

# PROPELLING BHARAT FORGE TOWARDS SUSTAINABLE FUTURE

Sustainability Report 2020-21



# Propelling Bharat Forge towards Sustainable Future

Bharat Forge is strategically bridging progress and sustainability for all, by empowering all our stakeholders to make the best use of resources. The belief of achieving anything by challenging the long-standing conventions and defying the set limitations is the success mantra of Bharat Forge.

We have established Bharat Forge as one of the best critical and safety components manufacturers in India and across the globe. The products created by Bharat Forge are a powerhouse of all the systems. Our efforts to gain recognition as sustainable manufacturers have been heard and acknowledged.



## Sustainable Growth for Bharat Forge

In the world of Business and Finance, Sustainable growth to us means realistically achieving growth that we can maintain without running into problems. We constantly work to create long term value without impacting environment or exhausting all the resources available to us. We intend to attain maximum growth rate which can sustain without having to increase financial leverage.

For long-term sustenance, we commit to Promote sustainability by building a sustainable world. Bharat Forge is one of the leading forging company not just in the country but across the globe, with expertise built on 4M's (Metallurgy, Metal forming, Manufacturing, and Machining) and R&D capabilities to provide agile and innovative solutions.

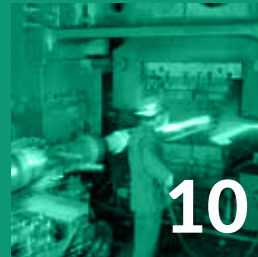
## Propelling towards Sustainability

We at Bharat Forge are driving towards a sustainable future through energy-efficient technologies and carbon reduction techniques. Climate change and exposure to sustainability concepts propel the customers towards renewable energy. We utilise renewable energy sources like Solar energy and Wind energy as alternative conventional energy sources for the manufacturing systems. We are complying with the tectonic shift in the automobile industry due to technology, intending to achieve 5-6 % of the market share in the e-mobility business by 2025. It

will also be leveraged to incubate disruptive technologies in material alloys and the manufacturing process.

We define ourselves as the propeller driving the course of sustainability by displacing fuel consumption with energy efficient technology. The employment of coherent resources to our operations generates the forward propulsion towards sustainable growth. Just as a forge creates tools for the motion of machinery, Bharat Forge's vision propels towards a sustainable future with a promise of sustainable growth.

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# Message from Chairman and Managing Director

*“Bharat Forge has been addressing the topic of sustainability through the solutions we provide to our customers. Our efforts in light-weighting of products are contributing to lighter vehicles which are more fuel-efficient and more importantly consume less resources in manufacturing process.”*



## Dear Shareholders,

The recent report of the Intergovernmental Panel on Climate Change (IPCC) confirms what we already know and can see in the world around us – from wildfires because of extreme heat and moisture loss; to devastating floods because of extreme rain events; and tropical cyclones because of the changing temperatures between the sea and land surface. I personally believe, just like Covid; Climate Change is also a great leveler – the rich and the poor – the developed world and the developing world – all will be affected. What we need therefore today is, a concerted effort, decisive action across countries to be executed at scale and speed.

Particularly in India, even as the country like the rest of the world has been battling the Covid crisis; over the last few months India was also repeatedly hit by cyclones, extreme rain events causing severe floods and devastating lives and property. Bharat Forge's top

priority has always been the health, safety, and well-being of our employees, customers, retailers, and the communities we serve. Our thoughts and prayers are with those who have been infected with COVID-19 and are fighting the pandemic. In keeping with the pandemic's pernicious nature, FY21 was a challenging year, with India experiencing a slowdown in the first quarter due to Pandemic-induced lockdown, causing continuous disruptions across our projects.

The Indian economy began to recover in June 2020, encouraging us to emerge stronger in the midst of the challenging and uncertain times ahead. As a result, we continue to expand existing community services while also introducing new ones at our properties. The challenges of the pandemic, and our

strategic response to those challenges, have solidified Bharat Forge belief in what it means to be sustainable, paving the way for a new path for value creation.

Technically, India is the 3rd highest annual polluter of CO2 in the world behind China and the United States. However, accounting for 18% of the world's population, India is ranked 21st with 1.96TCO2 per capita. This does not substantiate that India must not act; infact, it is in our best interest to take measures to combat climate change – at speed and at scale! While on one hand, this necessity arises, because as a country, we are witnessing worst impacts of climate change – from extreme rain, cloud bursts, cyclones and floods to temperature rise. On the other hand, India recognizes that we must act because we have tremendous opportunity to reinvent the way we do things! We at Bharat Forge are determined to do our best!

Bharat Forge has been addressing the topic of sustainability through the solutions we provide to our customers. Our efforts in light-weighting of products are contributing to lighter vehicles which are more fuel-efficient and more importantly consume less resources in manufacturing process. We also have a circular ecosystem for manufacturing where the bulk of the raw material scrap is reused to manufacture clean steel. As a responsible corporate, we envisage doing more when it comes to either reduced usage of resource or increased utilization of renewable energy in our operations. In FY 2021, around 16% of the power utilized was from renewable energy sources. We expect more initiatives on sustainability to be rolled out in the coming months.

*Our pursuit of a more sustainable future that meets the needs of a greener planet and its people continues. This Sustainability Report summarises material progress, including challenges encountered and lessons learned.*

The company is taking several scope-1 and scope-2 measures and intends to expand the set of initiatives as we aggressively now embark on the Sustainability path forward. During the course of next year, we are committed to engage with our suppliers and partners through out the value chain to launch scope-3 measures and devise a collective sustainability strategy with focus on clearly articulated objectives and outcomes. In this way, we are making climate action a joint task and the cooperation of our suppliers and partners is absolutely essential to achieve this goal.

### Priorities for Long-Term Sustainability

1. Developing a commercially viable, secure, and profitable enterprise.
2. Make a commitment to reducing negative environmental impacts.
3. Continuing to make a positive social contribution.

Exploiting nature in an unsustainable manner is akin to

killing the goose that lays the golden egg. Future value creation will be dependent on the conservation of natural resources by effectively doing more with less. We are working hard to promote a circular economy by using fewer materials, producing less waste, and treating waste as a valuable resource.

Water is a valuable resource. Many of our CSR initiatives are centred on replenishing reservoirs as a community resource. We follow the three R's - Reducing, Recycling, and Recharging - in the plants and locations through initiatives such as rainwater harvesting, micro irrigation, and water recharging. All of these initiatives are closely monitored in order to optimise water consumption.

Our pursuit of a more sustainable future that meets the needs of a greener planet and its people continues. This Sustainability Report summarises material progress, including challenges encountered and lessons learned. The report is written in accordance with the Global Reporting Initiative (GRI) guidelines. Option that is comprehensive and relevant to core business activities and practises.

I complement the Bharat Forge Sustainability Cell for proactively taking this initiative to publish a factbook on sustainability articulating the company's journey to sustainable development. Although this is the first edition I am confident that the report will present us a strategic roadmap and guidelines as we embark on this journey. I appreciate your interest and wish you an informative read.

**B N Kalyani**  
Chairman and Managing Director



# About this Report



**According to the Bharat Forge, "the society has contributed so much to our growth over the last 50 years. In return, we should take steps to improve it." We support the state and national CSR agendas as well as the United Nations Sustainable Development Goals. As a corporation, it is our commitment to Serve the community and growing stronger with each goal we achieve - defining responsibility. This is the first time we've reported on our sustainability practices in contrast to the holistic view of our value creation model, which employs economically effective, environmentally efficient, and socially responsible practices.**



## Approach to Reporting

The report discusses how we engage with stakeholders, approach leadership and governance, build strong communities, provide dependable services, and invest in a climate-resilient future. It provides material information about our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects, and governance, encompassing an abridged, absolute and explicit assessment of material environmental, social and governance (ESG) related topics.

## Reporting Principles

The report has been prepared in accordance with the principles of <IR> as stated by the International Integrated Reporting Council (IIRC). The KPIs used for reporting on the Capitals are mapped with GRI (Global Reporting Initiative) Standards and SDGs.



## Report Boundary & Scope

The scope of the report includes the business operations and activities of the Indian Operations. This report includes an overview of our businesses and associated activities that help in short, medium, and long-term value creation for our stakeholders. We have provided the information and data on the key operations to describe our endeavours during the reporting period of April 1, 2020 to March 31, 2021 in a fair and balanced manner.

## Feedback

As part of our continued engagement with stakeholders and to facilitate continuous improvement, we welcome feedback, comments and suggestions to be sent to:

Mr. Yogesh Inamdar  
Head: Sustainability  
E: yinamdar@bharatforge.com

## Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements can be identified by words such as 'beliefs', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



# About Bharat Forge



**Bharat Forge Limited (BFL), specialize in the manufacturing and export of automotive components & it is the world's leading chassis component manufacturer. BFL is headquartered in Pune, it is India's largest automotive forging firm and a technology-driven global leader in metal forming, operating 12 manufacturing facilities in India, Germany, Sweden, France and North America, serves industries such as automotive, power, oil and gas, construction and mining, rail, marine, and aerospace.**

We are a world-class technology-driven engineering firm with over 50 years of experience manufacturing a wide range of high-performance, critical, and safety components. As a Corporate with the largest repository of metallurgical knowledge in the region, we are able to offer full-service supply capability to its geographically dispersed marquee customers from concept to product design, engineering, manufacturing, testing, and validation.

## Values



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

## Vision- Challenging the Conventional, Defying the Impossible



We believe impossible is nothing. 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.

The development of our technology, constant improvement of our technical processes, adoption of the latest manufacturing processes, and continuous training of our workforce to create a talent factory have all contributed to us becoming India's leading automotive forging company.

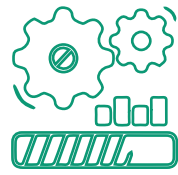
We have clearly defined OBJECTIVES that set us apart

### Our Objectives

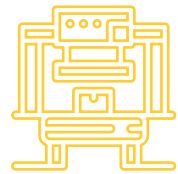
To be committed to listening and responding to the needs of our customers, associates and business partners and honouring their individual value.

To be committed to an entrepreneurial spirit that fuels the growth of our companies and increases shareholder value.

## Areas of Competencies



Design Engineering and Product Development



Tool and Die Manufacturing



Forging



Machining



Testing and Validation

## Business Segments

### Automotive

#### Passenger Vehicles



#### Commercial Vehicles



### Industrial



## Ownership Structure

Our ownership structure makes it easier for us to understand the variety of businesses around us. Our businesses differ not only in size and industry but also in who owns our economic and management rights. Management rights define our ability to influence officer appointments, whereas economic rights defines the right to receive dividends and profits from the business.

FII 25% MF 11% Others 9% Individuals 8% FI/Bank/Ins 1% Promoter 46%



Ownership Structure  
(as fo March 31, 2021)

## Awards and Recognitions

Won the prestigious 'MCCIA Annual Award 2020'

Bharat Forge was declared the winner of 'The Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA) Annual Awards 2020' under Corporate Social Responsibility.

Won 'Outstanding commitment & dedicated support as the Industry Partner' Award for 2020

Bharat Forge was bestowed with this award by The Government of Maharashtra under the skill development category for developing and upgrading Industrial Training Institutes (ITIs) at Khed, Bhor and Malegaon.

### Recognition from customers





# Sustainability at BFL



## Objective

**To contribute to a better society, we are committed to minimizing negative impacts and maximizing value.**

## Our approach towards sustainability

Our company's strategic priority is to enhance sustainably. We believe that by responding to society's increasing demand for sustainable solutions, we can accelerate value creation, which

will benefit both our company, our stakeholders, and communities. Our sustainability strategy is built on three pillars that support our strategic priorities.

### Pillars supporting our Sustainability Strategy



Our Sustainability strategy, which addresses key material issues for our company and stakeholders, helps guide our actions. It serves as a guide for us as we operate in countries with less stringent performance requirements. It keeps us in good standing with governments and communities, ensuring access to products and services while also improving our value creation processes.

### Our Agenda For 2030

The Sustainable Development Goals (SDGs) were established by the United Nations General Assembly in 2015 and signed by all member countries - hence they are referred to as a single global agenda for 2030. All 17 SDGs are part of our commitment to attaining development without surpassing the planetary frontier. Equality and anti-corruption, are such topics that apply to all businesses. In addition to these universal commitments, we establish closer links and impacts from our business and operations in a number of goals.

### Substantial Contribution

We take an active role in the communities in which we operate, and we want those communities to thrive. We see our presence as an opportunity to contribute to the development and implementation of long-term economic activity, environmental practices, and social programs.

At Bharat Forge, we illustrate our sustainability work in the areas:

Through the solutions we provide to our customers, our company has been addressing the issue of sustainability. Our efforts in light-weighting of components contribute to lighter-end vehicles that are more fuel-efficient and, more importantly, use fewer resources in the manufacturing process. We also have a manufacturing circular ecosystem in which the majority of raw material scrap is reused for producing clean steel.

**Climate & Environment** – reducing emissions from our operations and value chain. We focus on increased fuel and energy efficiency, electrification, and alternative fuels. We also focus on different areas such as waste management, water stewardship

As a responsible corporation, we intend to do more to either reduce resource usage or increase the use of renewable energy in our operations. In the fiscal year 2021, renewable energy sources accounted for nearly 10% of total energy consumption.

**Resources** – utilizing transports and material in the most resource-efficient ways possible. We create value for our customers by providing them with higher uptime and utilization. We also try to recycle most of the waste and reuse it for our operation.

**People** – because the cornerstone for prosperity is safety and human rights. In this report, we highlight some of our initiatives and their fundamental connections to the SDGs.



## United Nations Sustainable Development Goals

We are committed to helping to achieve the United Nations Sustainable Development Goals (SDGs). The SDGs on which we can have the

greatest impact are those that are most aligned with the industry's strategic sustainability ambitions, which are closer to the SDGs.



Sustainable Development Goals

### Strategic Priorities

As a responsible company, we have always sought to strike a balance between performance and purpose. We have identified sustainable development priorities that are in line with our business strategy. We are committed to driving social and economic development while minimizing our environmental impact.

Our progress toward specific SDGs can be found in sections of this report marked with the goal icons listed below.

## Economic Environment Social

### SDG Impacted



### Efforts

- Development of e-mobility solutions
- Use of innovative technologies to increase plant productivity
- Job creation and economic growth of regions where we operate
- Increased use of renewable energy, Value Energy Stream Mapping and implementation of Energy Management Programs (EMPs) to reduce energy consumption
- Minimizing resource consumption
- Biodiversity protection and offsetting carbon emission through tree plantation
- Reduction and effective disposal of wastes
- Open dialogue with all stakeholders
- World-class safety standards and implementation of digital workplace
- Employees skill upgradation, safety training and welfare measures
- Holistic development program across 100 villages covering improving water availability, supporting agriculture, promoting education, creating infrastructure, and ensuring better health, hygiene and nutrition
- Undertaking education, skill development and women empowerment programs

## Creating Sustainable Value

Our corporate governance philosophy stems from our unwavering commitment to safeguarding stakeholder rights and interests, proactively managing risks, and creating long-term value. Our strong corporate governance, combined with world-class products and unrivalled service, has enabled us to earn the trust of our employees, customers, business partners, and all other stakeholders, attract and retain financial and human capital, and maintain social and relationship capital.

By reducing our reliance on natural capital, our evolving business model aims to create long-term value. We are transitioning to a model that emphasises services, relationships, and human and social capital, and supports our purpose, through our strategy, mobility, connectivity, and sustainability aspirations of building India's

Economic Backbone, strengthening National Capabilities through our Businesses.

### Our Enablers

We at Bharat Forge are aware that our business activities have an impact on the environment and the community. As a result, while we take proactive measures to create value and protect the interests of our shareholders, we make certain that it does not come at the expense of the environment or the community.

Aside from sharing value, we also educate our shareholders on how we create, sustain, and enhance value by leveraging financial, manufactured, intellectual, human, social, and natural capitals.

### Financial Capital

Input	Outcome
<b>Rs.111,146 Million</b> Total Capital Employed	<b>Rs. 36,515 Million</b> Total Income
<b>Ratio: 0.61</b> Debt to Equity	<b>Rs. 7,348 Million</b> EBITDA
<b>Rs. 3,339 Million</b> Capex	<b>Rs. 3,121 Million</b> PAT
	<b>Rs. 2</b> Proposed Dividend per share
	<b>5.5%</b> RoCE

### Manufactured Capital

Input	Outcome
<b>5</b> No. of plants in India	<b>165,396 MT</b> Material Shipped
<b>Rs.14,145 Million</b> Material Cost	
<b>Rs. 6,154 Million</b> Manufacturing Cost	
<b>403,350 TPA</b> Total Capacity	

### Intellectual Capital

Input	Outcome
<b>Rs. 447.45 Million</b> R&D Spending	<b>9</b> Process Improvement
<b>1.43%</b> R&D spend as a % of revenue	<b>11</b> Product Improvement
<b>6</b> Patents filed	<b>6</b> Technical Papers published and presented

### Human Capital

Input	Outcome
<b>4,892</b> Total Employees	<b>Rs.7.5 Million</b> Employee Productivity (revenue per employee)
<b>Rs. 4,482 Million</b> Employee benefit expense	<b>0.42</b> Lost Time Injury frequency rate

### Social And Relationship Capital

Input	Outcome
<b>Rs. 183.8 Million</b> CSR Spending	<b>174,492+</b> Lives touched through CSR
<b>6</b> Key CSR Focus Areas	<b>950+</b> Women Empowered
<b>700 Hours</b> Employee Voluntary Hours	<b>47,535</b> Students Benefitted
	<b>3,000+</b> Youths Skilled

### Natural Capital

Input	Outcome
<b>55.64 MWh</b> Renewable Energy	<b>100%</b> Wastewater Reused
<b>9.71%</b> of the Energy Consumed from Renewable Sources	<b>40,385</b> Reduced in CO2 emission through use of renewable sources (tCO2e)
<b>500</b> No. of Trees Planted	<b>35%</b> Reduction in hazardous waste production (kg/MT)

## Sustainability and US

### Objective

**To ensure long-term value creation for both, internal and external stakeholders by incorporating economic, social and environmental enablers into our business framework.**

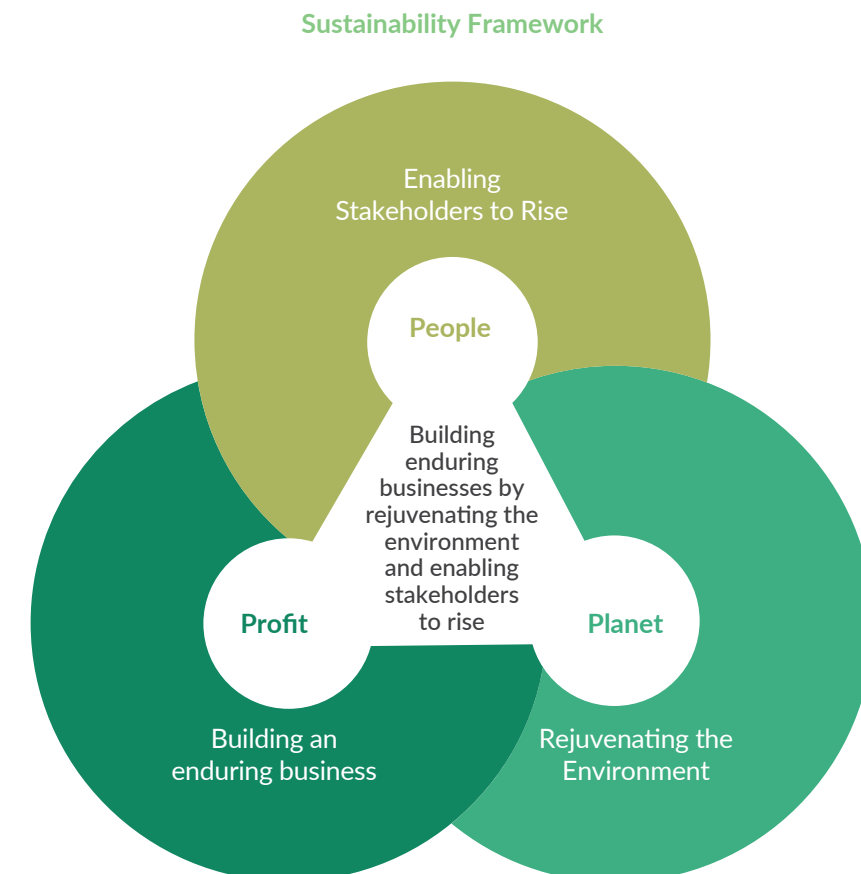
We strive to make a positive difference in the lives of our stakeholders by meeting their needs, enabling their aspirations, strengthening the communities in which we live, and abiding by the laws that nurture the planet we live on. With sustainability at the core of all our actions, we empower all our operations.

Today, only sustainable business practises can ensure long-term business sustainability. Creating genuine alternatives to meet the rising demand for sustainable solutions necessitates a shift in our thinking about sustainability. At Bharat Forge Ltd.,

we not only recognise the importance of environmental action, but we also recognise the value of incorporating it into our operations and growing as a result of it.

### Sustainability Framework

Bharat Forge takes a top-down approach to embed its values deep within the organisation when it comes to sustainability. We are committed to translating strategic vision into on-the-ground action, as well as effective measurement and transparency of all interventions.





