrial wastewater, including suspended particles, scaling compounds, oil & grease, and dissolved organic matter. With utmost precision, we manage the disposal of sludge, ensuring proper handling and adherence to environmental regulations.

Through a series of well-designed stages, our innovative treatment process ensures a seamless flow for wastewater. This includes equalization to balance the incoming wastewater, flocculation for effective particle agglomeration, and ingenious techniques to reduce sludge volume. Meticulous filtration techniques are employed to remove impurities, and we prioritize the responsible disposal of solids.

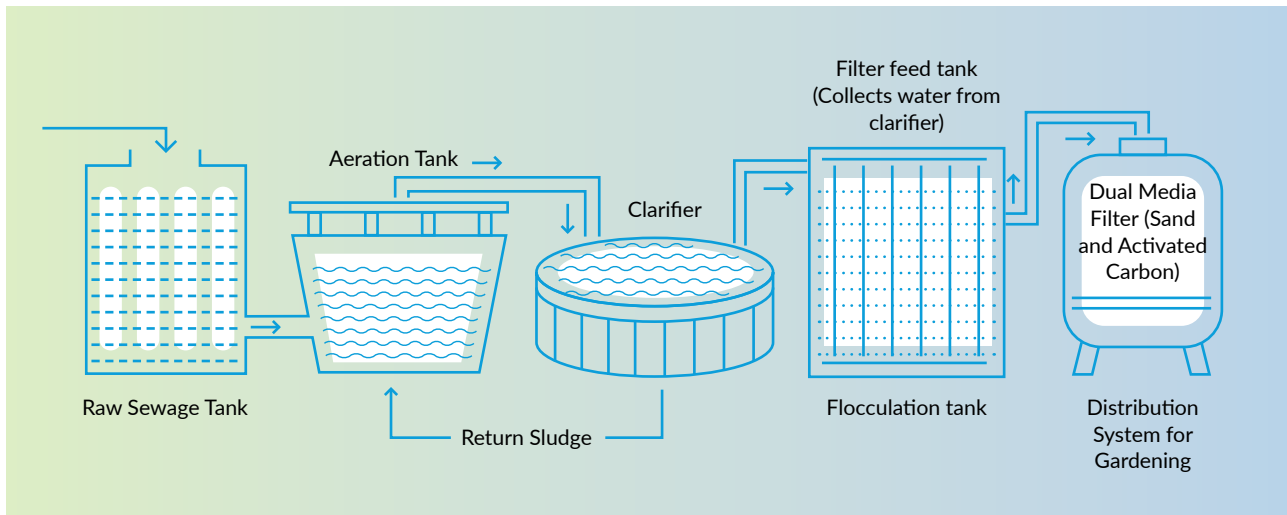
By implementing this advanced treatment system, we uphold our commitment to environmental sustainability, resource conservation, and regulatory compliance.



Sewage Treatment Plant

To efficiently manage and treat wastewater across our operational sites, we have implemented a state-of-the-art sewage treatment plant with capacity 750 m³/day. Our plant employs a series of processes to ensure effective treatment and minimize the environmental impact of wastewater.

The treatment process involves clarifying the wastewater, aerating it for biological degradation, settling the mixed liquor, and removing suspended solids. Regular monitoring of solids concentration ensures optimal treatment. The clarified effluent undergoes final filtration, resulting in treated water that is utilized for industrial purposes, promoting sustainable water management practices.



Statutory Requirements

At our organization, we prioritize adherence to water quality regulations established by the Maharashtra Pollution Control Board (MPCB) and the Central Pollution Control Board (CPCB) for our Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP). We maintain a robust monitoring system to ensure compliance with these regulations and actively conduct audits to minimize water wastage.

Regular monitoring and auditing of our effluent help us identify areas for improvement and implement necessary actions to minimize water wastage. We closely monitor the quality of our effluent to ensure that it meets the prescribed standards before discharge. This approach helps us maintain the integrity of the aquatic ecosystem and conserve water resources.

WASTE MANAGEMENT

Bharat Forge adopts a strategic approach to minimize waste generation and promote responsible and sustainable business practices. We have implemented proper management practices and principles to effectively address the issue of waste throughout our operations. Our waste management strategy follows the “3R” principle, which focuses on reducing, reusing, and recycling waste.

Through this approach, we systematically handle and dispose of the waste generated in a responsible manner. To further enhance our waste management efforts, we have incorporated measures to recycle hazardous waste

such as waste oil and Effluent Treatment Plant (ETP) sludge. By recycling these materials, we not only reduce the environmental impact but also contribute to a circular economy by converting waste into valuable resources.

In order to get a better understanding of our waste profile, we have improved our data collection system, including the measurement of waste volume in our monthly environmental dashboard. These initiatives enable us to analyze waste disposal costs, identify challenges related to statutory compliance and resource inefficiency, and make informed decisions to address them.