# FY 2020-21 Highlights



<b>Total Income,</b> ₹ 36,515 Million	<b>Profit After Tax</b> ₹ 3,121 Million	<b>EBITDA,</b> ₹ 7,348 Million
<b>Lost Time Injury Frequency Rate (LTIFR)</b> 0.42	<b>Return on Capital Employed</b> 5.5%	<b>CSR Investment</b> ₹ 183.8 Million
<b>Waste Water Recycled</b> 100%	<b>Reduction in Tonnes of CO<sub>2</sub> Emission,</b> 68,187	<b>Renewable Energy Used (kWh)</b> 4,92,47,816
<b>Total Training Hours</b> 120,758	<b>Total Employees</b> 4,892	<b>Employee Retain Rate</b> 94.21%

# Matters Impacting Value Creation

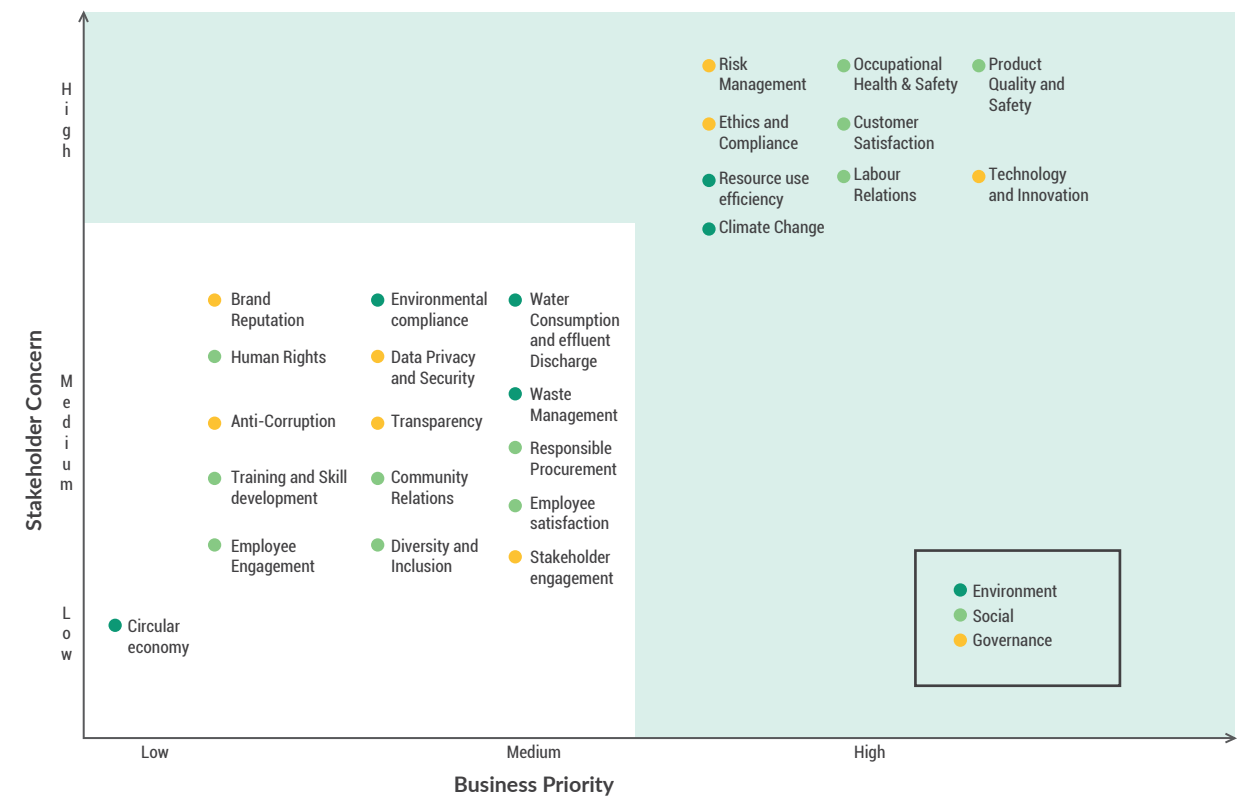
As a rapidly growing organization, we are proactively dealing with dynamic management issues related to our sector in a very structured and careful manner, taking into account the greater significance of the social and environmental impacts associated with this sector. A variety of materiality subjects identified by Bharat Forge in order to plot a

matrix that defined the significance of each material issue to the company as well as its impact on operations of BFL. These material issues have been incorporated into Bharat Forge's strategy and planning process by mapping those to the capitals impacted.

## Objective

*To efficiently map issues ranging from social, economic, and environmental concerns that could impair our ability to create value and serve as the foundation for our strategy and action plan.*

## Materiality Matrix




Based on our conclusions and aligning them with our specific stakeholder requirements, we have listed the topic material to Bharat Forge comprehensively under three broad aspects.



**Environment**  
Natural Capital  
Manufactured Capital

Materiality Issue	Relevance to Bharat Forge	Associated KPIs	
Climate Change	Given the nature of our work, Bharat Forge perceives GHG emissions as significant contributors to global warming and subsequently plans to address the challenge of climate change and take steps to mitigate it. Severe weather conditions may endanger our business operations, so we intend to reduce our carbon footprint as well as manage climate-related risks and opportunities.	- GHG Emissions - Approach to reducing Carbon Footprint	Climate Action
Resource use efficiency	Bharat Forge employs a diverse range of raw materials derived from finite resources. We aim to reduce fossil fuel consumption and imbibe energy efficiency by using a comparatively lesser amount of energy for performing a task, thus reducing the amount of energy wasted during the process.	Energy	Climate Action
Environmental Compliance	Bharat forge is involved with heavy capital industries. Our operations are regulated and monitored by local environmental protection authorities, regularly. Non-compliance with current or future environmental, social, or economic laws and regulations may result in fines, suspension of production, or closure of operations.	Environmental Compliance	Approach towards Environment
Circular economy	Circular economy is one where in we re-use the waste produced. E.g. the scrap produced is sold to our steel mill next door to produce clean steel used by us.	Circular Economy	Minimising Waste

Waste Management	Improper collection of waste is a pertinent issue that leads to the release of toxic substances. Bharat Forge is working to address the improper waste management in consideration with the disposal of its materials to truly become sustainable.	Minimizing Waste	Approach towards Environment
Water Consumption and Effluent Discharge	Water is abundant in the world, but the irony is that it is scarce. Our business operations have critical demand for water during the operational phase. Our business operations have critical demand for water. Try to fine-tune our processes, which will result in less water usage and wastewater treatment before discharging it to nearby areas.	Reducing Water Consumption	Approach towards Environment



**Social**  
Human Capital  
Social and Relationship Capital

Materiality Issue	Relevance to Bharat Forge	Associated KPIs	Section
Health and Safety	Our employees are our most valuable asset, and their health and safety are of the utmost importance to us. Our factories employ the majority of our workforce. To ensure a safe working environment, we have implemented comprehensive compliant protocols at all touchpoints to ensure everyone's safety.	- Hazard assessment and risk management - Safety Control system - Incident analysis - Serving Occupational Health	- Ensuring Occupational Health and Safety at the workplace - Promoting employee health and well-being
Customer Satisfaction	Bharat Forge serves countries across the world by establishing a presence in key global markets that has strengthened our market position. In order to maintain the continuity of this exemplary service and product delivery, we give supreme importance to customer satisfaction	Customer centricity	Sustainable Products and services



Human Rights	The dignity of people associated with a firm in any capacity is important. We follow the Universal declaration of human rights and guidelines laid by the International Labour Organisation and avoid workplace discrimination and harassment.	Human Rights	Dynamic Workforce
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Community Relations	Communities living in and around our operational area, are affected by the operations of the firm. Fostering long-term relations with the community can go a long way in relationship building and business activities. To maintain this, the company invests in various gainful activities for the betterment of communities.	<ul style="list-style-type: none"> <li>- Village Development</li> <li>- Education</li> <li>- Skill Development</li> <li>- Women Empowerment and Community Development</li> <li>- Sports</li> <li>- Helping our communities fight the Pandemic</li> </ul>	Empowering Society
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Diversity and Inclusion	Diversity and inclusion perpetuate diverse culture and synergy. It is important for employees to feel secure irrespective of their color, race, gender etc.	Diversity and Inclusion	Dynamic Workforce
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Training and Skill Development	Talent development is vital to sustainable business growth and success. Employee training enables employees to learn precise skills and gain knowledge to improve job performance. It helps them gain insight into their rights to function and their safety at the workplace.	<ul style="list-style-type: none"> <li>- Worker training and skill mapping</li> <li>- Upskilling our Employees</li> <li>- Training &amp; Capacity Building</li> </ul>	<ul style="list-style-type: none"> <li>- Ensuring Occupational Health and Safety at Workplace</li> <li>- Dynamic Workforce</li> </ul>
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Employee Engagement	Satisfied employees are quintessential for the smooth functioning of the firm. We create platforms to engage with employees constantly.	<ul style="list-style-type: none"> <li>- Employee support and growth</li> <li>- Employer attractiveness and Long-term employee development</li> </ul>	Dynamic Workforce
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Employee Satisfaction	Employee satisfaction is necessary for the progress of an organisation. Enhancement in their performance and efficiency is a subset. This makes operations more productive which will become a long-term investment in the long run.	<ul style="list-style-type: none"> <li>- Employee Support and Growth</li> <li>- Employer Attractiveness &amp; Long Term Employee Development</li> </ul>	Dynamic Workforce
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Labour Relations	Good Labour practices and well implemented systems to protect employees rights provide benefits that includes higher employee retention rates, reduced instances of employee unrest and fewer grievance claims. With the provision of good working conditions, employees are likely to be more positive, motivated and therefore more productive.	Labour Relations Management	Dynamic Workforce
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## Governance

Natural Capital, Social and Relationship Capital  
Manufactured Capital, Intellectual Capital

	Relevance to Bharat Forge	Associated KPIs	
Ethics and Compliance	Bharat Forge must imbibe an ethical code of conduct to ensure fair and transparent practices as it is a conglomerate with a vast employee base and multiple supply partners across industries.	Ethics and Compliance	Efficient Corporate Management

Risk Management	Like all other conglomerates, even our operations are entitled to risks. This includes financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters, IT security threats and data-related risks, and risk management strategies. Risk management is a part and parcel of the business. We identify, assess and control threats to our organization's capital and earnings which affect our stakeholders.	Risk Management Process	Strategically Managing Risks
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# Sustainable Products and Services

## Objective

**To provide innovative and sustainable products and solutions that benefit our stakeholders and delight our customers by exceeding customer expectations.**

Quality is at the heart of all our operations, allowing us to achieve world-class performance and exceed our customers' expectations, with a renewed emphasis on using six sigma methodology in all processes. Bharat Forge provides critical and complex engineering solutions for a wide range of automotive and industrial applications to the global market. The technology used in the manufacture of our products must not result in the release of effluents or toxic waste unless it is treated in accordance with current pollution control laws. We will make every effort to maintain ecological balance, conserve scarce natural resources, and avoid pollution.

Our solutions have a proven track record of delivering high-performance and are trusted by the world's leading OEMs and military defense. We are attractively positioned as a preferred one-stop solution provider, backed up by our end-to-end capabilities spanning product conceptualization, design, and development, as well as manufacturing. We are reimagining the future of the industries we serve and building world-class, non-traditional solutions around it by leveraging our deep engineering expertise and nurturing futuristic technologies. We play an important role in India's 'Aatmanirbharta' (self-reliance) mission as the country's largest manufacturer and exporter of auto components and one of the leading manufacturers of industrial components.

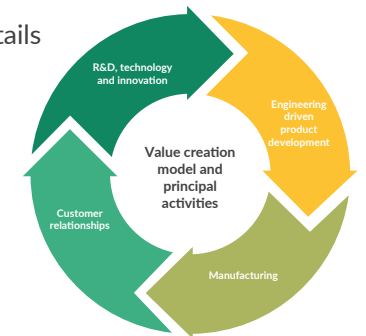
We continue to meet the stringent requirements of global OEMs on a continuous basis as we strive for excellence.

## Operational Excellence

The automotive industry, which employs a large number of people, is the backbone of the

manufacturing sector. India's automotive industry, as the world's fourth-largest, is critical to the country's goal of becoming a USD 5 trillion economy. By investing in the necessary capacities and capabilities, we have made a significant contribution to this trend. Our consistent emphasis on technology and training has resulted in improved processes, higher efficiencies, and increased competitiveness.

Excellence at BFL entails much more than just having a quality system in place. We believe in achieving excellence in everything we do (including leadership, strategy, customer focus, information management, people, and processes), as well as superior business results.



**At Bharat Forge, Product safety is an essential requirement.**

Our products and services meet the specifications of the Indian market on emissions and safety regulations. We got our products and services evaluated for their health and safety impacts, and they have been awarded the following certificates of compliance:

1. Fumigation Certificate
2. IMDS Certificate
3. REACH Declaration Certificate.

Anti-corruption	As a conglomerate, corruption Policy establishes the principle that must govern our conduct as we are accountable to those working for us and associated with us	Anti-Corruption and Anti-Bribery Stance	Efficient Corporate Management
Transparency	Transparency helps to build trust among all stakeholders. Essential disclosures cultivate long-term relationships for the survival of the firm.	Transparency and Trust	Efficient Corporate Management
Brand Reputation	Our service over the years has built our goodwill in the market. Brand reputation is essential as it acts as a major factor for building long-term relations with new and old clientele.	- Our strategy for brand development - Disseminating our sustainability commitment	Brand Management
Stakeholder Engagement	Our stakeholders make up our firm. We intend to serve them all by disclosing our timely reports about our performance and the steps we are taking to adapt and withstand in face of challenges.	Stakeholder engagement process	Stakeholder groups for Bharat Forge
Data Privacy and Security	Data Privacy & Security is a core & integral part of our dealings with our customers when it comes to mutual sharing of information. This issue is also an important aspect of our information security policy.	- Information security policy - Risk-based approach	Information Security
Technology and Innovation	To be abreast in the era of cutthroat competition, we constantly focus on new technologies and innovative processes to keep our business sustainable and efficient in the long run.	- Number of Kaizens, projects done using new generation technology - Improvements done in shop floor using new technology	- Climate Action



**Tools for attaining excellence in operations:**

- DMAIC (Define, Measure, Analyse, Improve and Control) methodology in problem-solving
- Value Stream Mapping to identify & eliminate the wastage in the entire value chain
- Design-Gate Review for achieving
- First-Time-Right in New Product Development
- Standardized work to ensure smooth workflow
- Integrating Health, Safety, Environment and Sustainability (including Energy Management)
- Display of gallery in each plant to improve internal communication, transparency, & employee motivation

**BFL Excellence System**

Our Excellence System focuses on developing and strengthening the organization's management systems and processes to improve performance and create value for stakeholders.



Our excellence system is built on six pillars that serve as the foundation for our customer-centric, quality and manufacturing system.

**People Engagement**

Consistent employee engagement is critical to our business operations in order to excel at customer satisfaction while also achieving high productivity, operational efficiency, and profitability. We provide training to our employees to improve their competence and abilities in order for them to be more efficient in their work. This enhanced knowledge is effectively used at BFL to assess risk and exposure in decision-making, problem-solving, and proper work execution. When employees are informed and engaged, the operation becomes more efficient, effective, and safe.

Our philosophy of people engagement for attaining operational efficiency is guided by DMAIC, Kaizen & Continuous Improvement and Ideation Process.

**Performance Management System**

In order for BFL to thrive, we have implemented management practises that are in alignment with the work environment. BFL can "better control the flow of work and production, driving higher outcomes in customer service, quality, and cost" with effective performance management system.

Our Performance Management System is a set of tools, processes, and frameworks that enable us to create business plans for future work in specific operations, carry out that work, and then measure work performance data to suggest future improvements that may be required. It is responsible for identifying, quantifying and communicating inefficiencies in our operating system.

**Operating System**

The BFL operating system is a set of interconnected components that provides guidance for decision making, budgeting, maintenance, procurement, validation, quality, and fulfilment, among other things. With an industrial operating system's standards in place, managers and employees are free to focus on the tasks at hand – quality maintenance, production, planning, and so on. Our industrial processes benefit from the consistency and dependability provided by a functional operating system.

**Engineering system**

Systems Engineering helps produce the most efficient, economic and robust solution. The systems engineering process involves the top-down technological development of a system's functional and physical requirements from a basic set to

advanced objectives. The purpose is to organize information and knowledge flawlessly to assist those who manage, direct, and control the planning, development, and operation of the systems necessary. The Engineering system ensures product reliability and change management.

**Digital Manufacturing**

Implementing new technologies, tools and platforms is necessary for BFL as a response to the need for organisations to adapt to a new digital reality. Digital manufacturing has helped us reorganise processes and strategies, where the entire value chain is involved.

The digital transformation of our business has presented us with enormous opportunities for innovation and competitive advantage, which encourages cultural, strategic, technological and operational changes. It has significantly contributed to transform the traditional way of managing risks, improve efficiency, and promote cost, performance and quality.

**Customer satisfaction**

The ultimate objective of our organization is to create a system that meets the needs of the customer through increase in productivity and organizational potential. To satisfy the continuously growing customer portfolio, we use innovative methods to meet and exceed our customers' expectations to strengthen our relationships with them. Bharat Forge has always been on the forefront for delivering solutions for our Customer's continuously.

The COVID-19 pandemic slowed the automotive industry's growth, making it one of the most difficult years in its history. Prior to the COVID - 19 pandemic, the sector had already been crushed by a prolonged slowdown caused by factors such as regulatory changes and the transition to BS-VI emission standards, liquidity constraints, and a weaker demand environment. Despite the

pandemic, our proactive investments aided in maintaining smooth functioning of operations. We continue to nurture these technologies in our quest to become the most efficient and advanced engineering firm, and have embarked on a journey to build the next mega facility, which will increase our capabilities Multi-fold.

**Brand Management**

We have worked hard over the years to establish a brand that stands for trust, quality, and dependability. Every year, we make efforts to strengthen the trust-based relationship we've built with our stakeholders. Our commitment to excellence in service and delivery is a key enabler of our brand value.

Despite a difficult and volatile macroeconomic environment during the reporting year, we planned and executed our branding campaigns, successfully and hence, contributed in providing customer value proposition and great brand experience for all the stakeholders.

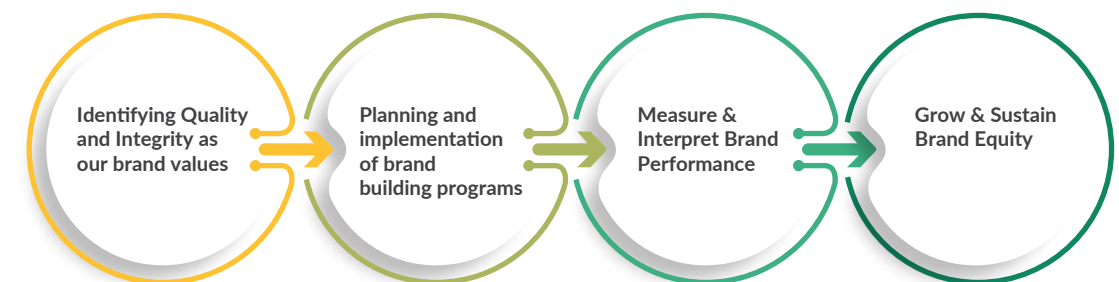
**Brand Management Process**

**Our strategy for brand development**

Corporate Communication function is critical at Bharat Forge in conveying important information about the company's performance, activities and aspirations to all the stakeholders. We are also guided by our leadership team in actively engaging with our employees and various participants.

**Disseminating our sustainability commitment**

Our commitment to being responsible and sustainable is a key component of our brand value. As a result, we ensure an ongoing engagement with our stakeholders about our approach towards environmental conservation and sustainability. This is a way to strengthen the brand value while also raising sustainability awareness amongst our stakeholders.



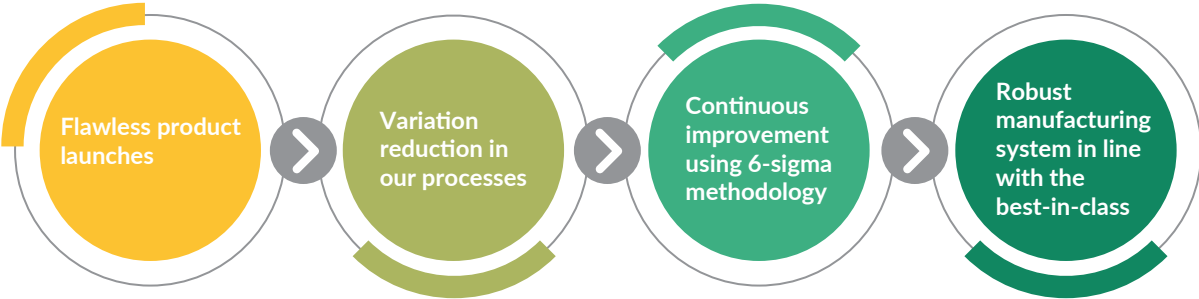


## Customer Centricity

Our efforts to implement world-class quality practices highlight our dedication to customers and achieving customer satisfaction. We firmly believe in providing total customer satisfaction through excellence in product and process development,

incorporating quality into the process, taking a proactive approach to quality issues, responding quickly to customers, utilizing cutting-edge technology, and maintaining price competitiveness.

Some of the key initiatives taken up to exceed customer expectations are as follows:



These initiatives are aimed at improving customer satisfaction and achieving world-class quality standards. The primary focus has been to improve professional and technical skills and competence. As a result, we are able to better understand the Voice

of the Customer in terms of design, performance, ongoing quality, and cost competitiveness. Sophisticated inspection and testing of facilities enable us to meet OEM requirements on time while also ensuring product quality and reliability.

## Compliance

Bharat Forge has made health and safety a top priority. All of our products and services are designed in accordance with health and safety regulations and guidelines.

We provide comprehensive information about the use of products and services to assist customers in using products in a better way, extending their life and value. Also, we adhere to regulatory and mandatory requirements for labelling, brand promotion, sponsorships, and advertising while providing relevant information to our customers. There have been no substantiated complaints concerning breaches of customer privacy and losses of customer data. Bharat Forge comply with all operations related compliances while operating all its plants across India.

*We continue to comply with all applicable statutes, and no incidents of non-compliance with health and safety impacts of products and services were reported this year.*

*FY 2020-21, did not observe Incidents of non-compliance concerning product and service information and labelling.*

# Corporate Governance



**Objective**

**Corporate Governance Practices constitute a strong foundation on which successful commercial enterprises are built to last. We embrace a beyond-compliance approach with a robust governance mechanism by taking into account all the present, future needs of the economic, environmental, and social parameters.**



# Strategically Managing Risks

## Objective

**To improve decision-making, define opportunities and mitigates material events that may impact shareholder value.**

Risk management is an integral component of corporate governance at Bharat Forge. We are vulnerable to a wide range of internal and external developments and events that could have a significant impact on our financial and non-financial goals. The cyclical nature of the business, particularly the ongoing transformation of the global automotive industry, identifying risks and mitigating them promptly is critical. Our Finance and Risk management committee along with the Senior Management of the company oversees our identified and prioritised risks.

We have implemented robust mechanisms and processes to identify and mitigate critical risks, protect ourselves from permanent capital loss, and maintain the business's long-term growth trajectory. Internal and external risks are managed using a risk management framework, which allows for quick responses and continuous monitoring. Following identification and prioritisation, we ensure that appropriate plans for risk mitigation efforts are developed. This allows us to not only manage risk but also turn it into a business opportunity. We believe that sustainability in business operations can only be derived by identifying probable business risks and identifying ways to mitigate them proactively

The Company's Risk Management Policy endeavours to support its objectives among others by Ensuring sustainable business growth with stability and promoting a pro-active approach in reporting, evaluating and resolving risks associated with the business

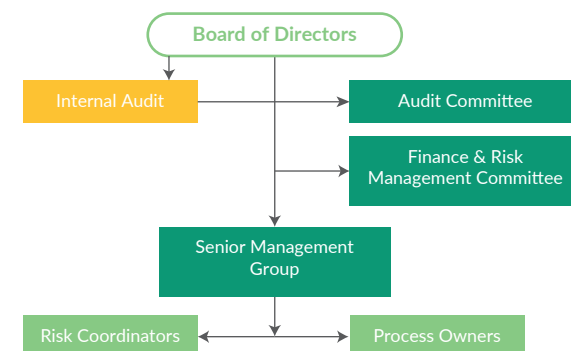
- Providing a framework that enables future activities to take place in a consistent and controlled manner
- Improving decision making, planning and prioritization by a comprehensive and structured understanding of business activities, volatility and opportunities/threats.
- Evaluating the likelihood and impact of major adverse events;

- Developing responses to either prevent such events from occurring or manage and minimise the impact of such event, if it does occur;
- Identifying any unmitigated risks and formulating action plans for addressing such risks ;
- Compliance with provisions of relevant legislations

The Company strongly believes that Risk Management implementation should be in spirit and not only in form.

## Risk Governance

The Board of Directors decides the Company's risk tolerance. It is the responsibility of board members to identify and assess internal and external risks, including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cybersecurity risks, and any other risk that may have an impact on the Company's ability to achieve its strategic objectives or threaten its survival and thus define the Risk Management Committee's role and responsibility. The Board delegates monitoring and reviewing of the risk management plan to the Risk Management Committee, as well as such other functions as it may deem fit. As a result, a risk management strategy is formed to manage and mitigate the identified risks in association with the Audit and Finance & Risk Management Committee.



## Risk Management Governance Structure

### Roles and Responsibilities of Governing Bodies

#### Board Of Directors

- Approve and review the Risk Management Policy
- Oversee the development and implementation of risk management framework and maintain an adequate monitoring and reporting mechanism
- Formulate risk management strategy to manage and mitigate the identified risks
- Give directions to the Audit committee and Finance & Risk Management Committee on top priority risks identified and its mitigation plan

#### Finance & Risk Management Committee

- To formulate a detailed risk management policy
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the company
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the company
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity

#### Senior Management of the Company (SMG)

- Implement and monitor the principles, actions and requirements of the risk management plan
- Provide necessary tools and resources to identify, manage and mitigate risks
- Review risks on quarterly basis- identification of new risks, changes to existing risks, updating risk register etc
- Appraise risk owners' actions taken to manage risk and correction of inappropriate performance
- Internal compliance and control systems for the implementation of the risk management plan

#### Risk Co-ordinators and Process Owners

- They play a key role in supporting the team in developing, maintaining and embedding the risk

management framework within the company

- Identify any perceived risk at ground level in various processes
- Ensure that implementation of recommendation and action plan finalised by the Board, as per the policy, is done in spirit
- Ongoing maintenance of risk framework and documentation including policies and procedures
- Support and manage the risk workshop process

#### Internal Audit

- The independent Internal Audit function shall provide assurance on the integrity and robustness of the risk management process.

*\*The senior management comprises of the core management team of Vice President & above which heads individual functions in the company*

## Risk Management Process

### Risk Universe Analysis

Risk analysis entails considering the sources of risk, the consequences of those risks, and the likelihood that those consequences will occur. The existing risk-control systems, control measures, and procedures are identified and their effectiveness is evaluated. The impact and likelihood of an event, as well as its associated consequences, are evaluated in light of the existing controls.

### Risk Identification

All vertical and functional heads are required to identify material risks and report them to the SMG, along with their considered views and recommendations for risk mitigation, with input from their team members. The SMG will analyse all the risks that have been identified, with the participation of vertical/functional heads.

### Risk Assessment

Risk evaluation entails comparing the level of risk discovered during the analysis process to pre-defined risk weights in order to assess the potential severity of loss and the likelihood of occurrence. Based on the parameters for each operating activity, risk weights of High, Medium, and Low can be assigned. The risk assessment produces



a prioritised list of risks that need to be addressed further. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

### Risk Response

Risk response includes identifying the range of risk-treatment options, assessing those options, developing risk-treatment plans, and putting them into action. Avoiding the risk, lowering the likelihood of occurrence, lowering the consequences, transferring the risk, and retaining the risk are all options. The gaps between what mitigation measures are in place and what is desired will then be identified. The action plans adopted will be documented and its implementation tracked as part of the reporting process. Each of those risk-mitigation steps will then be assigned ownership and responsibility. This will be captured in a 'Risk Assessment and Control Matrix,' which will include the top five risks.

### Reporting

The SMG should assure the Audit Committee and the Finance and Risk Committee regarding financial records, risk management, and internal compliance.

Risks will be continuously monitored and reviewed, and the effectiveness of existing controls and risk action plans will be evaluated to ensure that changing circumstances do not shift risk priorities.

### Risk Factors and Mitigation Measures

Risk	Risk Description	Risk category	Impact	Mitigation Measures
Disaster Recovery Risk	Business Continuity	Risk of interruption in business due to natural calamities like earthquakes, cyclones, floods, etc. Risk of inadequate disaster recovery planning and Interruption in Business because of Covid 19	High	<ol style="list-style-type: none"> <li>Adequate protection against calamities including appropriate insurance</li> <li>Introduced additional mitigation to overcome interruptions due to Pandemic situations</li> <li>Speed to market</li> </ol>
Health, Safety and Environment	Regulatory	<p>Noncompliance with safety measures by employees</p> <p>Non-awareness of hazardous nature of chemicals</p> <p>Not-Following Covid-19 safety measures.</p>	High	<ol style="list-style-type: none"> <li>Strict adherence to BBS (Behaviour Based Safety System)</li> <li>Focus on reducing the generation of effluent and arresting at the source</li> <li>Detailed SOP for COVID-19, Employee Training &amp; adherence</li> <li>Medical check-up, Vaccination Drive as per Govt. regulations</li> <li>Encouraging work from home &amp; Multitasking Industry 4.0, use of digital technology</li> </ol>



### Policy Review

The Risk policy shall be reviewed at least once every two years, taking into account changing industry dynamics and evolving complexity, to ensure effectiveness and the policy's continued application and relevance to the business. The risk reporting process, internal audits, and other available information will provide feedback on the policy's implementation and effectiveness.

### Climate Risks

Bharat Forge is working towards identifying climate change-related risks & working towards identifying the impact of climate change-related risks on the business. It will also define mitigation strategies & opportunities climate change will create for Bharat Forge. Climate change-related risks will be identified in the years to come.

Risk	Risk Description	Risk category	Impact	Mitigation Measures
Sustained Performance & Quality Risk	Business Continuity	Risk of customer being lost, in course of business as well as dissatisfaction amongst the customer due to lack of attention, focus, etc.	Medium	<ol style="list-style-type: none"> <li>Enhance customer stickiness</li> <li>Coefficient - alignment in strategies, partner of choice</li> <li>Providing end to end solutions, dual shore business model</li> </ol>
Intellectual Property Risks	Regulatory	<ol style="list-style-type: none"> <li>Leakage of Confidential information.</li> <li>IP rights clashes can happen in collaborative research projects.</li> <li>IP infringement actions from outside firms.</li> </ol>	Medium	<ol style="list-style-type: none"> <li>Patent filing &amp; Regular Patent Awareness Sessions</li> <li>Consultation with experienced patent attorneys</li> <li>Data exchange with vendors/ customer through secured mode.</li> <li>Periodic INFOSEC audits</li> <li>Entering into " NDA with parties for exchanging information</li> </ol>
Innovation	Technology	Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs.	Medium	<ol style="list-style-type: none"> <li>Structured Technology Development projects.</li> <li>New focus areas are identified to develop future capability needs.</li> <li>Focus on Light weighting and EV</li> </ol>
IT Data centre & Far Sight Disaster Recovery Risk	Technology	Risk of inadequate data centre & far sight DR	Medium	<ol style="list-style-type: none"> <li>Disaster Recovery (DR) strategy is being updated continuously.</li> <li>Data Centre is established and Near Site DR is available.</li> </ol>
Brand Risk/Reputation Risk	Business Continuity	Risk of threat or danger to the good name or standing of a business or entity. Actions involving the company name directly or indirectly may damage the Brand name.	Medium	<ol style="list-style-type: none"> <li>Worldwide brand-building activities are an ongoing process.</li> <li>participation in exhibition and trade fairs</li> <li>Good reputation and relations with major trade companies.</li> </ol>
Maintenance Risk	Technology	Risk of sub-optimal maintenance plan due to manual updating of ODR and MGR reports resulting in Maintenance costs	Medium	<ol style="list-style-type: none"> <li>Operational performance (OEE) &amp; Maintenance (PM &amp; Breakdown) are being monitored through SAP for all the major plants.</li> </ol>
Data Protection Risk	Technology	<p>Risk of confidential data leakage via USB Drives/Flash Drives</p> <p>Exposure of company data because of Work From Home and access to respective data</p>	Medium	<ol style="list-style-type: none"> <li>All privileged system access are reviewed periodically &amp; Data Leakage Prevention (DLP) system are implemented at these equipment</li> <li>Restricted data access control &amp; data encryption to monitor Work from Home activities</li> </ol>
Pollution Free Environment Risk	Regulatory	Failure to provide a safe working environment exposes BFL to compensation liabilities, sub-optimal productivity, loss of business reputation and other costs.	Low	<ol style="list-style-type: none"> <li>All the necessary Pollution control norms for (Air, Noise etc.) are followed.</li> <li>Disposal of Hazardous waste is monitored within permissible limits.</li> </ol>

# Efficient Corporate Management

## Objective

**Corporate Governance Practices constitute a strong foundation on which successful commercial enterprises are built to last. We embrace a beyond-compliance approach with a robust governance mechanism by taking into account all the present, future needs of the economic, environmental, and social parameters.**

Effective corporate governance is essential for an organization's long-term growth. Apart from ensuring an organization's efficient operation, it fosters a culture of transparency, ethical behavior and accountability ingrained in our business and shared by our Board of Directors and management, which leads to strong and balanced long-term growth.

We believe that sound governance structures and policies are required to manage our business, drive performance, and create value responsibly and ethically. These processes and systems serve as the foundation for carrying out our sustainability strategy and incorporating sustainability issues into our business decisions. Strong corporate governance practices have the potential to yield significant benefits for our organisation by increasing the effectiveness and efficiency of business operations through values instilled throughout the leadership.

We want our operations and activities to have a positive impact on the world while remaining a successful business. Our integrated governance systems and processes aid in the development of sustainability throughout our organisation. As part of our efforts to remain successful, our company must be lean, fit, and agile in order to capitalise on future opportunities.

Our Corporate Governance Principles, Code of Conduct, and charters for each Board committee guide our Board of Directors. These are publicly available on our corporate website in the Bharat Forge - Policies.

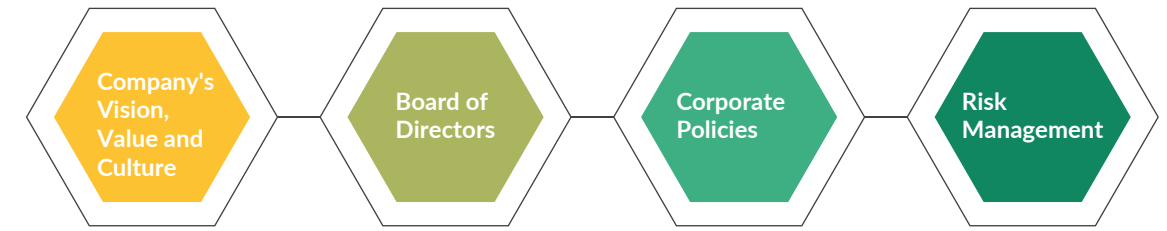
We have institutionalised the highest benchmarks of corporate working and behaviours in our processes.



## Governance Framework

Bharat Forge's governance framework is intended to provide prudent management and oversight of the business in order to safeguard the interests of all stakeholders. It applies to all of our businesses and firmly embeds the Company's goals in day-to-day operations. The framework includes comprehensive progress monitoring as well as a focus on operational excellence across verticals.

We have interactive platforms in place where we share our performance and progress while soliciting suggestions and viewpoints. These lead to possibilities and plans, which increase shareholder value and trust.



## Corporate Policies

### Objective

**To use corporate policies to create a framework of broad, fundamental principles within which we conduct our global operations.**

Our policies are the result of our dedication to our core values and serve as a guide for our day-to-day operations and governance. They are constantly evolving in response to current regulations and interactions with stakeholders.

Our policies formally outline our expectations of our employees and others who work on our behalf. The most important of these are available on our corporate governance website, which is accessible to all of our stakeholders online. These policies are

refreshed and reviewed regularly to ensure that the content remains relevant and appropriate. We conduct periodic assessments and update and reissue policies as needed as part of the process. New corporate policies are replacing all corporate policy letters and directives. The company will issue several new policy documents in the coming year, including the Human Rights Policy, Anti-corruption and Anti-bribery Policy, and a grievance mechanism for employees and other stakeholders.

## A snapshot of our Corporate Policies:

- Board Diversity Policy
- Material Subsidiary Policy
- Dividend Distribution Policy
- Code of Conduct
- Code of Conduct for Insider Trading
- Supplier Code of Conduct
- Quality Policy
- HSE-Policy
- Risk Management Policy
- Policy for Retention and Archival of Documents Hosted on Company Website
- Policy for determination of materiality of events and information
- Whistle Blower Policy
- CSR Policy
- Related Party Transactions Policy
- Nomination and Remuneration Policy

## Policy Advocacy

Every day, the national government makes decisions that have an impact on our lives. Businesses thrive in a stable legal and regulatory framework. The private sector must participate in policymaking for such an environment to emerge.

Bharat Forge Ltd, one of India's largest automotive forging companies, is famous for its world-class products for the Automobile sector. We act as a unified voice for the innovative engineering solutions for the industrial sector, assisting the government in developing better policies and use our influence to shape any subsequent policies.

## Whistle-blower Mechanism

A whistle-blower is a person making a reported disclosure under the whistle-blower policy. It establishes the principles and standards that govern our Company's Directors, Senior Management and Employees to report their concerns. We encourage our Directors and employees who have legitimate concerns about suspected misconduct to speak up without fear of repercussions or unfair treatment.

Furthermore, the vigil mechanism allows employees and directors to report any issues concerning unethical behaviour, actual or suspected fraud, or violations of the Codes of Conduct or policy to the management.

We promote a fair and Equitable Workplace by providing an opportunity to blow the whistle when any kind of unethical practices take place in the company. The mechanism includes adequate safeguards against employees and directors, as well as direct access to the Chairperson of the Audit Commission. The reported disclosure will be appropriately dealt with by the Investigating Committee and/or Audit Committee. In FY 2020-21, no violation of the Anti-Corruption and Bribery Policy were reported.

Our whistle-blower policy can be accessed here: <https://www.bharatforge.com/assets/pdf/investor/download/BFL-Whistle-Blower-Policy-Signed.pdf>

The policy is communicated by Human Resource Department to all the employees through circulars etc. and the establishment of a grievance mechanism by the company shall be disclosed by us on the company website.

## Code of Conduct

The Code of Conduct formally establishes our expectations for our officers, employees, and others who work on our behalf. The Handbook assists all of our employees worldwide in understanding and adhering to our policies, procedures, and business practises, allowing us to compete ethically and fairly at all times. Members of Bharat Forge's board of directors and senior management are organised around a documented Code of Conduct, which serves as an ethical standard for the company's business conduct and ensures adherence to legal regulations and internal guidelines. Employees must self-certify their adherence to the Code of Conduct and dedicate their best efforts to advance the company's interests, independent of outside influences.

All of our employees receive training to ensure compliance with the code of conduct as part of their induction. The Company Secretary is in charge of monitoring and reviewing compliance with the Code of Conduct. Suspected and reported code violations are investigated and addressed by the Chairman of the Board or the Chairman of the Audit Committee, ensuring the Board's oversight of the Code of Conduct with etiquette. The Code of Conduct, which formally sets out the expectations we have for our officers, employees and others working on our behalf helps all our employees to understand and follow our policies, procedures and business practices, so that we can compete ethically and fairly at all times.

The core values of our code of conduct inspire us to act honestly, fairly, ethically and with integrity in the best interests of, and fulfill our fiduciary obligations to the Company and its shareholders. They are an amalgamation of what we have been, what we are and what we continue to be. It outlines the principles that must be followed by everyone who works for and with the Company, regardless of location. Individual business units also issue policies that provide more specific guidance on specific business practises.

The Code of Conduct is a mandatory document that is distributed annually to all employees across the company. It directs the senior management regarding any matters relating to the Company's business, abstain from discussion, voting or otherwise influencing a decision on any matter in which they have or may have a conflict of interest and it would be necessary to obtain prior approval of the board of directors or the company before accepting the directorship. Conclusively, CoC ensures:

- Effective Stakeholder Engagement
- Faster and Fairer Decisions
- Processes that are Transparent and Unambiguous
- Professional and Ethical Behavior

## Anti-Corruption And Anti-Bribery Stance

At Bharat Forge Ltd., we have zero tolerance towards any kind of corruption and strict action is taken against anyone found indulging in such unprincipled acts. All employees are expected to exhibit the highest level of integrity in every sphere of activity.

All our facilities must comply with a wide range of laws and government enforcement practices regarding bribery and corruption. We maintain the highest standards wherever we operate and do not allow bribery or corruption, even when it may be tolerated or condoned. We are in the process to adopt an anti-corruption and anti-bribery policy soon.

## Transparency and Trust

We are more than a business; we are a social institution in the service of people everywhere, a force for good that is growing steadily as a result of our commitment to environmentalism, entrepreneurship, and community partnership. We serve the world by combining responsibility, integrity, diligence, and competence. We want our stakeholders to see and feel as a brand, obsessed with understanding and serving them in order to trust us. Trust is a motivator. Trusted people inspire trustworthy actions, which in turn inspire trustworthy relationships.

The strong commitment of our company to earning the trust of our stakeholders is critical to our long-term success. Our business practises are based on ethics and compliance. We recognise that being transparent ensures accountability to our commitments and demonstrates our integrity and ability to meet our goals.

## Ethics and Compliance

At Bharat Forge, compliance is non-negotiable. We ensure that all of our regulations are followed in both letter and spirit. As a global company, we follow all international and national laws and uphold transparency and accountability standards. During the reporting period, we received no fines from any regulatory authority for failing to comply with laws and regulations.

## Regulatory Compliance

We strictly follow all applicable regulatory laws, guidelines, and specifications. Throughout the year, our audit committee ensures strict adherence and regulatory compliance. If any related observations are made, they are immediately brought to the attention of the site's senior management, and corrective actions are taken.

## Reporting Violations

Our code of conduct on insider trading and fair disclosure of unpublished price sensitive information (UPSI) forbids communicating and obtaining UPSI. The confidential reporting of known or potential violations of the law or our policies shall be reported directly to the Compliance officer as a violation. A system for reporting violations anonymously is yet to be implemented so that disciplinary action is taken where appropriate.

## Political Contributions

Bharat Forge believes that government relations are critical in supporting the regulations and legislation that govern our business today and in the future. Our efforts and programmes to encourage employee participation in political and governmental affairs must fully respect employees' rights to use personal time as they see fit and to determine the scope and direction of their political activities.

Managers are expected to be updated on current government policies, affecting the company's interests and, when necessary, to help formulate and present our position based on the same. They are also expected to support our responsibilities as corporate citizens, such as participating in constructive government activities on our behalf.

During the reporting period, we did not make contributions to political candidates or political organisations, nor do we use our resources to help candidates win elections into public office.

*Our efforts and programmes to encourage employee participation in political and governmental affairs must fully respect employees.*






## Board of Directors

The Board of Directors of the Company provides entrepreneurial leadership to the Group as well as strategic direction to management. It is collectively responsible for promoting the Group's long-term success through the creation and delivery of long-term shareholder value. A well-balanced board with a mix of Executive, Non-executive, and Independent Directors is essential.

Bharat Forge's Board of Directors consisted of 14 (Fourteen) Directors as of March 31, 2021.