Furthermore, this information also helps us ensure compliance with environmental regulations and avoid potential legal issues. Additionally, we are investing in strategic assets and infrastructure to provide long-term solutions for waste that cannot be recovered or recycled.

Hazardous Waste Management

Bharat Forge strictly follows all the required protocols for handling hazardous wastes in accordance with regulatory requirements and norms. We maintain a comprehensive waste registry and ensure that these wastes are transported to authorized agencies for proper management. Our company fully complies with the rules and regulations established by the MPCB (Maharashtra Pollution Control Board) concerning the storage, handling, shipment, and recycling of hazardous products to minimize any potential exposure. Moreover, we adhere to applicable international standards in all locations where our operations are conducted.

In the reporting period, we achieved a significant reduction in hazardous waste. This accomplishment highlights our commitment to effective waste management practices and underscores our efforts to mitigate the environmental impact of hazardous waste materials.

During the financial year, we also conducted physical audits of all our hazardous waste recyclers at their premises wherein we identified few non-conformities and assisted them to address the same, thereby furthering their journey in sustainability.

Non-Hazardous Waste Management

Bharat Forge Limited is dedicated to minimizing non-hazardous waste generation by adopting a proactive approach to material procurement and usage within its facilities. The company has implemented various solutions that require minimal or no investment, aligning progress with both business and environmental objectives. Successful initiatives include the utilization of recycled cardboard boxes as packing material fillers, the introduction of reusable pallets for parts delivery from vendors, and the adoption of alternative pallets for product delivery to dealers, eliminating the need for wood pallets. Additionally, BFL has implemented recycling programs for paper and plastic waste from offices and break rooms, contributing to waste reduction and resource conservation.

In the reporting period, the total waste generated amounted to 1,07,369.64 tons, categorized into two main types: non-hazardous waste and hazardous waste. The non-hazardous waste component accounted for 1,06,529.32 tons, primarily consisting of MS scrap, bur, plastic & E-waste. Notably, Metal Scrap Waste constitutes around 99.07% of the total waste which is completely recycled highlighting the organization's commitment towards waste management.

Waste Generated

| Waste Type | Unit | FY 2022-23 | FY 2021-22 |
|---|------|------------|------------|
| Hazardous Waste | | | |
| Used/Spent Oil (Liquid) | MT | 191.20 | 196.22 |
| Discarded Containers/Barrels (Solid) | MT | 141.20 | 128.21 |
| Waste & Residues Containing Oil (Liquid) | MT | 341.70 | 387.29 |
| Other Hazardous Waste. Please specify, if any. (Cotton Waste, Chemical Sludge from ETP, Paint Sludge/Residues, and Spent Bath Sludge) | MT | 166.00 | 230.38 |
| Non-Hazardous Waste | | | |
| MS Scrap/Bur/Flash (Solid) | MT | 1,06,370 | 81,240 |
| Plastic Waste | MT | 145.00 | 113.52 |
| E-Waste | MT | 8.57 | 5.55 |
| Biomedical Waste | MT | 0.013 | 0.016 |
| Battery Waste | MT | 5.74 | 3.00 |

Waste Disposal

To ensure responsible waste management and minimize the adverse effects of waste, we have implemented an effective waste disposal management system. Industrial activities generate a wide range of wastes, which necessitates proper disposal. At our company, we prioritize sustainable waste recovery processes that involve minimizing raw material usage and responsible recycling of various materials, including scrap steel, used tires, pallets, cardboard boxes, and composting organic waste.

In the fiscal year 2022-23, we were able to recycle 1,07,062.43 MT of waste, which accounted for approximately 99.71% of the total waste generated during our operations. We meticulously classify our waste into hazardous and non-hazardous categories and prioritize reusing or recycling waste whenever possible. For waste that cannot be reused or recycled, we have established systematic disposal methods.

Our dedicated team follows a well-defined waste collection procedure and ensures that waste is stored in designated solid waste storage areas with utmost safety measures in place. When the time comes, the stored waste is transported to authorized vendors who specialize in controlled disposal methods. Throughout this process, we adhere to the rules and regulations set by the Maharashtra Pollution Control Board (MPCB) to maintain compliance with waste disposal standards.

By implementing these measures, we demonstrate our commitment to responsible waste management and contribute to environmental sustainability in line with applicable regulations.