The Board is made up of 6 (six) Executive Directors (including the Chairman and Managing Director, who is also a Promoter Director) and 8 (eight) Non-Executive Directors, 7 (seven) of whom are Independent Directors, all of whom are highly regarded professionals from various fields, possess the requisite qualifications and experience which enable them to contribute to our growth and enhance the quality of the Board's decision-making process.

 <b>Mr. B. N. Kalyani</b> Chairman and Managing Director (Executive) 7 7	 <b>Mr. S. M. Thakore</b> Independent 7 7	 <b>Mr. P. G. Pawar</b> Independent 7 7	 <b>Mr. P. C. Bhalerao</b> Non-Executive 7 7
 <b>Mrs. Lalita D. Gupte</b> Independent 7 7	 <b>Mr. P. H. Ravikumar</b> Independent 7 7	 <b>Mr. Dipak Mane</b> Independent 7 7	 <b>Mr. Murali Sivaraman</b> Independent 7 7
 <b>Mr. Vimal Bhandari</b> Independent 7 7	 <b>Mr. G. K. Agarwal</b> Executive 7 7	 <b>Mr. Amit B. Kalyani</b> Executive 7 6	 <b>Mr. B. P. Kalyani</b> Executive 7 7
 <b>Mr. S. E. Tandale</b> Executive 7 7	 <b>Mr. K. M. Saletore</b> Executive 7 7	Number of Board Meetings Held <span style="color: orange;">■</span> Attended <span style="color: green;">■</span>	

## Board Meetings

The Board/Committee meetings are held to facilitate the organization's decision-making process in an informed and efficient manner. Board meetings are governed by a formal agenda. All major agenda items are supported by extensive background information, allowing the Board to make informed decisions. In the financial year 2020-2021, the Board of the Company met 7 (Seven) times on June 29, 2020, July 29, 2020, August 12, 2020, November 11, 2020, December 04, 2020, February 12, 2021, and March

19, 2021. The maximum gap between two Board Meetings was 91 (Ninety-one) and the minimum time gap was of 30 (Thirty) days.

The Board Members are committed to ensuring that the Board adheres to the highest standards of corporate governance. The table below summarises the key skills, expertise, competencies, and attributes that the Bharat Forge considers when recommending the appointment of Directors to the Board:

### Areas of Expertise Required



#### Strategy & Planning

Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.



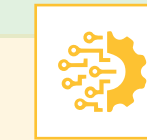
#### Board Diversity

Representation of Gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide.



#### Business Operations

Experience in driving business success in the markets around the world with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.



#### Technology

A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.



#### Sales & 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.

Every director is predisposed to their role based on their skill set. These abilities include the ability to strategically guide a company toward its vision and values, imparting financial expertise, regulating quality risk assessment and management, and potentially contributing to the implementation of

sustainable governance practises. In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills:

Areas of Expertise							
Name of the Director	Strategy & Planning	Board Diversity	Business Operations	Technology	Sales & Marketing	Finance Acumen	Governance and Risk Management
<b>Mr. B. N. Kalyani</b> Chairman & Managing Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. G. K. Agarwal</b> Deputy Managing Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. S. M. Thakore</b> Independent Director	✓	✓	-	-	-	-	✓
<b>Mr. Pratap Pawar</b> Independent Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. P. C. Bhalerao</b> Non-Executive Non-Independent Director	✓	✓	-	-	-	✓	✓
<b>Mr. Vimal Bhandari</b> Independent Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. P. H. Ravikumar</b> Independent Director	✓	✓	✓	✓	-	✓	✓
<b>Mrs. Lalita D. Gupte</b> Independent Director	✓	✓	✓	-	✓	✓	✓
<b>Mr. Dipak Mane</b> Independent Director	✓	✓	✓	-	✓	✓	-

<b>Mr. Murali Sivaraman</b> Independent Director	✓	✓	✓	-	✓	✓	✓
<b>Mr. Amit B. Kalyani</b> Deputy Managing Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. B. P. Kalyani</b> Executive Director	✓	✓	✓	✓	-	-	✓
<b>Mr. S. E. Tandale</b> Executive Director	✓	✓	✓	✓	✓	✓	✓
<b>Mr. K. M. Saletore</b> Executive Director & Chief Financial Officer	✓	✓	✓	-	✓	✓	✓

## Director's Remuneration Policy

### Objective

**To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.**

This Policy was developed in accordance with the provisions of the Companies Act of 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations of 2015 (the Regulations).

a) The Nomination and Remuneration Committee determines the remuneration/compensation/commission, etc. for the Whole-time Director, KMP, and Senior Management Personnel and recommends it to the Board for approval. The remuneration/compensation/commission, etc., shall be subject to prior/post approval of the Company's shareholders and the Central Government, as applicable.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentages/slabs/conditions set out in the Company's Articles of Association and as provided for in the Act.

c) The Committee recommends to the Board changes to the existing remuneration/compensation structure that are within the slabs approved by the Shareholders in the case of a Whole-time Director.

### Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel

#### Fixed Pay

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### Provisions For Excess Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

*KMP means Key Managerial Personnel which includes Chairman and managing director, executive directors, Chief financial officer and Company secretary*

The Board of Directors agreed that the company's non-employee directors be entitled to the following remuneration:

### Remuneration to Non- Executive/ Independent Director

#### Remuneration/ Commission

The remuneration/ commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

#### Sitting Fees

The Non- Executive/ Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fess shall not exceed Rs. 1,00,000/- (Rupees One Lac only) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## Board Committees

### Objective

**To ensure that all governance issues are addressed effectively and transparently.**

We have articulated our corporate governance policies and established systems and procedures to ensure that the Board is well informed and equipped to carry out their responsibilities and to provide the strategic direction required to create long-term value

with the institutionalization of Board committees, for members to understand their responsibilities and for the Board to organize itself and perform the necessary tasks effectively.

### Board Committees



### Structure of Board Committees

The Board oversees and is accountable for the committees' performance in carrying out their responsibilities. The minutes of all committee meetings are presented to the Board for review. These committees ensure implementation, streamlining and monitoring, and giving appropriate direction to the day-to-day working of the companies.

Relationship Committee, Nomination & Remuneration Committee, and Finance & Risk Management Committee. The Board Committees are set up under the formal approval of the Board of Directors, who are responsible for designating set roles and responsibilities that are to be performed by the respective Board Committees. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. The Company Secretary acts as a Secretary of all the Board Committees.

As of March 31, 2021, the company has the Audit Committee, the CSR Committee, Stakeholders'

Audit Committee	CSR Committee	Stakeholder Relationship Committee	Nomination and Remuneration Committee	Finance and Risk Committee
<b>Mr. P.G. Pawar</b>	<b>Mr. P.G. Pawar</b>	<b>Mr. P.C. Bhalerao</b>	<b>Mr. P.G. Pawar</b>	<b>Mr. B.N. Kalyani</b>
Mr. S.M. Thakore Mr. P. H. Ravikumar Mr. P.C. Bhalerao	Mr. B.N. Kalyani Mr. Amit B. Kalyani	Mr. B.N. Kalyani Mrs. Lalita D. Gupta	Mr. S.M. Thakore Mr. Vimal Bhandari Mr. P.C. Bhalerao	Mr. P.G. Pawar Mr. Amit B. Kalyani Mr. P.C. Bhalerao

### ESG Committee

Bharat Forge is working towards constituting the ESG committee which would align business with ESG & would report to top governance body (Board of Directors) of Bharat Forge. We are working towards defining roles & responsibilities for ESG aspects in the business.

of Bharat Forge & working towards further improving & integrating into the management system. Roles & responsibilities will be clearly defined for ESG committee & ESG team. It will also contain clearly defined ESG review process & schedule. ESG Committee & team will be constituted in FY 2021 – 22.

ESG teams would work towards identifying ESG initiatives & requirements to achieve various ESG goals



# Stakeholder Groups for Bharat Forge

## Objective

*To guarantee the successful accomplishment of our sustainability goals, the perspective and comprehensive consultation with our stakeholders is of utmost importance.*

Bharat Forge has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, business partners, government and regulatory authorities, trade unions, etc. at large. Our stakeholders are individuals, groups, or organisations who have a material influence on or are materially influenced by the company's

corporate decisions and the consequences of those decisions.

Efficient Stakeholder engagement is necessary for determining issues qualified for promoting sustainable business strategy, but also for satisfying the requirements and needs of those who trust in the company.








## Stakeholder Engagement Process



We adopt flexible and diversified practices of dialogue and involvement in order to share present and future development strategies as well as

objectives with our main stakeholders. The main stakeholders recognized by us have been listed below.

Stakeholder	Dialogue	Frequency of Engagement
 <b>Senior Management</b>	Conferences Annual Report Sustainability Report Press Release Investor Presentation Quarterly & Annual Results	Periodically Annually Annually Periodically Quarterly Quarterly

Stakeholder	Dialogue	Frequency of Engagement
 <b>Employees</b>	Training Conferences Annual Report Sustainability Report Press Release Investor Presentation Quarterly & Annual Results	Periodically Periodically Annually Annually Periodically Quarterly Quarterly
 <b>Investors</b>	Annual report Sustainability report Press releases Investor presentations Corporate website Quarterly and Annual Results	Annually Annually Periodically Quarterly Periodically Quarterly
 <b>Customers</b>	Personal visits Mass media & digital communications Plant visits Social media	Weekly and Quarterly Quarterly Annually Monthly
 <b>Suppliers</b>	Supplier & vendor meets Workshops & trainings Policies IT-enabled information sharing tools and recognition platforms Dialogue on the industry initiatives Training courses	Periodically Periodically Periodically Annually Periodically Annually
 <b>Business Partners</b>	Dialogue with sales organisations and coordinating units of importers	Periodically
 <b>Government and Regulatory Bodies</b>	Official communication channels Regulatory audits/inspections Environmental compliance Policy intervention Good governance	Monthly Annually Annually Periodically Annually
 <b>Communities</b>	CSR activities Meetings and briefings Impact assessment surveys Official communication channels, including advertisements Publications Websites and social media	Weekly Weekly Annually Monthly Half-yearly Half-yearly

# Information Security

## Objective

**To provide value and confidence to all stakeholders by protecting information assets from all internal and external threats and by achieving and maintaining information security processes to the highest standards.**

Bharat Forge Limited recognizes that information and information systems are valuable assets that play a significant role in achieving Bharat Forge's strategic goals. Information security is critical to the protection of Bharat Forge's reputation and business success.

An Information Security Policy has been implemented which provides support, management direction and documents how Information Security is managed throughout Bharat Forge; it outlines the appropriate measures through which the company will facilitate the secure and reliable flow of

information, both within the company and externally. The policy sets out the principles and an overarching framework for Information Security. It also details the supporting policies and guidelines, which will address the aspects of security. The approach being adopted is based upon the International Standard ISO/IEC 27001: 2013 -The Code of Practice for Information Security Management.

Bharat Forge's IT and Engineering division is certified for ISO 27001 since 2006. Recently Defence division has been added to this certification scope.

*Bharat Forge Limited is committed to the security of organizational information assets including data of all clients associated with it.*

*Bharat Forge Limited will ensure that appropriate information security controls are applied and integrated to ensure information protection from threats to confidentiality, integrity and availability there by enhancing the confidence of and addition value to all its stakeholders of the organization.*

*For continuous availability of the critical processes, Bharat Forge Limited will define a Business Continuity plan and test it periodically*

*This will be continually monitored to ensure compliance at the management level.*

## Risk-based approach

Threats and vulnerabilities to information systems are assessed at regular intervals with consideration of impact and probability of the threat realization.

This exercise gives input to security controls needed to be established to mitigate the security risk.

## Potential impact

Our operations are increasingly dependent on IT systems, digital interactions and management of information. The cyberattack threat of unauthorised access and misuse of sensitive information or disruption to functions can inhibit business operations in several ways.

## Mitigation Strategy

- Certified for Information security management system ISO 27001:2013, Suggested controls by the standard are implemented and monitored continuously.
- VAPT test conducted for IT infrastructure at regular intervals and taken on highest priority to close the findings.
- Cybersecurity posture validated from independent expert agencies.
- Aspire latest technologies to protect organisation's information assets.
- Emphasis on Information security training and awareness of employees

## IT security

The information security initiative is coupled with latest technology to cater security requirement at each stage of IT processing but not limited to endpoint protection, perimeter protection, data center security, communication security, data security at rest and in motion, application security, etc.

## Support functions

Information security program in Bharat Forge is supported by functions such as Human resources, Legal, Physical/electronic security and EHS for implementing security controls in their respective domains

## Training and Awareness

Every member of the Bharat Forge community i.e. employees, contractors, consultants, third parties are required maintain a minimum level of security to enable the organization to meet its legal and contractual obligations. To ensure this, Information security cell conducts extensive Information security awareness training for its task force, in addition to the Infosec awareness mails sent to all employees on a timely basis.





# Caring for People



## Objective

To engage with people positive in attitude and full of energy and new ideas that stimulate change as well as progress within the organisation.

# Dynamic Workforce

## Objective

To provide safe and engaging workplaces where people can grow.

## SDGs Impacted



## Employee support and growth

We want our employees to experience greater equity – fair treatment based on individual needs and circumstances – while also assisting them in doing the same. We are accomplishing this by increasing workforce diversity and inclusion, improving employee experience, and increasing our annual expenditure on the female workforce. We are strategically investing in talent development and management strategies focused on employee recruitment, retention, reward, and rejuvenation. It is the combination of our people's professional expertise and industrial know-how, combined with their dedication, which propels Bharat Forge towards continued excellence in a dynamic environment.

Bharat Forge has developed pragmatic solutions and methods of working overtime to adapt to changing demands. Bharat Forge collaborates closely with employee representatives to deploy solutions that help to maintain and strengthen the company's competence while reducing negative social consequences. This includes utilizing

time-banks to reduce labor time, upskilling for continued employability, early retirement, financial compensation, internal mobility programs and outplacement via third parties.

### Acquiring Talent

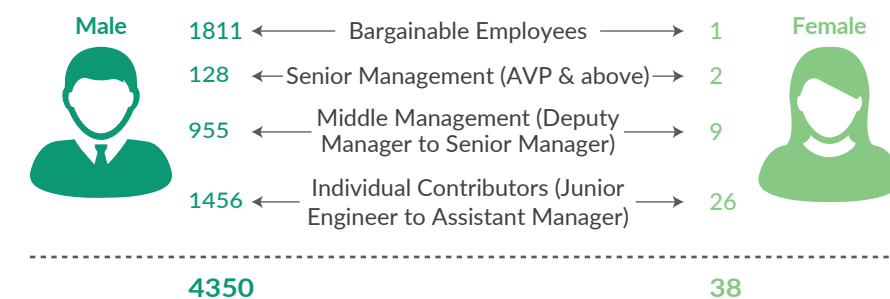
We focus on developing human resource capability in line with Bharat's transformation and evolution through internal hiring and internal job posting, on-the-job training is offered for aspiring entry-level engineers to technical positions.

### Talent Development

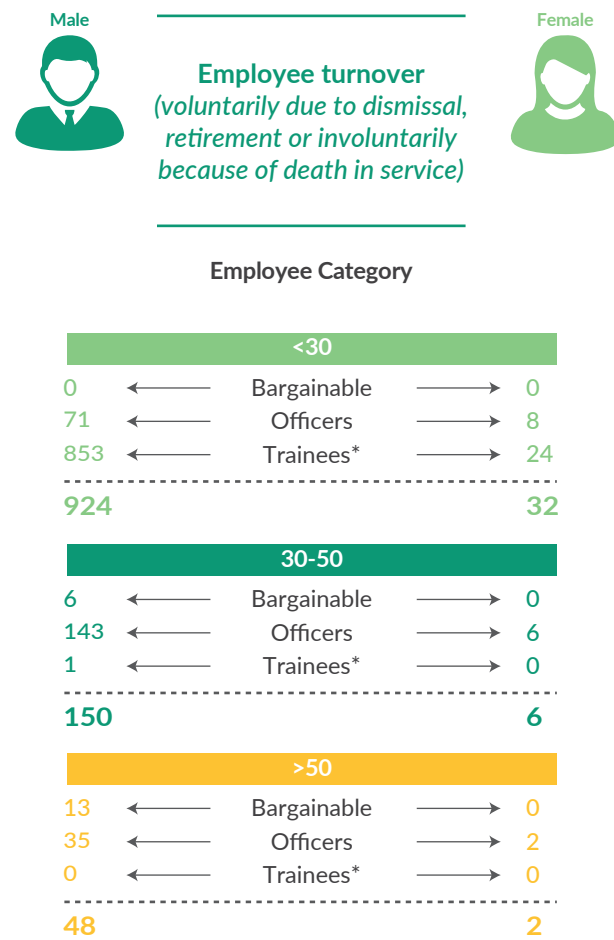
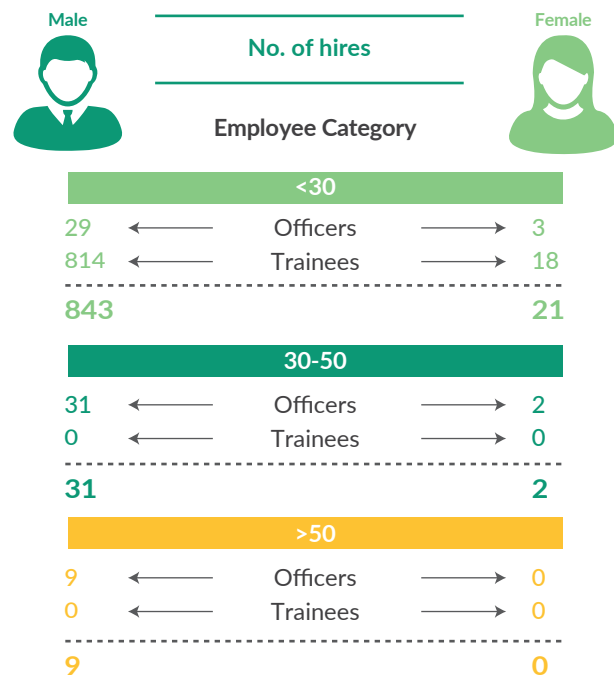
- Increasing technical domain knowledge through on-the-job training and collaboration with prestigious institutions
- Carrying out one-of-a-kind and customized technical competency development initiatives in forging and machining
- The development of leadership and managerial capabilities in order to achieve strategic goals and support new business and expansion projects.

## Workforce Profile

### Employee Category







(\*Training period got over)

Because of the Covid-19 pandemic, Bharat Forge, like many other companies around the world, faced an unprecedented situation in 2020. The Company has taken extensive measures to maintain operations and employment as a result of the Covid-19 pandemic. Simultaneously, the Company is speeding up the competency shift required for the development of new technologies and business models.

## Employer Attractiveness & Long Term Employee Development

Bharat Forge's success relies on its workers' devotion and technical expertise. The Bharat Forge is striving to recruit new employees, deploy them in the best way possible, and specifically promote their potential to assure their long-term employability as an attractive employer delivering extremely fascinating future-oriented jobs. The effectiveness of this strategy can be seen not just in employee satisfaction surveys, but also in the recognition the Bharat Forge has gained as a desirable employer.

### Key Aspects of Sustainability: Employee Evolution and Employer Attractiveness

Promoting and developing the potential of its personnel, as well as being a desirable employer,

are crucial parts of the Bharat Forge's long-term viability. Employees, as one of the most significant stakeholder groups, should be consistently included in the discussion when the Group's strategic course is changed. Bharat Forge reviewed its perception as a sustainable company as well as the major emphasis of its strategy in a series of international stakeholder dialogues with employees from various locations in 2020 - 21.

### Developing and Restructuring Competencies, Qualification

Companies must constantly adapt to changing situations and qualify their staff to meet future difficulties as a result of social, economic, and technical advances. As a result, the Bharat Forge invests consistently in initiatives aimed at establishing, broadening, or adjusting the necessary competences, and provides its employees with a variety of training and education opportunities.

## Wide range of training and education opportunities

At Bharat Forge, lifelong learning is an essential aspect of everyday work. It seeks to assure the efficiency and employability of its personnel, as well as its own long-term competitiveness, by providing a needs-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalization.

### Our Academic and Skilling Program for Employees

#### Skill Upgradation

- Undergraduate studies at BITS, Pilani
- Post Graduate studies at DIAT, Pune

#### Technology Development

- Technology-specific programs at Fraunhofer, RWTH Aachen University, COEP, The Institute of Welding, Deakin University, and Advanced Manufacturing Research Centre

## Upskilling our Employees

Bharat Forge promotes a culture of responsibility, diversity, and innovation to ensure that our employees are engaged, connected, and motivated. We attract and develop the right talent, ensuring professional development and personal well-being throughout their tenure with us. The company provides programmes that are specifically designed for roles such as require upgraded skills or will be phased out over time.

#### Management Development

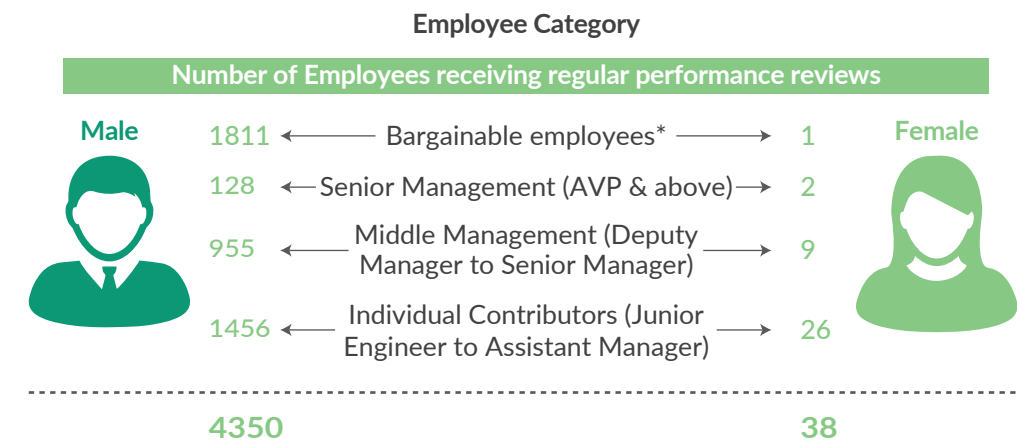
- Post Graduate studies at Warwick University
- Risk Management Training

#### Advanced Technical Skills

- Accelerated training on Industry 4.0 – Hydraulics, Pneumatics, Sensor technology, Human machine Interface, PLC & control Mechatronics, AR & VR, Big Data analysis, IoT

All our employees are subjected to formal performance and career development reviews on a regular basis, and we encourage leaders to have frequent inflection points.

### Performance and Career development reviews



(\*They receive only performance reviews)

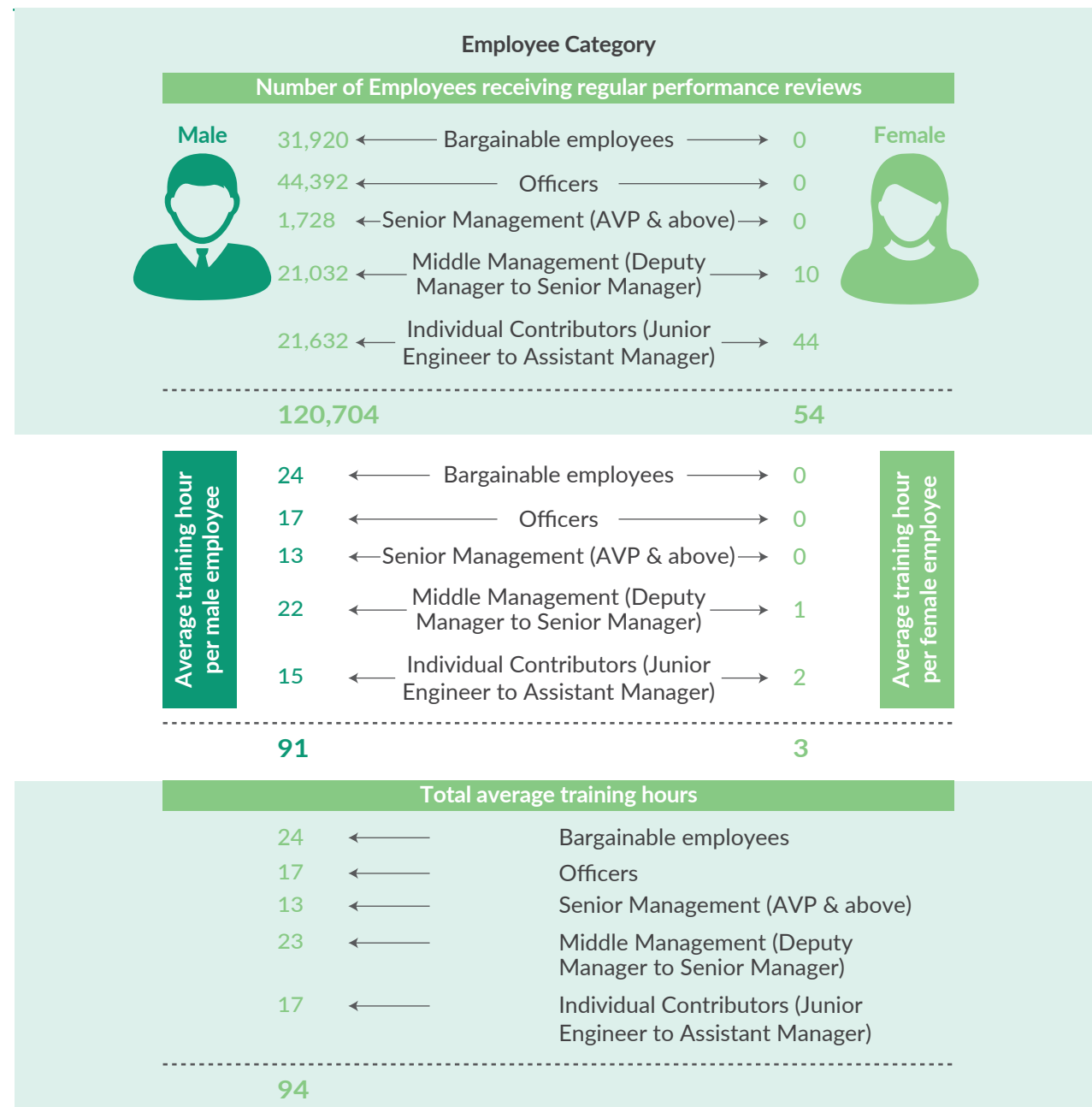
## Training & Capacity Building

Individual and organisational learning is critical for both Bharat Forge and its employees. Learning assists the company in carrying out current business operations as well as transforming for the future. From the perspective of the employees, learning is also an important part of their development and growth. Through its corporate learning and competency development, the company drives its scalable learning and competency development. We support targeted development of our people based on their core competencies, which aims to assist our employees in developing core, behavioural, and functional

competencies based on their respective jobs and positions within the company. This is accomplished through a variety of solutions, such as internal and external learning programmes, as well as critical experiences gained on the job.

Face-to-face training was only conducted to a minimal level throughout the reporting period due to the COVID - 19 pandemic. Despite the scenario, greater usage of e-learning formats guaranteed that qualification courses were held for the most part. In FY 2021, Bharat Forge employees spent an average of 18 hrs on training.

### Training hours



## Enhancement of Job Security by Investment & Training

Bharat Forge is leading the transition to forging, digitization and electric mobility as one of the pioneers in this industry. Thus, industrial site modernization and long-term employment stability go hand in hand. Employees are trained and qualified to take on new duties in different departments.

### Development and Further Training for Managers

In a competitive world, excellent leadership is a requirement for achieving remarkable results. Managers at the Bharat Forge play a critical role in implementing the company's new corporate strategy. Bharat Forge develops personalities with the correct attitude and individual, context-related behaviour, joint team leadership skills, and a high degree of connection inside the organisation in order to develop this knowledge. It gives its managers the tools they need to develop exceptional leadership skills based on a shared understanding of leadership.

### Promoting Young Talent

Bharat Forge's Graduate training program contributes significantly to addressing the company's constant demand for young talent, enhancing the Group's attractiveness as an employer. At the same time, the Group aspires to help young people develop their personalities through vocational training and engage in society. With this in mind, the Bharat Forge invests in Graduate Training Program and, as a result, in tomorrow's talented personnel. Despite the pandemic's problems, Bharat Forge recruited 832 trainees in India alone throughout the reporting year.

Bharat Forge has been investing in digitalized training for several years, and it has become even more prominent since the onset of the COVID - 19 pandemic. Even when training schools closed, innovative learning platforms and formats, as well as digitalized learning content, allowed various

training venues to continue giving training with virtually no gaps.

## Bharat Forge Continues to be an Attractive Employer

Bharat Forge, as a desirable employer, provides future-oriented jobs and the proper conditions for people to develop personally and contribute to the shaping of the future. Outstanding performance motivates employees to reach their full potential and help the firm succeed as a whole.

Employees have varying needs when it comes to organising their job and working hours, depending on their stage of life or living situations. As a result, Bharat Forge provides a great deal of individual personal scope in the form of working time arrangements such as work from home. These considerations serve as the foundation for altering contractually agreed-upon working hours on an individual basis.

Bharat Forge is responding to new & upcoming trends with an advanced strategy that emphasizes sustainability and a slew of internal efforts, including stakeholder conversations with employees on the subject. The new strategic principles are also being implemented across Bharat Forge's numerous corporate units. Its appraisal of processes has also improved significantly, though still at a low level. Activities aiming at increasing interdisciplinary interaction have been pushed up to foster this positive trend. In July 2020, the outcomes of the follow-up procedure were presented to the Board of Management.

*Bharat Forge provides a great deal of individual personal scope in the form of working time arrangements such as work from home.*

## Managing Employment and Workforce Planning

Bharat Forge employed 4,892 employees as of March 31, 2021.

The COVID - 19 pandemic's severe restrictions on public life and the economy had a devastating influence on the automotive industry in 2020. Bharat Forge reacted by implementing a series of personnel changes. It used flexible arrangements at first, such as lowering extra hours on time and holiday accounts, before introducing short-time working hours.

Employee's were restructured , as a result of natural fluctuations and through voluntary retirement scheme as well as manpower rationalization.

Strategic personnel planning is a method for early detection of the need to restructure personnel and competence structures. This data is used by Bharat Forge Ltd. to make targeted improvements in areas such as training and further education, staff development and marketing.

Employee attrition rate at Bharat Forge for FY 2021 is 4.8% where as 4.4% for FY 2020.

## Digitalized Solutions

We kept our focus on digitalization, instituting several projects to improve employee experience

and data-driven decision-making. Implementation of in-house and external training, as well as the deployment of customised capability building initiatives under the Industry 4.0 umbrella, to build a strong team familiar with digital tools and techniques for a smart workplace and factory.

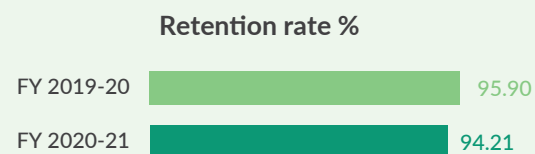
To enhance speed and efficiency in HR, the process we are introducing Darwin Box. This process has increased the efficiency of the HR department by freeing employees from time-consuming manual tasks and allowing them to focus on more complex tasks such as decision making and strategy formulation. It has helped us reduce the cost and time spent on manual HR planning and processing by automating standard and repetitive HR activities.

## Succession Planning and Retention

Our emphasis on finding the right fit is reflected in the high success and retention rates of our work. Retaining our employees is critical to staying on track with our expansion goals and ensuring smooth operations and on-time project completion. On Case to case basis, we make sincere efforts to retain our critical talent through various initiatives.

We concentrate on succession planning for key managerial positions, tracking the number of employees who will retire in the next five years, and identify possible successors for each position. A list of critical positions is developed, and a

detailed plan is implemented. The list of potential successors is validated by respective department heads before discussing it with the Directors. In FY2020-21, a few critical positions were filled up as a result of Succession Planning.



## Non-salary Benefits

Bharat Forge believes in providing an ecosystem for employees wherein their financial needs are taken care which are beyond the Salary.

### Health & Wellness Benefits

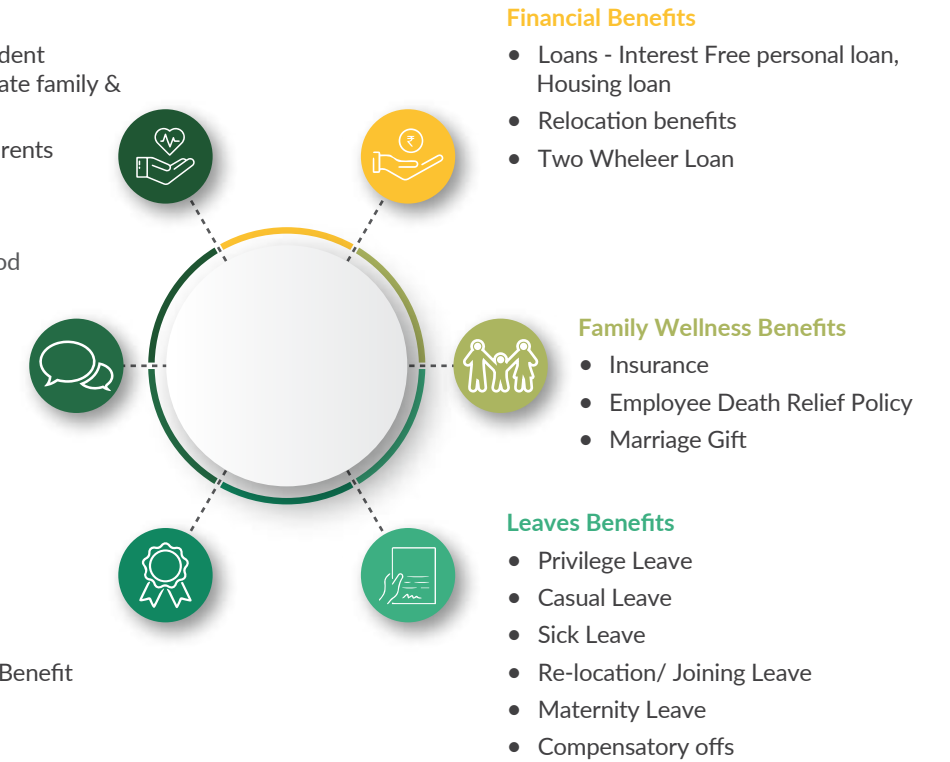
- Insurance – Medical & Accident insurance for self & immediate family & critical illness
- Coverage for dependent parents
- Period Health Checkup
- Wellness programs
- Nutritious & Subsidized Food

### Communication

- Mobile handset
- Corporate SIMData Card

### Recognition

- Long Service award
- Superannuation Gift
- Silver Jubilee Award
- Family Planning Operation Benefit



### Financial Benefits

- Loans - Interest Free personal loan, Housing loan
- Relocation benefits
- Two Wheeler Loan

### Family Wellness Benefits

- Insurance
- Employee Death Relief Policy
- Marriage Gift

### Leaves Benefits

- Privilege Leave
- Casual Leave
- Sick Leave
- Re-location/ Joining Leave
- Maternity Leave
- Compensatory offs

## Provident Fund

The Company operates two plans for its employees to provide employee benefits like a provident fund. Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust.

## Gratuity

The Company operates two defined benefit plans for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds.

## Superannuation

Retirement benefit in the form of a superannuation plan is a defined contribution plan. Defined contributions to insurance companies for employees covered under the superannuation scheme are accounted at the rate of 15% of such employees' basic salary.

## Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit.

## Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.



## Diversity & Inclusivity

### SDGs Impacted



Bharat Forge promotes an inclusive culture that values the diversity of thought and viewpoint. Diversity boosts performance by stimulating creativity, encouraging innovation, and improving decision-making. Following the decentralized model employed by Bharat Forge, the responsibility for promoting diversity is shared by all levels of the organisation.

We promote diversity in our workforce by focusing on people of different genders, religions, races, and ethnicities, and education enriches the workplace through perspectives, innovation, performance, and profits. Given the nature of our operations, which are inherently biased in favour of men,

	Male	Female
<b>Employee Category</b>		
	<30	30-50
Bargainable	3	1647
Officers	276	2025
Trainees	499	5
	<b>778</b>	<b>3677</b>
<b>Employee from Minority Group</b>		
Bargainable	399	0
Officers	428	4
Trainees	231	3
	<b>1058</b>	<b>7</b>
<b>Employee from other groups which indicate diversity</b>		
Bargainable	1412	1
Officers	2111	33
Trainees	258	12
	<b>3781</b>	<b>46</b>

particularly in terms of operations and technical functions. We have been working methodically to strike a balanced ratio between male and female employees at the office as well as in managerial positions.

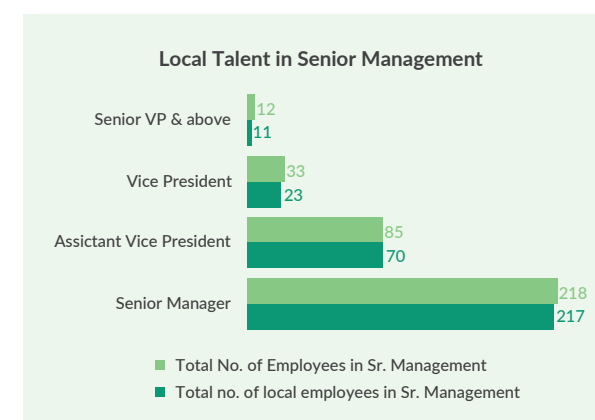
For all of its workers, Bharat Forge places a high value on an unprejudiced, grateful, and inclusive working environment. We advocate for a harassment-free workplace where people are treated with dignity and respect. Any form of workplace discrimination based on age, race, gender, religion, political opinion, nationality, sexual orientation, social background, or disability is strictly prohibited. One of the overall goals is for management and the workforce to fairly reflect the diversity of the regions and communities.

On a corporate level, Bharat Forge considers age and gender to be integral indicators of diversity. As described in the gender diversity table below, the total gender balance is assessed as a total of the workforce, for line management positions, and at the senior management level.

	Female	Male
<b>Employee Category</b>		
	FY 2019-20 (as of Mar 2020)	FY 2020-21 (as of Mar 2021)
Senior VP and above	0.56	-
VP	0.89	0.92
AVP	0.93	0.58
Senior Manager	0.97	0.93
Manager	1.10	1.15
Deputy Manager	0.90	0.90
Asst. Manager	0.91	0.94
Engineer	0.86	0.91
Junior Engineer	-	-
GET	1.01	1.00
DET	1.00	1.01
Management Trainee- SA	-	0.90
PGET	1.00	1.02
Trainee	-	-

### Local Community representation in Senior Management

Local community talent plays an important role at Bharat Forge, as talent is locally available and it also plays role in developing the local community. This also encourages the local community to get good education & aspire for senior roles at Bharat Forge during the course of their career. Local talent is well represented in senior management roles at Bharat Forge.



### Gender Pay Gap

The gender pay gap stood at 7% in 2020 - 21. That figure is calculated based on pre-tax earnings per employee, including fixed and variable remuneration, whether in cash or in-kind. However, the gender pay gap varies by job category. For example, among Managers, the woman earns more than the men.

The mere presence of a gender pay discrepancy is a matter for the above-mentioned Diversity

Committee to prioritize in the coming years. Although the gender pay gap affects all the sector players and also depends on exogenous factors (reduced female access to STEM training and even unequal female access to the labour market in some countries), Bharat Forge is committed to closing the pay gap between men and women by analyzing the issue factory by factory and implementing a variety of diversity and inclusion measures.

## Human rights

### SDGs Impacted



We believe in protecting the human rights of our people, recognizing their need for respect and dignity. We also ensure that stakeholders are protected against abuses and are given the opportunity needed to realise their full potential without any bias.

To us, the human rights of our stakeholders that impact our business are of immense importance - such as our employees, suppliers, contractual workers, customers, or communities in which we operate, form the basic premise of our Human Rights policy, which is under implementation. We abide by our Employee Code of Conduct which lays down the principles for ethical conduct. Additionally, we ensure that all our employees and stakeholders have an awareness of this Code.

We provide equal opportunities to all our employees and all eligible applicants for employment in our company. Our human capital management aims to eliminate discrimination in the workplace. We do not unfairly discriminate on any ground including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any category protected by applicable law. Our induction programmes are structured to highlight awareness on Human Rights for new employees and refresher training. We ensure that all our operations and our value chain partners protect, upkeep, and abide by the applicable regulations protecting human rights. All of our security personnel, including those supplied by a third party, are trained in human rights policies and the identification and prevention of child labour.

It is crucial to address the grievances of our workers and anyone associated with our operations or with our business partners is essential for sticking to our values, compliance with regulations, and business continuity.

## Labour Relations Management

Honesty, transparency, justice, and inventiveness characterize the relationship between the corporation and its employees, including employee representatives and unions. These fundamental principles were created in collaboration with members of the Bharat Forge Works Council (Union) and serve as a guide for how we work together to navigate the Bharat Forge through required business changes.

The annual Bharat Forge Dialogue, in which about 10 employee representatives meet with the CEO and Bharat Forge Management members to discuss the current business situation and strategic initiatives of the Bharat Forge, as well as specific future opportunities in new business areas, digitalization, and required competence shifts, is a cornerstone of this relationship.

### Relationship with Unions

The freedoms to associate and bargain collectively are fundamental rights of workers and employers.

Recognizing the right to collective bargaining is essential for representing collective interests. It has the potential to improve enterprise performance, manage change, and foster harmonious industrial relations. During the reporting period, we have not identified any of our operations or suppliers where employee rights to freedom association or collective bargaining, may have been violated or are in jeopardy.

We adopted the philosophy of industrial relations emphasizing the involvement of workers and their representatives in order to ensure the implementation of changes and peaceful wage settlements. We collaborate with unions to ensure cordial and proactive industrial relations across all plants and provide industry 4.0 training to employees to help them build a digital workplace and improve their understanding of products and processes.

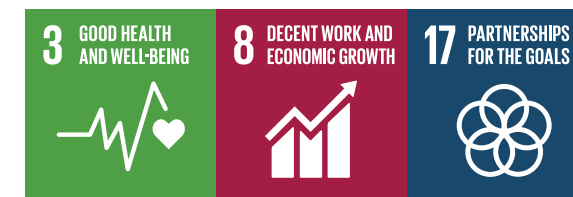


# Occupational Health And Safety At Workplace

## Objective

*To guarantee a decent and safe work environment considering diversity and inclusion, reduction of inequalities, and the provision of equal opportunities.*

## SDGs Impacted



Workplace safety of employees forms the foundation of our strategy to attain sustainability. Bharat Forge places great emphasis on maintaining and improving its employees' health and safety. We have extremely high standards of occupational safety that serve as a preventive measure. To ensure the safety of all, we have implemented comprehensive compliant protocols across all touchpoints. Bharat Forge is committed to create and maintain a safe and

healthy workplace in our organisation by developing and implementing our occupational health, safety, and environment management system conforming to International Standards and Driving excellence in operations and support functions. (Our HSE Policy can be accessed here:

<https://www.bharatforge.com/assets/pdf/self-authorization-from-marine-class/001-HSE-Policy.jpg>)

## Occupational Health & Safety Management System

### Bharat Forge

has Safety Policy, Competence, Communications system/policy, Insurance Systems, First Aid, Training, Occupational Health, Inspection Systems, Audits, Procurement, Contractors Control & Risk Assessments

#### Management Control Systems

Include Work Equipment, Work Permit System, Isolation Procedures, Equipment Controls, Hand Tools, Access Equipment, Lifting Equipment, Pressure Systems, Mobile Work Equipment, Hazardous Substance Control, Electrical Equipment, & Installations, Electrical Protection, PPE, Manual Handling, Ergonomics & Display Screen Equipment.