Waste Diverted from Disposal

| Waste Type | Unit | FY 2022-23 | FY 2021-22 |
|--|------|------------|------------|
| Hazardous Waste | | | |
| Used/Spent Oil (Liquid) | MT | 191.42 | 196.22 |
| Discarded Containers/Barrels (Solid) | MT | 141.2 | 128.21 |
| Waste & Residues Containing Oil (Liquid) | MT | 341.70 | 387.29 |
| Non-Hazardous Waste | | | |
| MS Scrap/Bur/Flash (Solid) | MT | 1,06,370 | 81,240 |
| Other Waste | | | |
| Plastic Waste | MT | 145 | 113.52 |
| E-Waste | MT | 8.57 | 5.55 |
| Battery Waste | MT | 5.74 | 3 |

Waste Diverted to Disposal

| Waste Type | Unit | FY 2022-23 | FY 2021-22 |
|--|------|------------|------------|
| Hazardous Waste | | | |
| Incineration - Spent Bath Sludge/ETP Sludge/Oily Cotton Waste/Paint Sludge | MT | 166 | 230.38 |
| Bio-medical Waste | MT | 0.013 | 0.016 |

Resource Efficiency

We are constantly seeking opportunities to minimize waste generation and mitigate the potential impacts associated with waste. Our primary focus is to maximize the value derived from our products and services while minimizing material consumption and waste generation. Throughout the entire life cycle of our products, from raw material selection to disposal and potential reuse, we prioritize product sustainability and assess the environmental impact at each stage.

To achieve this, we proactively explore alternative materials that require less energy and resources without compromising on quality. Rather than altering the manufacturing process, we emphasize increased resource efficiency, which not only benefits the environment but also leads to cost savings for our goods and services. As part

of our environmental management strategy, we regularly review and monitor resource consumption during the production process, maintaining detailed records to identify areas for improvement and cost reduction.

Additionally, we are actively working towards reducing the overall weight of our products. By reducing the weight, we can minimize waste generation and optimize the use of energy and resources throughout the product life cycle.

Through these initiatives, we are committed to achieving sustainable practices that contribute to waste reduction, resource efficiency, and cost savings while delivering high-quality products and services.



Rethinking for Circular Economy

Our commitment lies in adopting a sustainable and circular approach to manufacturing, encompassing various aspects beyond waste management. We recognize the importance of the circular economy, which involves not only managing industrial waste but also focusing on product design and recycling processes to create a closed loop system.

To achieve this, we have implemented effective measures to ensure that 100% of our raw material scraps are recycled, allowing us to produce clean steel while minimizing waste. Additionally, we utilize regenerative burners that enable us to recover approximately 30% of the waste heat generated during our operations, further enhancing energy efficiency and reducing environmental impact.

As part of our waste management practices, we are proud to maintain a zero liquid discharge policy at our plant. This means that no wastewater is discharged outside our premises, as we prioritize treating and reusing the wastewater generated during our manufacturing processes. By repurposing the treated wastewater for horticultural purposes, we contribute to the conservation of freshwater resources and promote sustainable practices within our operations.

Through these initiatives, we actively promote a more sustainable and circular manufacturing model that focuses on waste reduction, resource optimization, and the efficient use of materials. By closing the loop through recycling, recovering waste heat, and maintaining zero liquid discharge, we are dedicated to minimizing our environmental footprint and fostering a more sustainable future.

MATERIALS MANAGEMENT

At Bharat Forge limited, material management plays an important role in ensuring effective flow of raw materials, components, and finished goods throughout its operations. The company adopts a robust and technologically advanced approach to manage its materials effectively.

To begin with, the process starts with accurate demand forecasting, where historical data, market trends and customer demands are analyzed which helps in determining the optimal inventory levels, reducing excess stock and minimizing stockouts which may disrupt production schedules. We also invest in modern transportation and logistics technologies to ensure seamless movement of raw materials.

Furthermore, we, at Bharat Forge, also focus on responsible sourcing and circular economy principles. The company also strives to source raw materials from ethical and environmentally-conscious suppliers, additionally, we continuously explore opportunities for recycling and reusing materials within our production processes to minimize waste generation and conserve resources. During the financial year, 34% of recycled input materials were used as raw materials in our production processes.

Bharat Forge, however, is not an original equipment manufacturer, hence there is extremely limited scope of the organization to reclaim its products.

Non-renewable material contains steel, aluminum, plastic & lubricants. Renewable material contains wood.

3,36,483 MT
Non-Renewable Materials Used

102.48 KL
Non-Renewable Materials Used

8,061.58 MT
Renewable Materials Used



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ASSURANCE STATEMENT

P P E A & ASSOCIATES

Chartered Accountants

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Email: info@ppeaassociates.com

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE STATEMENT ON BHARAT FORGE LIMITED NON-FINANCIAL DISCLOSURES (Sustainability Report- 2022-2023)

To the Directors and Management of Bharat Forge Limited (BFL)

Scope and Approach

We have undertaken a limited assurance engagement of sustainability disclosures in the Company's Sustainability Report (the Report) for the year ended 31st March, 2023. Our responsibility in performing this work is regarding verification of Sustainability performance disclosed in the Report and in accordance with the agreed scope of work with the management of the Company. Our assurance engagement was planned and carried out during August to October 2023. This engagement was conducted by a multidisciplinary team including assurance practitioners, engineers and environmental scientists.