#### Fire Control Systems

Includes Fire Protection Co-ordination, Fire Risk Assessments, Alarm Systems, Fire Fighting Equipment, Escape Routes, Emergency Lighting, Drill, and Instruction, Security & Emergency Planning.

#### Measurement and Control Systems

Includes Reporting Systems, Investigation Process, Proactive Monitoring, Statistics, Measures of Performance.

#### Workplace Implementation

at Buildings, Stairways, Walkways, Lighting, Ventilation, Welfare & Hygiene, Traffic Routes, Storage/Stacking Systems, Housekeeping, Waste Management, Safety Signs & Colour Code

#### Verification

of Management Systems, Employees Culture, Support Systems, 5 S, WCMS, ISO45001, ISO 9000/14000



We strive to continuously improve our safety performance and are committed to managing and addressing health and safety risks as effectively as possible with our senior management. Anchoring the safety of our organization as a guiding principle, the occupational health and safety systems play an important role in encouraging the occupational health & Safety system. To that end, our employees are informed and trained to act in line with the

safety requirements of the various systems to surpass the audit and verification process. During the reporting period, we have audited our facilities for integrating ISO 14001:2015 and ISO 45001:2018. Mundhwa, Baramati, Satara and Chakan, are outfitted with all of the necessary safety guidelines; and have received the certificate of compliance.

## Hazard Assessment and Risk Management

Bharat Forge's holistic health management goes beyond the statutory preventive healthcare and occupational health and safety requirements with a purpose to establish, implement and maintain a process for proactive hazard identification and determination of controls to eliminate or reduce risks within the acceptable limit and also determine the Risks and Opportunities that are relevant to intended outcomes of the OH&S management system. While continuously employing measures to promote employee well-being and healthcare, a proper hazard identification risk management system has been put in place to ensure continuous improvement of occupational health and safety of the organisation.



Work round tour with process owner & safety

### Hazard Identification Risk Assessment

Hazard Identification Risk assessment (HIRA) is carried out regularly at all levels in following six steps by a highly-skilled Process owner or a Qualified Safety coordinator well versed with details of all activities and Safety standards



A risk management report is prepared by evaluating the risk management plan either using a scoring methodology for Hazard Identification and Risk Assessment which gives Risk rating or is based on Risk factors hierarchy of control decided (by the means of Elimination, Substitution, Engineering control, Administrative control, use of PPE).

The risk management report comprises of Executive Summary (Brief findings of Assessments), Introduction (Scope and Objectives), Risks Quantified, Risks Eliminated, Risks Minimized, Summary of Risk Assessment Processes and Recommendations (Options for improvement).

## Worker training and Skill Mapping

The physical and mental well-being of our employees is critical for successfully and responsibly overcoming the challenges of workforce transformation. Our holistic health management system that has been implemented throughout the organisation, identifies a mandatory need for Skill mapping and training.

concerning health, safety, and the environment and delivering practical solutions to problems encountered, promoting safety awareness amongst all workers, and undertaking educational, training, and promotional activities. We emphasize on providing training regarding safety measures during induction to all new employees, including specific training such as working at height, in confined space entry, refresher training, on-site emergency training to tackle contingent urgent situations, on job training inclusive of safety topics.

A Safety Committee has been formulated to assist and collaborate with management and objectives as outlined in the 'HSE Policy,' dealing with matters

Name of Plant	Permanent			Contractual/Temporary			Total		
	No. of Employees	Training Given	Training Percentage	No. of Employees	Training Given	Training Percentage	No. of Employees	Training Given	Training Percentage
Mundhwa Plant	3413	2748	81	1250	1198	96	4663	3946	85
Chakan Plant	257	241	94	221	221	100	478	462	97
Satara Plant	77	69	90	75	75	100	152	144	95
Baramati Plant	791	695	88	902	902	100	1693	1597	94
<b>Average</b>	<b>4538</b>	<b>3753</b>	<b>83</b>	<b>2448</b>	<b>2396</b>	<b>98</b>	<b>6986</b>	<b>6149</b>	<b>88</b>

## Safety Control System

A safety control system is in place to reduce the risk of exposure of our employees and assets to activities of third parties and vice versa. In cases where workers are not permanent employees of Bharat Forge but their work and/or workplace is controlled by the Bharat Forge, internal audits are conducted to ensure compliance with safety regulations, correct abnormal observations, and levy penalties in case of repeated violations. Checks on work include the examination of an air receiver by a competent person, the verification of third-party certificates issued by a government authority, and the verification of petroleum storage by a CCOE-approved agency.

### Procedure of Safety Control System



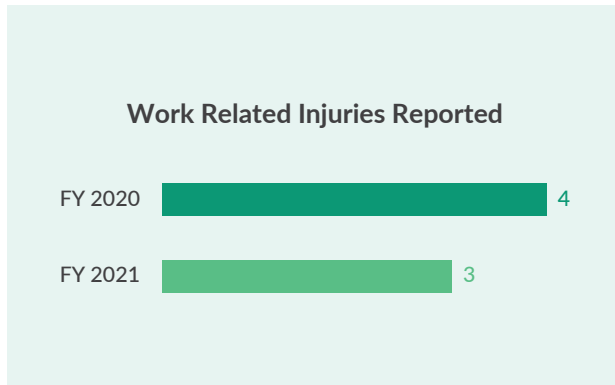


6149 or 88 % of people employed at Bharat Forge plants work at a location trained in accordance with our occupational health and safety management system.

In accordance with the Bharat Forge's Supplier Code of Conduct, audit & monitoring is done at suppliers on a wide variety of sustainability topics. Health and safety are central elements of this process.

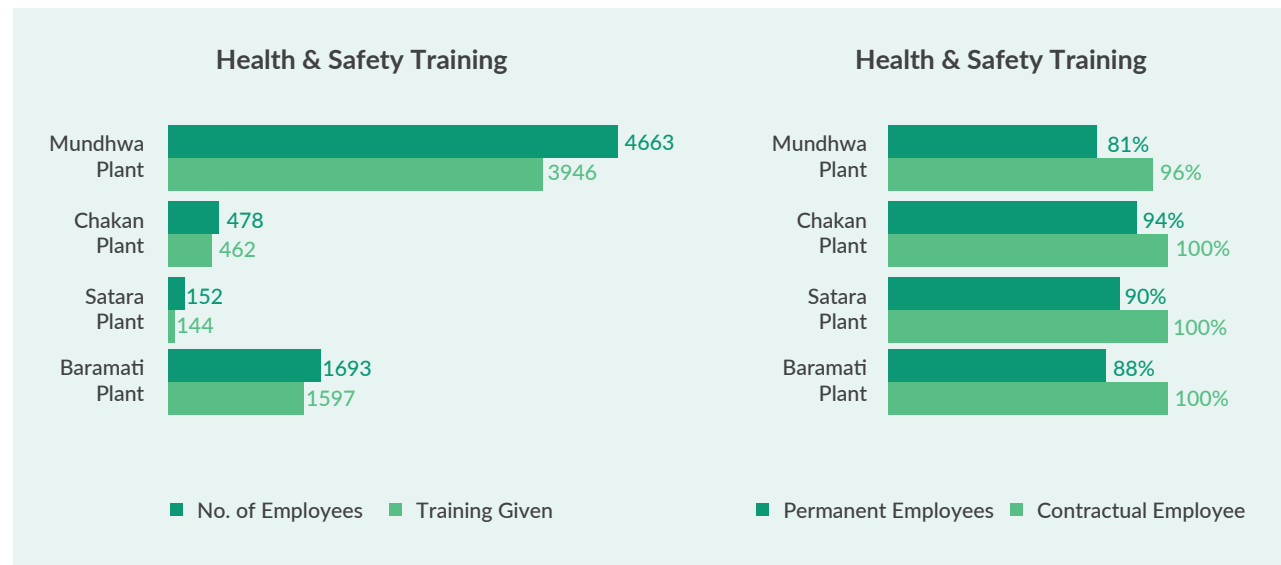
### Incident Analysis

Bharat Forge tracks accidents and accident rates in all of its locations, the reduction in health and safety incidences is attributed to the strong commitment of both management and workers to ensure a safe working environment by adhering to our set management approach and adopting a health and safety-first mind-set in the execution of duties. In addition, the management continues to listen closely to staff feedback on health and safety matters, and such input is constantly incorporated into existing systems and processes to ensure greater effectiveness. We have a work permit system for job work contractors, and reported no work-related fatalities during the year, while there has been a sharp decrease in reportable accidents from 4 during the FY 2019-20 to 3 in the FY 2020-21 as a result of preventive safety measures adopted by us.



During FY 2020-21, the majority of work-related injuries caused were due to hitting by falling. Total working hours for the year being 7,129,984 hours.

Performance Measure	FY 2019-20	FY 2020-21
LTI	4	3
LTIFR	0.34	0.42
Fatal	0	0



### Improvising Business Relationships

Consultation, communication, and participation of various functional strata (including employees and contractors) within the organisation and interested parties regarding the Occupational Health and Safety process and its effectiveness are our key principles that guide prevention and mitigation of occupational health and safety impacts linked with our business relationships.

communicated transparently to evolve business relationships with our stakeholders. Disclosing issues related to environment and employee health, safety, wellbeing, satisfaction and motivation, new modifications and changes in activities that involve environmental aspects/impacts, hazards help improve strategic planning of our operations.

#### Consultation

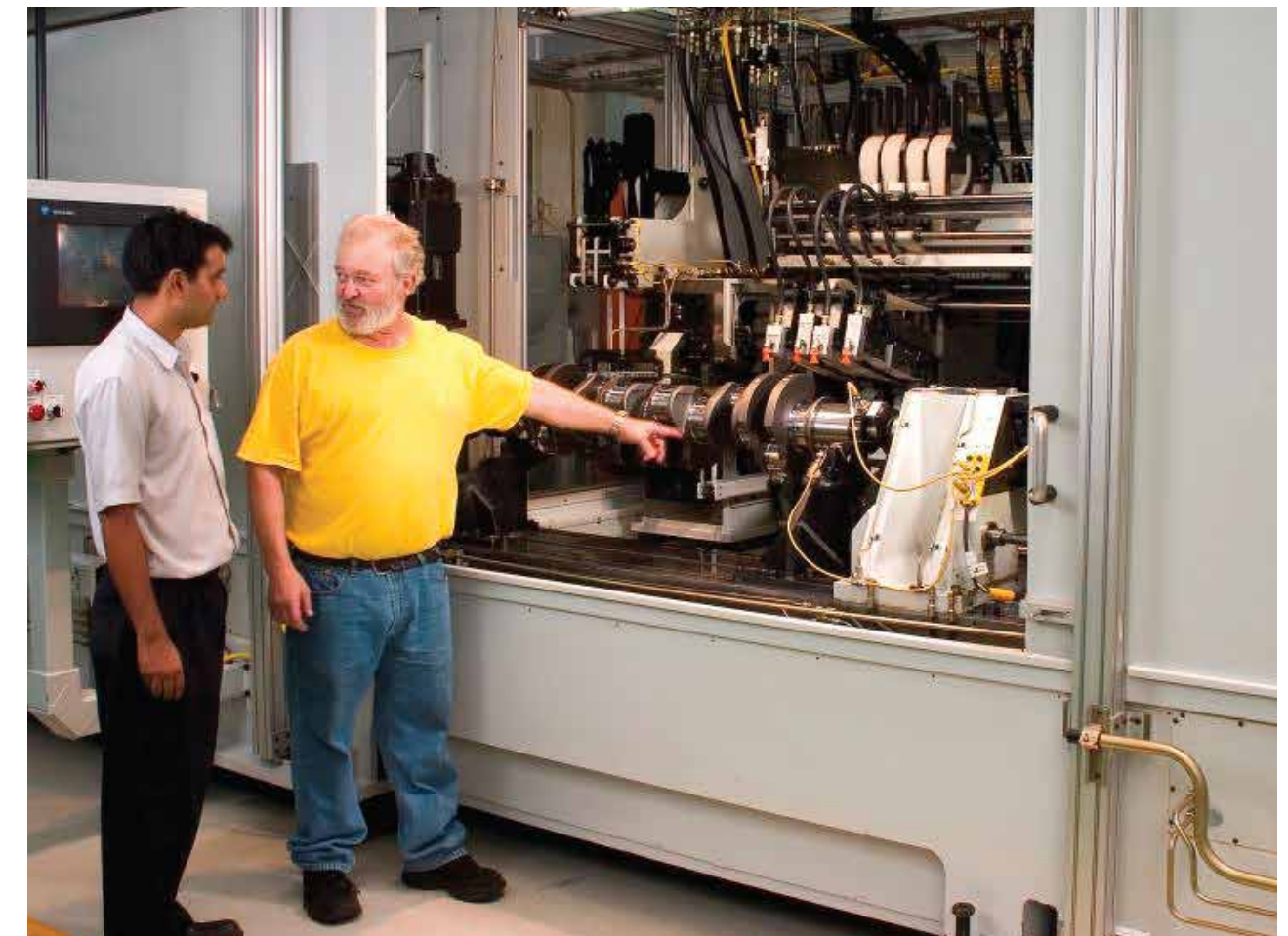
Consultation can be acquired from safety coordinators, employees involved in HIRA, and the apex safety committee through one-to-one discussions, safety training, PPE feedbacks, departmental meetings, and HSE monthly review.

#### Participation and Involvement

Participation in safety committee meetings and national safety day activities along with involvement in HIRA, incident investigation, HSE policy developments, and review helps impart a better understanding of hazards and risks as well as for deciding their mitigation measures.

#### Communication

Amendments related to HSE Policy, incidents, performance, expectations, and objectives must be



# Employee Health & Well-being

At Bharat Forge, many tools are available to aid in the prevention of problems and the promotion of good health which not only extend the medical benefits to employees but also their families. Individual confidentiality is protected in accordance with general data privacy laws. We have conducted medical check-ups of employees and provided health insurance coverage to the entire family throughout the year.

## Medical check-up of Employees



Beyond occupational safety, Bharat Forge has long provided a variety of health-promoting activities. These programmes are frequently provided by external partners. During the year, voluntary health programs such as AIDs awareness campaign, No smoking and No tobacco educational program, the importance of intake of a balanced diet were conducted. We organised a Seminar on Awareness about "Nutrition- Facts & Myths" by Ms. Rupal Agrawal, Certified Diabetes Educator.

Throughout the year we conducted safety drills, programs, and seminars to educate workers about the harmful effects of smoking and tobacco. National Safety Day is celebrated to generate awareness among workers through contests about safety procedures. For wellness retreat, we have designated Yoga rooms and provision of nutritionally rich meals in our canteens. We have a detailed arrangement for medical specialists to look after the health of temporary as well as permanent employees.

<b>Physical Health</b> <ul style="list-style-type: none"> <li>Periodic health check-up</li> <li>Post-check-up follow up</li> <li>Awareness through mailers, sessions on lifestyle diseases (External &amp; internal faculty)</li> <li>Screening camps like retinopathy/cardiac camp etc.</li> </ul>	<b>Psychological Well-being</b> <ul style="list-style-type: none"> <li>Services of a clinical psychologist</li> <li>Mindfulness</li> <li>Relaxation/Meditation/Jacobson's Progressive Muscle Relaxation/Vipassana/Yoga</li> <li>Desk and breathing exercises</li> <li>Stress Evaluation Survey</li> <li>Stress management sessions</li> </ul>
<b>Building Strong Work Relationships</b> <p>Quarterly social gatherings, fireside chats with senior leaders, knowledge management interventions, and numerous webinars promote work-life balance and employee engagement.</p>	<b>Improving Mental and Physical Well-being</b> <p>Employees' health and well-being are maintained through regular yoga sessions, Stepathalon, Marathon Runners' Group, and a well-equipped gym with trainers.</p>
<b>Encouraging Healthy Habits</b> <p>Bharat Forge has a medical panel of efficient doctors, dedicated to its employees at all plants. A canteen committee oversees the quality, hygiene, and nutritional content of the daily meals given to employees. The canteen also has a selection of organic and wholesome food. The office premises is a 'smoke-free zone,' in accordance with the Government of India's 'No Smoking' policy in public areas. There is also a counselling cell to assist those intending to give up the addiction.</p>	<b>Fostering a Culture of Wellness</b> <p>Bharat Forge undertakes an annual employee engagement survey to evaluate the emotional wellness of its employees. Employees' emotional well-being is improved via programmes such as Relationship Management, Reflective Conversation, Potential Life Journey, and Coaching &amp; Mentoring.</p>

## Serving Occupational Health

Health services provided to employees differ from country to country depending on specific needs, the level of health service provided, and local legislation. At Bharat Forge, Qualified doctors and nurses are available 24 hours a day, seven days a week to support health services and provide regular health promotion counselling to employees. To prevent viral infestation, we installed auto sanitizer dispensers, water vapour dispensers, auto handwashing devices and keep a first-aid kit on hand at our facilities.

## Action Plan during COVID-19

The COVID-19 outbreak presented new and unfamiliar issues for Bharat Forge's human resource management. In addition to the necessity to temporarily limit the workforce owing to lockdowns and other legal constraints, the group was required to adjust in double time for home-based work, with provisions put in place in all locations, albeit to a higher extent for those in office roles. Employee safety became the number one issue in that volatile situation. According to the COVID-19 response protocol, which was communicated to all of the company's HR departments in India on March 15 and 16, 2020, "The first and most important guideline is to follow the instructions established by the authorities and in the relevant regulations in each state & locality. Concern for our professionals' well-being must be the driving force in decision-making."

We at Bharat Forge have been grappling with the impact of COVID-19 since the world became aware of the serious implications of the COVID - 19 outbreak. Since the pandemic broke out in India, we have increased our efforts to fight back on an unprecedented scale at Bharat Forge. The diverse Corporate used all of its resources to aid in the nationwide fightback.

### To contain the spread of COVID-19, we have adopted the following

- Thermal screening at the security gate.
- Ensure social distancing, use of masks
- Checking of body temperature at all checkpoints from the canteen to seating arrangements.
- Work from home for the majority of our employees
- Conducted RTPCR testing for those out of the city.
- Vaccination drive to provide immunity to our workforce from the tremendous outbreak.

## COVID - 19 Vaccination

First Dose  
**4000 employees**

Second Dose  
**2500 employee**

Our provisions to fight COVID are not just limited to the health and security of our workers at homes but also for those working at the workplace. An emergency team has been deployed at plants that continuously worked during the lockdown to help with emanating processes related to safety, fire, maintenance, civil, ETP/STP, Utility, Garden, LPG, and Housekeeping. The fire department closed all gas line valves and fixed instructions in the plant avoiding unforeseen fire-related hazards. Additionally, regular trapping of air inside can & barrel and inspection of chemical storage were carried out to avoid spillage. Regular disinfection of the workplace and offices and that of vehicles is carried out at the material gate. All our facilities have auto sanitizer machines as well as foot-operated sanitizer machines to avoid any sort of infestation due to physical contact. The COVID-19 outbreak presented new and unfamiliar issues for Bharat Forge, however, our counter-offensive strategy helped us survive.

## Successful Rollout Of Remote Working During The Pandemic

Home-based working was established in all regions for all positions that required in-person performance. Remote working arrangements of one form or another were implemented in all factories and regions, adjusted to the individual requirements of each firm, labour regime, and job. Professionals at the organisation were encouraged to request home-based employment if they were needed for caregiving purposes or if they had specific health concerns, among other things.

Those arrangements involved a substantial effort to guarantee the equipment and digital tools required to keep the firm functioning were made available in record speed.

# Empowering Society

## Objective

**To continuously implement community initiatives and become a socially responsible corporate citizen by attaining total inclusiveness of communities in our proximity irrespective of caste, creed, or religion.**

At Bharat Forge, we believe in the mantra of 'giving back to society' by integrating CSR with the business operations for promoting sustainable growth and development within the organization. We emphasize

our initiatives in specific areas of social development that significantly contribute to the overall welfare of society.

## Our focus areas



We have scaled up our CSR initiatives since the implementation of the CSR Act, with initiatives aimed at improving the quality of life of people in rural and urban areas. We advocate for underprivileged children and women, as well as their growth and development. We have committed to working in 100 villages across five Maharashtra districts on five major indicators: water harvesting, livelihood, health, education, and internal roads. We

prioritise issues concerning women's empowerment and environmental protection, health and hygiene cleanliness, Swachh Bharat, and skill education.