The engagement was performed based on our professional experience and International Standard on Assurance Engagements (ISAE) 3000 Revised issued by International Auditing and Assurance Standards Board (IAASB).

We evaluated the performance data for specific sustainability indicators using the reliability principle together with BFL's data protocols for how the data are measured, recorded and reported. The performance data in our scope of work was the verification of the qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period i.e., 1st April 2022 to 31st March 2023.

We understand that the reported financial data and information are based on Annual Accounts for year ending 31st March, 2023, which have been subject to a separate independent audit process. We did not review financial disclosures and data in the Report and Annual Accounts 2022-23 as it was not within the scope of our work.

Our work was planned and performed to obtain evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'moderate level' of assurance and no external stakeholders were interviewed as part of this assurance engagement.

Bharat Forge Limited's Management Responsibility for the Sustainability Report

The Senior Management team of BFL is solely responsible for the preparation of the Report and all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the printed Report.



Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics* issued by the Institute of Chartered Accountants of India, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Standard on Quality Control (SQC) 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Criteria

The Report was prepared with reference to GRI Standards 2021 for sustainability reporting pertaining to the material issues.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements, Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board (IAASB) and Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by The Institute of Chartered Accountants of India. The standard (ISAE 3000) requires that we plan and perform this engagement to obtain limited assurance about whether the Report is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of BFL's use of GRI Standards 2021 as the basis for the preparation of the Report, assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Work performed

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we undertook the following activities:

- Review of core requirements of General disclosure and most important material topics/matters which are of high importance to the identified stakeholders and BFL as per BFL Materiality Matrix;
- Review of the linkages of the important material topics/matters with the GRI indicators covering material concerns and consideration;
- Review of the current non-financial sustainability issues that could affect BFL and are of interest to identified stakeholders as per BFL materiality Matrix;
- Review of supporting documents and other evidences as produced before us with respect to the following GRI indicators:



- GRI 2 General Disclosures specifically 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7, 2-9, 2-10, 2-12, 2-14, 2-15, 2-20 and 2-23
 - GRI 302-1 Energy consumption within the organization
 - GRI 305: Emissions
 - GRI 306-3 Waste Generated
 - GRI 401-1 New employee hires and employee turnover
 - GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees
 - GRI 403-1 Occupational Health and Safety Management System
 - GRI 403-2 Hazard identification, risk assessment, and incident investigation
 - GRI 403-5 Worker training on occupational health and safety
 - GRI 403-8 Workers covered by an occupational health and safety management system
 - GRI 403-9 Work-related Injuries
 - GRI 403-10 Work-related Ill Health
 - GRI 404-1 Average hours of training per year per employee
 - GRI 416 Customer Health and Safety
 - GRI 417 Marketing and Labeling
 - GRI 418 Customer Privacy
- Reviewed the data reported under GRI 201: Economic performance only to ensure that information updated from the Annual Report of the Company is consistent;
 - Review of Company's approach towards stakeholder engagement and recent outputs although we have had no direct engagement with stakeholders;
 - Review of information provided to us on its reporting and management processes relating to the GRIs;
 - Interviews with selected members of Sustainability team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed;
 - Onsite and remote verification (via web-based conference and telephone calls) was conducted from August to October 2023. Applicable boundaries for disclosures are explained in the Report.
 - Review of supporting evidence for key claims and data in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
 - Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation; and



- An independent assessment of Company's reporting against the reporting principles of GRI framework and reported performance data.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Exclusions

Our limited assurance scope excludes the following and therefore we do not express a conclusion on the same:

- Testing the operating effectiveness of management systems and controls;
- Performing any procedures over other information included in the Annual Report not listed under the above identified sustainability indicators (other than those necessary to conform consistency);
- Testing or assessing any forward-looking assertions and/ or data;
- Data and information outside the defined reporting period i.e., April 2022 to March 2023.

Our Opinion and Conclusion

As part of the verification process, we obtained an understanding of the systems used to generate, aggregate and report the sustainability performance data at the sampled sites and an understanding of the data management system, and tested the completeness, accuracy and reliability of the above-mentioned reported sustainability performance data.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that BFL's Sustainability Report for the year ended March 31, 2023 is inconsistent. BFL's Sustainability Report 2022-2023 is prepared, in all material respects, with reference to the GRI Standards 2021 applied.

For P P E A & Associates,
Chartered Accountants

Firm's Registration Number: 155276W


CA. Aniket Govind Eram
Membership Number: 158205
UDIN – 23158205BHAWAB5725



Place of Signature: Mumbai

Date: 23rd October, 2023

BHARAT FORGE



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