For more details on our CSR Policy and Initiatives, please visit:

<https://www.bharatforge.com/assets/pdf/csr/csr-policy02920.pdf>

## Reach of our CSR Initiatives

<b>3,000 +</b> Youth Skilled	<b>3,000 +</b> Volunteers per year	<b>950 +</b> Women Empowered	<b>7 +</b> Sportsmen Supported
<b>1,74,492+</b> Lives Touched	<b>1,20,000+</b> Rural Lives Touched	<b>47,535</b> Students Impacted	

## Village Development

One of our most important missions is to develop 100 villages through our Village Development Programme. Our village development projects began in 2015, and we have been working hard to improve the quality of

life in Maharashtra's rural communities ever since. Bharat Forge's projects for village development are categorized under 5 major indicators:

Indicator	Contribution
<b>Water Harvesting</b>	<p>Water for both drinking and agriculture was identified as a key indicator for village development, alongside internal road construction, livelihood creation, health, and education. We decided to participate in the Government's Jalyukta Shivar Abhiyan in Maharashtra villages as part of our CSR activities. As part of the adoption process, water harvesting projects were launched in the adopted villages.</p> <ul style="list-style-type: none"> <li>• Impacted 1 lac villagers</li> <li>• Increased water availability and positive changes in cropping patterns and crop diversity</li> <li>• Enhanced agriculture, livestock productivity, and availability of processing units</li> <li>• Helped farmers increase their incomes</li> </ul>
<b>Enhancing Livelihood</b>	<p>One of our primary goals in our CSR activities has been to improve the livelihoods of people in the rural areas we serve.</p> <p>Led to the production of Rs 5,67,250 and increased income for about 80 farmers by 25.65%</p>
<b>Health &amp; Nutrition</b>	<p>We have always had a strong focus on the health of women, whether they are community women or rural women, since the inception of our CSR initiatives. Our efforts in cancer screening and other diseases have consistently resulted in improved diagnosis and motivated precautionary behaviour.</p> <p>Our health outreach program impacted the lives of 225 women.</p>
<b>Education</b>	<p>We believe that the most important step toward a bright future is education. To that end, we have undertaken a number of initiatives to renovate, repair, and construct Zilla Parishad Schools in various villages.</p> <p>Our efforts brought a positive change in 28 schools &amp; impacted 47,535 children and staff.</p>
<b>Internal Roads</b>	<p>Accessibility has always been a key indicator in village development at Bharat Forge. Better roads have resulted in increased employability, education, crop yields, and an exponential increase in villagers' income levels.</p> <p>Our accessibility initiatives built 53 km of roads, impacting the lives &amp; livelihood of over 11,350 villagers.</p>





## Education

Future generations are being strengthened through educational initiatives. The Bharat Forge Education Programme aims to make children more aware, confident, and self-reliant in their daily lives. We

place a strong emphasis on bringing together diverse creative minds, developing communication skills, and enhancing life skills.

Programme	Contribution
<p><b>Pratham Pune Education</b></p> <p>Pratham Pune Education Foundation (PPEF) is a programme that works to provide basic education to children from the most disadvantaged sections of the community. The programme includes interactive sessions on basic concepts of Mathematics, Science, English, and Marathi.</p>	6568 underprivileged students from 8 communities benefitted
<p><b>Pradnya Vikas Program</b></p> <p>Bharat Forge launched the Pradnya Vikas Program in collaboration with Pratham Pune Education Foundation and Jnana Prabodhini to develop personality and leadership skills in underprivileged areas in and around Pune.</p>	143 above average children benefitted
<p><b>Anubhav Shala- Khelghar</b></p> <p>In association with Jnana Prabodhini, Bharat Forge Ltd. launched Anubhav Shala in three different communities. This initiative began with the goal of encouraging children's creative abilities and improving academic performance in urban slums. Its primary focus is on children whose parents work on a daily wage.</p>	Reached out to 70 students



## Skill Development

Skill Development Projects under BFL CSR began in 2007 with the goal of providing vocational skills to improve rural youth employability in close

cooperation with government and private educational institutions, supporting a wide range of innovative skill development programmes.

### ITI Khed

Bharat Forge established an Industrial Training Institute (ITI) in Khed and has collaborated with three additional ITIs in Bhor, Malegaon, and Karjat for their development and up-gradation. The initiatives are aimed at providing vocational skills to rural youth in order to help them find work.

### Changing Gears Initiative

Bharat Forge Limited has partnered with CII and the College of Engineering in Pune to support 180 rural graduates. To increase their employability quotient, these students were trained in soft skills such as communication skills and presentations, as well as sessions on team building and motivation, stress and time management, and emotional intelligence.

### Specialist courses in Radio Frequency and Microwave Technology

Bharat Forge Limited is providing engineering students with specialized skills in Radio Frequency and Microwave Technology in order to bridge the gap between industry and academia and help the students for their employability.



## Women Empowerment and Community Development

Community Development programmes at Bharat Forge are designed to empower women. This is accomplished through skill development, social gatherings, and small business support platforms. We've noticed that when women get together, their

confidence levels rise, which improves their emotional well-being. As part of our community development initiatives, we provide various vocational training to women from various communities in order to increase their self-sufficiency and entrepreneurial skills.



## Promotion of Sports

We at Bharat Forge believe that sports activities are important not only for developing self-confidence and strength in an individual but also for maintaining fitness and health. We are aware that not all athletes in the country have the opportunity to participate in high-level training or receive specialised coaching in order to excel in their respective sports. As a result, we took the initiative to promote talented athletes

across the country, funding and mentoring them to help them make a name for themselves.

Our sports initiative Lakshya aims to identify, encourage, and support promising sports talent from across the country by helping athletes with their training and development.

## Helping our communities fight the Pandemic

The COVID-19 outbreak in 2020, as well as the country's emergency measures, prompted Bharat Forge to contribute to the community in its own way. As part of our Corporate Social Responsibility, we launched several aid programmes to assist various segments of the community in dealing with the

socio-economic disruptions caused by the crisis. In order to reduce the spread of the virus, our Covid-19 initiatives also attempted to raise societal awareness about sanitation, social distancing and imparted instructions on the dos and don'ts.

Initiative	Contribution
Bharat Forge organised workshops for sewing Cotton Masks, which were well attended by members of community centres and Self Help Groups.	10,000 masks
Monetary contributions were made to the Defence Research and Development Organization in support of the development of a 1000-bed Covid hospital facility in Delhi.	Rs. 1 Crore
Personal Protective Equipment [PPEs] were donated by Bharat Forge to the doctors at Sassoon General Hospital in Pune.	1000 Pieces worth Rs. 14 Lacs
Personal Protective Equipment (PPE) sets were distributed to safeguard the health of Healthcare workers as well as Pune Municipal Corporation workers who handle dead bodies.	100 sets- Rs.1 Lac
We distributed food packets and grains through RSS Janakalyan Samiti, Pune to those in need, including the homeless, daily wage earners, and those from low-income families, to help them survive the pandemic.	Rs. 12.5 Lacs
Bharat Forge contributed to the development of Sanitisation Tunnels at the police residential colony. The initiative was designed to protect law enforcement officers and their families from the virus's effects.	11 Tunnels- Rs. 4.5 Lacs
A donation was made to the PM Cares Fund to support the nation's collective fight against the COVID - 19 pandemic.	Rs. 10 Crore
Contributions were made to purchase new ambulances and doctors' vehicles to meet the increased demands in COVID-19 hospitals.	Rs. 10 Lacs

## Employee Volunteerism

Every person at Bharat Forge believes in giving back to the community, not just financially, but also by assisting others. Various CSR programs focus on local community needs that recognize and value the impact of team volunteerism.

With the help of our employees, Bharat Forge embarked on a campaign to improve tobacco awareness in municipal schools and contribute to the country's fight against drug consumption. We ran a 'Tobacco-free School Initiative' as part of our schools' programme. Employees from Bharat Forge went and implemented this programme at eight municipal schools.

The programme consisted of 20 sessions at each school, with almost 2,500 children participating. Our volunteers increased awareness about tobacco addiction through movies, tales, group discussions, drawing and slogan contests.

Bharat Forge appreciated the 32 employees who took part in this project for their hard work and dedication. With such a positive response and outstanding results, Bharat Forge intends to continue this programme in the future.

## Year of unprecedented challenges

The events of 2020 have put our business model's resiliency and strategy's consistency to the test. We continued to deliver exceptional service to our customers, support our suppliers in times of need, safeguard our shareholders' interests, and achieve progress on our social and environmental goals thanks to the combined efforts of the whole Bharat Forge Automotive team and the help of our stakeholders.

### We focused our efforts on achieving Results

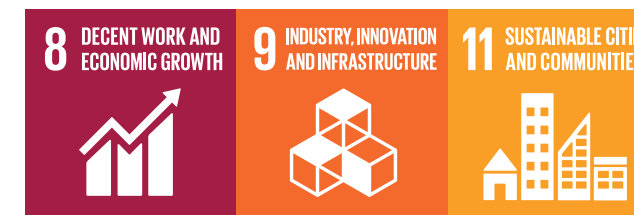
Despite the volume contraction caused by the COVID - 19 epidemic, Bharat Forge made a profit of INR 3121 million in FY 2021. With the implementation of its COVID-19 Response Plan and

a margin protection effort at the plant level, the firm was able to maintain good profitability and cash generation while paying dividends to its shareholders.

### Objective

To be profitable and in good financial standing in order to provide long-term value to all of our stakeholders.

### SDGs Impacted



### Earnings Performance

Bharat Forge reported a net profit of INR 3121 million in the FY 2021, a 34 % decrease from FY 2020, but an exceptional performance given the temporary closure of the company's factories during the second quarter and the magnitude of the global automotive & industrial market contraction last year.

Faced with the unprecedented challenge posed by the COVID - 19 pandemic, Bharat Forge developed the COVID-19 Response Plan, which

was organised around four lines of the initiative: flexible working arrangements, war economy tactics in relation to fixed costs, capex, and working capital, financing, and liquidity, and astute production planning.

The group was able to control its net debt, service payments resulting from acquisitions, repurchase shares to lower its share capital and meet its dividend promises thanks to solid operating cash flow.

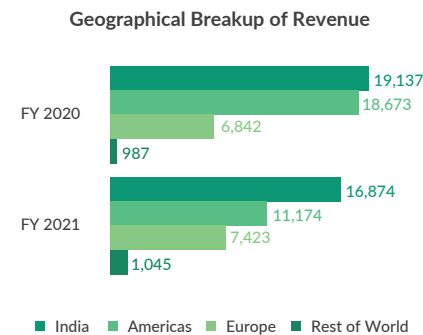
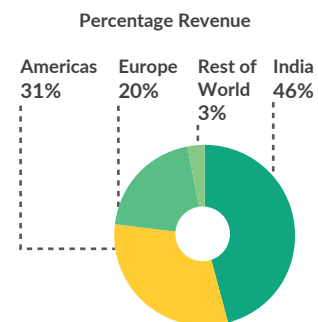
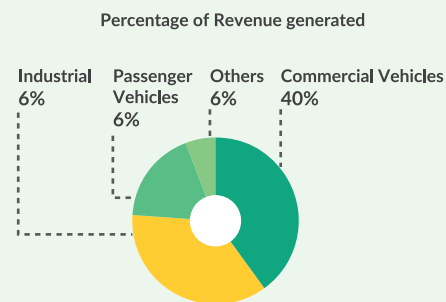
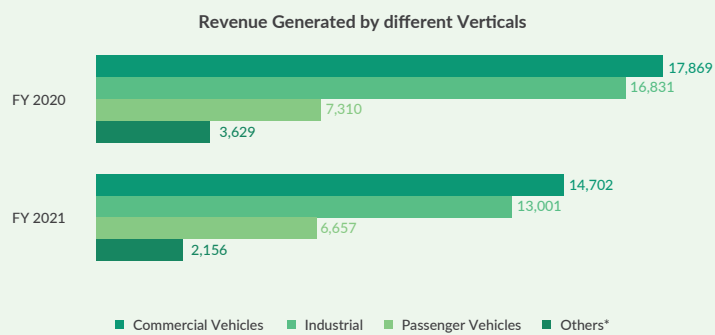
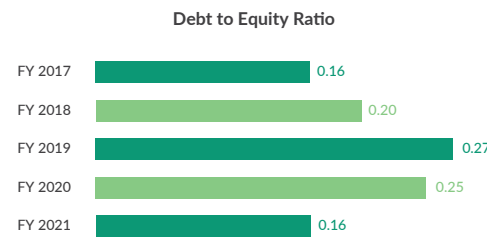
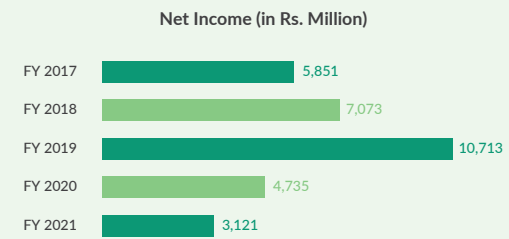
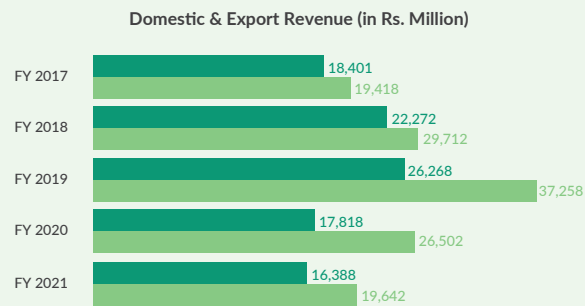
Particulars (Standalone)	(In Rs. Millions)	
	FY 2020 - 21	FY 2019 - 20
<b>A. Economic Value Generated</b>		
Revenue generated from Operations	36515.1	45638.8
Revenues from Other Sources	1404.6	1608.9
<b>Total</b>	<b>37919.7</b>	<b>47247.7</b>



**B. Economic Value Distributed**

Operating Expenses	28417.3	34108.8
Employee wages and benefits	4482.4	4823.6
Payment to providers of Capital (Finance Cost)	779.2	1450.3
Payment to Governments (Tax)	1028.1	1190.8
Dividends	931.2	3335.3
<b>Total</b>	<b>36538.2</b>	<b>44908.8</b>

<b>Economic Value Retained (A - B)</b>	<b>2281.5</b>	<b>2338.9</b>
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# Protecting our Planet



## Objective

*To place a strong emphasis on resource conservation, rejuvenation, waste management, and the use of environmentally friendly technology.*



# Approach Towards Environment

## SDGs Impacted



The goal of sustainable development is to meet the needs of the present without jeopardizing the needs of future generations. The need to integrate sustainable development principles, values, and practices into all aspects of manufacturing in order to address social, economic, and environmental problems is widely felt throughout the industrialized world. We are committed to sustainable development in all its broad and diverse meanings. In terms of the environment, we individually monitor the environmental footprint of each of our operational sites.

Our environmental responsibilities at Bharat Forge include both the efficient use of natural resources in our facilities and the development of new products with long-term sustainability in mind. The primary areas of focus in our facilities are energy, emissions, water, and waste management, all of which are guided by occupational health, safety, and environmental policy. We wish to achieve this commitment by setting and reviewing HSE objectives and targets and institutionalization of an HSE Management System in the organization.

## Environment Management

### Objective

**ISO 14001 contributes to risk identification, brand protection, and the demonstration of our commitment to environmental responsibility.**

ISO 14001 is the world's most widely used environmental management system standard. Thousands of organisations of all sizes and sectors use this framework to make their day-to-day operations more sustainable and to reduce their community's environmental impact.

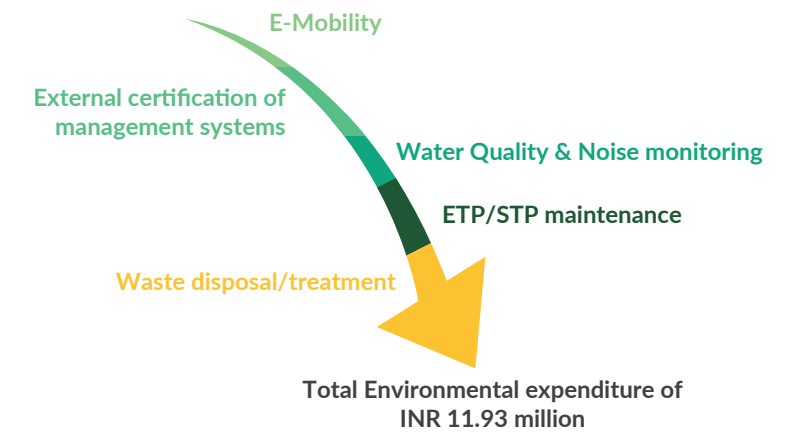
We are all aware that climate change is caused by resource overuse and pollution in various forms.

Environmental pollution, no matter how minor in the grand scheme of things, will have a negative impact on business in the long run. As a result, we have installed Environmental Management Systems and monitoring processes as a preventative measure to reduce our environmental footprint. An environmental management system in accordance with ISO 14001 has been implemented at all of Bharat Forge's manufacturing plants.

## Environmental Investment

We invest in reducing our environmental impact, as well as in environmental protection and restoration work, as well as in waste management and environmental consulting, performance measurement, and certification.

We leverage and invest in technology to nurture the environment. Collectively, INR 11.93 million was spent on environmental protection.



## Climate Action

### Objective

**Climate change is one of the most pressing issues of our time, and we are fully committed to mitigating its consequences.**

## SDGs Impacted



Climate change necessitates action. Sustainability is quickly becoming a megatrend of our time, and corporations are increasingly focusing on it. Both the effects of climate change and the changes brought about by climate change mitigation are likely to be reflected in our operational and financial systems. We are uniquely positioned to understand the geographic variability in environmental regulation and the availability of sustainable solutions as a company with a global footprint. Our systems are meeting the challenge of diverse global standards expressed in regulations, while also leveraging emerging technologies to drive faster change.

As a response to the growing threat of climate change, a key component of our environmental strategy is to make our facilities more energy-efficient. Manufacturing processes consume a tremendous amount of energy, which contributes significantly to our climate-relevant emissions. As a result, our efforts in terms of greenhouse gas (GHG) emissions are focused on implementing energy-efficiency measures at our manufacturing sites, and we intend to increase the share of renewable electricity, thereby decoupling electricity consumption and GHG emissions. Bharat Forge is set to contribute to climate change mitigation by gradually decarbonizing its processes and incorporating circular economy principles throughout its value chain.

### Avoiding Emissions

Comparable regulations in major markets establish dependable, predictable framework conditions that contribute significantly to combating climate change and improving air quality. Bharat Forge is constantly implementing optimization and efficiency measures in its manufacturing environment.

Pollutants such as Particulate Matter, Sulphur Oxides, Nitrogen Oxides, and other standard air emissions contribute to poor air quality, we monitor our ambient emissions in line with the National Ambient Air Quality Standards (NAAQS 2009).

Emission Parameters	Quantity (Emission - mg/N m3)
SOx	3.6
Particulate Matter (PM)	31.6

### Other Emissions

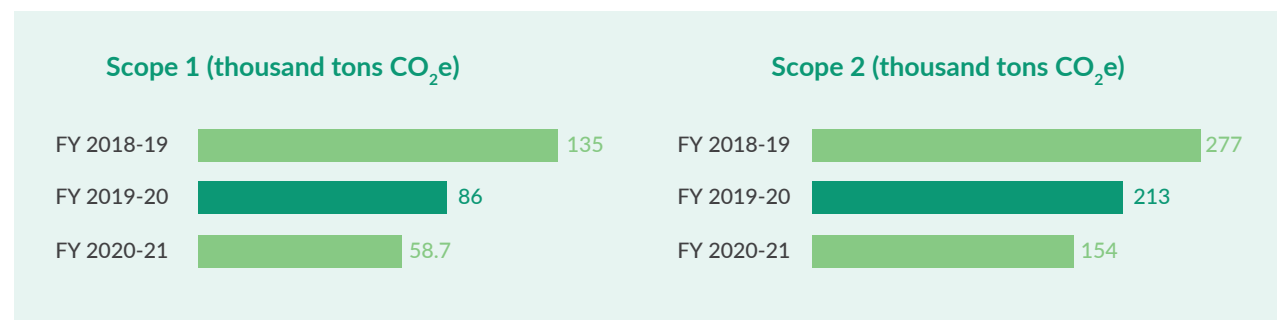
Ozone-depleting substances are primarily emitted as a result of system losses or fugitive emissions during air conditioning system maintenance and repair. All ODP refrigerant gases will be phased out and replaced with zero-ODP refrigerants in accordance with the Montreal Protocol and local regulations. SO<sub>x</sub> and NO<sub>x</sub> emissions were estimated at 5063 m<sup>3</sup> and 2127 m<sup>3</sup> respectively for the reporting period. The particulate matter emissions are estimated at 19368 m<sup>3</sup>.

### GHG Emissions

Greenhouse gas emissions cause global warming, which can have a negative impact on ecosystems, biodiversity, human livelihoods, and business operations. All of our businesses are actively working to reduce emissions.

When compared to the combustion process (PNG, FO, LPG, and LDO) in Scope 1 and electricity consumption in Scope 2, our GHG emissions are primarily from Scope 2. Our operations have a GHG footprint of 58,737 tCO<sub>2</sub>e of scope 1 emissions and 1,54,049 tCO<sub>2</sub>e of scope 2 emissions. We are currently working to better understand our Scope 3 emissions, which include purchased goods and services as well as upstream and downstream transportation.

*With our focus on enhancing energy efficiency and transitioning to renewable energy in operations, we were able to accomplish our goal emission reduction.*



GHG Emission by Source	
<b>Scope 1 - Direct Emission (tCO<sub>2</sub>)</b>	
Source	2020 - 21
Furnace Oil	10,006.34
PNG	38,152.74
LPG	9,412.57
LDO	1,165.65
<b>Total</b>	<b>58,737.29</b>
<b>Scope 2 - Direct Emission (tCO<sub>2</sub>)</b>	
Electricity Purchased	1,54,049
<b>Total</b>	<b>212,786</b>

#### Approach to reducing Carbon Footprint:

Enhance progress in energy efficiency: Over the years, a focused drive to improve the efficiency of our operations alongside tapping renewable energy sources has resulted in well-managed emissions. During the performance year FY 20-21, we consumed 9,71,440 GJ of Direct energy from the fuels and 853598 GJ of grid-based electricity in our operations. This period also saw the introduction of renewable energy to the tune of 1,77,291 GJ, from Solar and wind installations. The decarbonization plan 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.

To offset our impact, we have utilized 21816.89 MWh of solar electricity and 27430.92 MWh of electricity from wind-based turbines.

Another material parameter that is being monitored is emission intensity that gives an estimate of the level of carbon efficiency and effectiveness of the reporting boundary. The emission intensity considering scope 1 and scope 2 emissions for the year 2020-21 is 1.28 tCO<sub>2</sub>e/Tonne of production.

We are constantly improving and innovating ways to reduce consumption and the resulting emissions in our manufacturing processes. Among the key measures taken in this regard are:

#### GHG Emission Intensity Ratio

**1.28**

*In the reporting year, our businesses together mitigated 68,187.064 tCO<sub>2</sub> GHG emissions.*

*We consumed 49247.82 MWh of renewable energy (solar + wind)*

*Through retrofitting of equipments, we were able to reduced our Furnace oil (FO) and LPG consumption by 8,273 KL and 3,088 tons respectively.*

#### ■ PNG conversion

PNG and LPG-powered systems are both more environmentally friendly and less expensive than the ones powered by diesel. We have installed conversion kits in our forging and heat treatment furnace pipelines to replace furnace oil with Natural gas, which serves as a cleaner option with a higher energy saving potential and can reduce GHG emissions.

Natural gas is the earth's cleanest-burning hydrocarbon. Its combustion does not produce ash residues, sulphur oxides, and only negligible nitrogen. This sets it apart from all the other fossil fuels. Methane, or CH<sub>4</sub>, is the primary component of natural gas. The fuel is widely used for heating, electric power production, and industrial use. Although it is a proven, reliable alternative fuel that has long been used in industry.

Natural gas is a fossil fuel, though the global warming emissions from its combustion are much lower than those from oil. Natural gas emits 50 to 60 percent less carbon dioxide (CO<sub>2</sub>) when combusted in a new system.

### New technology induction heater

In the present day, using electricity as an alternative source of fossil fuels for energy generation is a viable option. Induction heating is an energy-efficient method because it distributes energy uniformly and is less expensive to operate. We use an induction heater instead of an electric furnace to heat die parts in a coating process before casting can effectively reduce power consumption.

Induction Heating-Simply stated induction heating is the cleanest, efficient, cost-effective, precise, and repeatable method of material heating available to the industry, today.

### Magnetic resonance for fuel in furnaces

As per the theory of Magnetic Resonance, Polarized fuel is expected to react readily with air and improve combustion. When a fluid or gas passes through a strong external magnetic field, the magnetic moment of the molecular clusters occurs. Because it is a fluid, the electron remains in their higher potential spin energy, and the effect is known as the Magnetic Fluid Memory effect. In the

normal state, hydrocarbon fuel and air are neutral, molecularly repel, and after passing that magnetic resonator hydrocarbon chains get polarized and now positively charged, the fuel molecularly attracts the air for better oxidation.

### Minimized Wall heat Losses by used Pyro bloc insulation

About 30–40% of the fuel input to the furnace generally goes to make up for heat losses in Intermittent or continuous furnaces. The appropriate choice of refractory and insulation materials goes a long way in achieving fairly high fuel savings in industrial furnaces. The heat losses from furnace walls affect the fuel economy considerably. The extent of wall losses depend on:

- Emissivity of wall
- Thermal conductivity of refractories
- Wall thickness
- Whether furnace is operated continuously or intermittently

Heat losses can be reduced by using low thermal conductivity material of insulation

### ■ Use of micro-alloy steel to eliminate heat treatment

With a better understanding of material properties and design requirements, the use of micro-alloyed (MA) or high strength low alloy (HSLA) steels has replaced quenching and tempering (Q&T) heat-treatment facilities in BHARAT FORGE. It has the potential to replace conventional alloy steel in the coming years, lowering the cost of using expensive alloying elements. Because it is a light and durable material, the use of micro-alloy steel in the automotive industry improves engine performance and can increase driving safety. Because of the reduced vehicle weight, it can reduce fuel consumption and carbon emissions.

### ■ LED light installation in place of MV lamps

LED lighting provides high luminous efficiency and increased safety. Fuel consumption by LED lights reduces the CO<sub>2</sub> emission to a greater extent as compared to conventional lights.

### ■ Renewable energy generation (wind and solar)

Energy generation and utilization via solar and wind power is a long-term approach to reducing carbon footprint. The use of solar panels and windmills produce carbon emissions, but they are much lower than the carbon and GHGs emitted during the combustion and utilization of fossil fuels. Steel, concrete, fiberglass, and other materials used in the construction of wind turbines produce a carbon footprint. Green steel, on the other hand, is an innovation that uses green hydrogen electrolyzed via renewable power can minimize carbon emissions.

### Fuel replacement using retrofit measures

Bharat Forge has begun a programme to retrofit existing machinery and fuel systems in order to use less carbon-intensive fuels. As a result of these measures, LDO consumption has been reduced to the greatest extent possible, and equivalent energy has been replaced to a greater extent by the increased use of CNG, which is a less energy-intensive fuel. In some of our manufacturing operations, we have real-time monitoring of energy consumption. This allows us to quickly identify any problems and opportunities for improvement (through analysis of the data). This will be expanded to all of our manufacturing sites in the future.

These actions, combined with others, have resulted in a reduction in carbon emissions from manufacturing. Emissions fell from 1.41 per tonne of production in the fiscal year 2020 to 1.28 per tonne of production in the fiscal year 2021.

We place a high value on reducing our carbon footprint by reducing GHG emissions. As we gain a better understanding of the impacts of our processes, we may be able to reduce our carbon footprint through product and process design, as well as collaboration with other partners in our value chain.

Concerns about energy security, climate change, and air pollution have prompted us to concentrate on electric vehicles, which have become our fastest-growing segment.

## Case Study

### Energy Saving and CO<sub>2</sub> emission reduction using Magnetic Resonance

<b>Problem</b>	<ul style="list-style-type: none"> <li>• Magnetic Resonators have been installed in four burners for heat treatment furnaces.</li> <li>• Fuel used for firing up the burners is Natural Gas</li> </ul>
High energy consumption	
<b>Strategy</b>	<p>Mechanism for improving energy efficiency:</p> <p>Magnetic resonance causes excitation of dipoles leading to Polarisation of Dipoles. Due to Polarisation, the contact area between air and fuel molecules is minimized thereby, improving combustion efficiency and reducing fuel consumption.</p>
With the installation of new technology energy savings shall increase which instead leads to CO <sub>2</sub> emission reduction. 8-10% of energy savings and CO <sub>2</sub> emission reduction were expected as a result of the installation of magnetic resonators in heating furnaces.	
<b>Magnetic Resonators for Heating Furnaces</b>	

<b>PNG Fuel Consumption</b>	Before installation of Magnetic Resonance for NPCL	After installation of Magnetic Resonance for NPCL
	-----	-----
	140 SCM/parts for hardening	124 SCM/parts for hardening

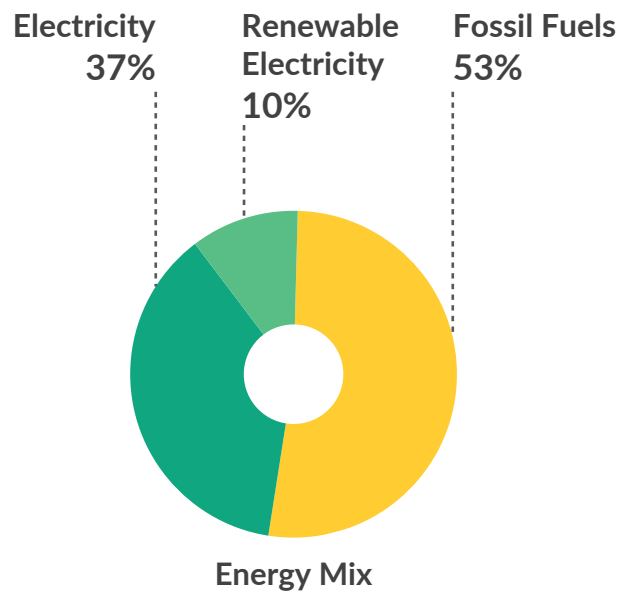
- Results**
- Rs. 1.20 million/annum saved as a result of installation of Magnetic Resonator. Based on this benefit, Magnetic Resonators can be implemented in rest of fuel fired furnaces.
  - Energy Savings and CO<sub>2</sub> emission reduction achieved = 6%



## Energy

Companies are reducing their energy consumption in two ways either by increasing their energy productivity or by increasing the renewable energy ratio in the total mix. This not only reduces energy costs but GHG emissions as well. Bharat Forge prioritizes energy efficiency as it serves as a source of competitiveness and because of its impact on the company's environmental footprint.

To decouple GHG emissions from energy consumption, we aim to increase the proportion of renewable electricity (wind, solar, and so on) in our total energy consumption. We have 24.46 MW of wind farms installed across our plants to help us achieve this goal. During the year, we purchased 31.18 MW of solar power to reduce our reliance on fossil fuels.



Some of our facilities have conducted energy audits to identify key energy drivers and develop an energy management strategy in order to better understand the scope of energy reduction opportunities across the Company. These audits have enabled facilities to quantify the amount of energy consumed by each department and identify peak consumption times throughout the year.

We have the foresight of the barriers to affordable green energy and other technologies that our sites, suppliers, and partners may face, and we're working to overcome them. On the other hand, our Corporate Technical Affairs and Safety team is constantly collaborating with Bharat Forge divisions to identify opportunities to reduce consumption and lower costs.

**Total Wind Power generation capacity (MW)**  
24.46

**Total Solar Power Generation capacity (MW)**  
31.18

**Energy Intensity Ratio GJ/ Ton of Production**  
11.09

**Total Energy Consumption (GJ)**  
18,25,038

**Renewable Energy Used (kwh)**  
4,92,47,816

## RE integration and fuel replacements

Climate change is frequently depicted as a risk to resource availability. However, the potential carbon pathways for GHG emission reductions provide distinct opportunities for operation and seamless energy supplies. Clean Energy Integration in existing electric networks provides a solution that is more cost-effective in the long run for the organisation while also achieving significant emission reductions. Although the initial set-up cost to allow for easy integration of quivering energy flow is high, the long-term results are phenomenal. Furthermore, in an era when regulatory pressures are becoming more stringent and aligning them-

selves with global expectations, the Renewable Energy Integration goal is not unreasonable.

This opportunity enables Bharat Forge to invest capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply system. This investment provides a return to Bharat Forge shareholders while also providing the organisation with continuous access to renewable energy and less intensive fuels in the foreseeable future. Additionally, as energy demand rises due to increased production capacity, efforts will be made to encourage the use of less carbon-intensive fuels.

### Case Study

#### Energy Cost Reduction with conversion of Conventional forge furnace burner to Regenerative type

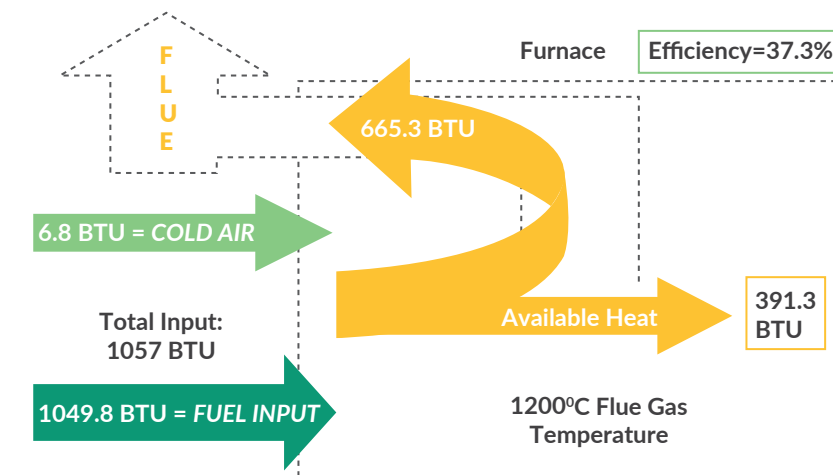
##### Action

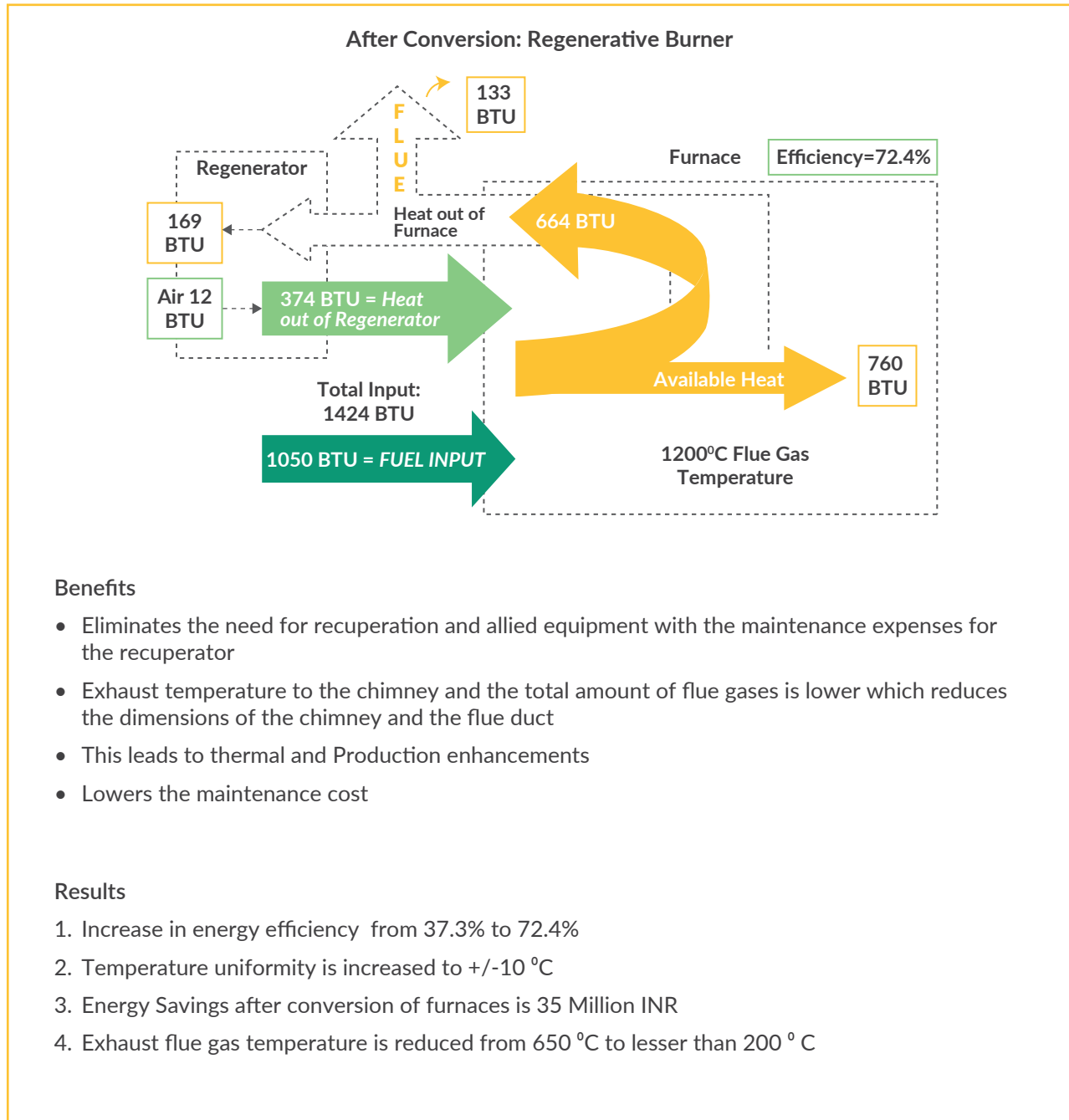
Converted all five forging furnaces to regenerative type in a phased manner

##### Mechanism

- Preheated air temperatures close to the furnace temperatures by recovering almost 80-90% of the wasted heat
- Preheated air <200°C than the exhaust gas temperature
- High flame temperatures with more uniform heat release
- Temperature uniformity benefits from the cyclic regenerative firing allows reduction in number of burners required.

##### Before Conversion: Conventional Burner





**Benefits**

- Eliminates the need for recuperation and allied equipment with the maintenance expenses for the recuperator
- Exhaust temperature to the chimney and the total amount of flue gases is lower which reduces the dimensions of the chimney and the flue duct
- This leads to thermal and Production enhancements
- Lowers the maintenance cost

**Results**

1. Increase in energy efficiency from 37.3% to 72.4%
2. Temperature uniformity is increased to +/-10 °C
3. Energy Savings after conversion of furnaces is 35 Million INR
4. Exhaust flue gas temperature is reduced from 650 °C to lesser than 200 ° C

**Imminently Minimizing Carbon Footprint**

As we embark upon our journey to keep ahead in the market, with minimum environmental impact.

We have proposed to implement solar power in our operations in the coming year:

- We have already applied for 5MW capacity and awaiting final approval from MSEDCL for the consumption of units which shall provide extra Solar Power of 6,75,000 Units per month
- We are currently proposing 15MW of Solar Power for the Baramati Plant (Avg. 2,000,000 units/month) and working on the proposal

**Minimising Waste**

**Objective**

**To reduce the amount of waste produced, we reuse and recycle.**

**SDGs Impacted**



The responsible use of resources is an important component of our company's strategy to make our manufacturing and distribution more eco-friendly by using less water and energy in operations, as well as more efficient material use with the three R's (Reduce-Recycle-Reuse). To make waste management a priority at Bharat Forge, we have incorporated the 3R waste management principles into company decision-making. Using the principles of the solid waste management hierarchy, we encourage our teams to innovate and divert waste.

We are constantly working to reduce hazardous and non-hazardous waste in our manufacturing sites. Throughout the year, we implemented measures such as recycling waste oil via a change in disposal pathway, which reduces hazardous waste load and recycling ETP sludge, which reduces disposal to landfills.

In order to better understand our waste profile, our sites mapped their waste generation and disposal methods in FY20. In addition, we improved our data collection systems and incorporated waste volumes into our monthly environmental dashboard. These activities enabled us to identify the three primary barriers preventing our facilities from diverting waste from landfills: cost, regulatory challenges, and lack of resources.

We divide solid waste into two categories: hazardous wastes and non-hazardous wastes.

**Reduce - By decreasing the amount of materials required to make a product**

**Reuse - Using products beyond the conventional life cycle**

**Recycle - Through an emphasis on closed loop systems, recycling the materials by suitable processes**

## Waste Diverted from Disposal

Waste Type	Unit	2020 - 21
<b>Hazardous Waste</b>		
Used/Spent Oil (Liquid)	Tons	110.97
Discarded Containers/Barrels (Solid)	Nos.	9756
Waste & Residues Containing Oil (Liquid)	Tons	152.48
<b>Non - Hazardous Waste</b>		
MS Scrap/Scale/Bur/Flash (Solid)	Tons	52808
E waste	Tons	3.24

## Waste Diverted to Disposal

Waste Type	Unit	2020 - 21
<b>Hazardous Waste</b>		
Landfilling after incineration-Spent Bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge	Tons	131.16

## Managing Hazardous Waste

Our manufacturing facilities inevitably produce or handle some form of hazardous waste material during normal production or maintenance operations. Hazardous wastes are handled as per the requirements and a waste registry is maintained. They are transported to the relevant authorised agencies for proper handling. BHARAT FORGE complies with all MPCB rules and regulations on how these products must be properly stored, handled, shipped, or recycled to limit exposure potential as well as all international standards that apply to us in the locations where we operate.

In 2020-21, hazardous wastes included landfilling after incineration-Spent Bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge, and sludge from water treatment contaminated wastes. In the period, 131.16 tonnes of hazardous waste was generated from process and pollution control equipment.

## Non-Hazardous Waste

For non-hazardous waste, our priority is to reduce waste at the source by purchasing and bringing into our facilities only what is needed. We regularly seek out opportunities to divert waste from the landfill through creative solutions. Where we find approaches that work, we share them with our other companies around the world. We have found solutions requiring little, if any, investment, ensuring that our progress makes business as well as environmental sense. Some of the shared successes include using recycled cardboard boxes as filler for packing materials, creating re-usable pallets for parts delivery from vendors, as well as product delivery to dealers to eliminate the use of wood pallets, and recycling initiatives for paper and plastic from offices and break rooms.

Non-hazardous wastes included those general wastes such as scrap papers/paper cartons, scrap plastic packaging, and metals. In the same period, a total of 52808 tonnes of waste was disposed to the authorised contractor.

## Waste Disposal

Maintaining a comprehensive waste recovery process, including raw material reduction and responsible waste recycling, is critical to Bharat Forge's sustainability. Our recycling strategy includes everything from scrap steel to used tyres, pallets, and cardboard boxes, with some operations even composting organic waste.

We have put in place a waste classification system. Waste is recycled as much as possible or disposed of promptly if it cannot be reused. Waste is managed by third-party waste contractors and disposed of in a controlled manner. The team adheres to the established procedures for collecting waste and

storing it in designated bins based on classification. There is a designated temporary solid waste storage area at the manufacturing plant, and signs are posted in accordance with state regulations. Also, safeguards are in place to prevent pollution and leakage.

We believe in avoiding waste or keeping it to an absolute minimum. However, because resources are limited and many raw materials are only available in small quantities, the reuse of materials and raw materials in the form of secondary materials is becoming increasingly important for manufacturing processes.

## Material Sourcing &amp; Resource Conservation

Selecting or identifying a suitable material or manufacturing process is one method of achieving product sustainability by reducing end-of-life impacts to the greatest extent possible. However, because technological changes are unpredictable, forecasting future potential environmental impacts is extremely difficult. To investigate the potential for reducing environmental impact by using alternative materials and alternative manufacturing processes, a material change has a greater impact on reducing environmental impact than a change in the manufacturing process.

Bharat Forges places a high value on resource conservation and recycling in terms of carbon footprint, as well as associated cost savings and departmental efficiency improvements. We focus our efforts on selecting the best material and then reducing the amount of material used in operations and subsequent modification or transformation into a finished good.

In addition, Bharat Forge has adopted a circular economy by rationalizing resource use and reusing materials when manufacturing its parts and subassemblies. We maintain a circular ecosystem in which 100% of raw material scrap is recycled to produce clean steel.

Monitoring resource consumption is an essential component of our company's environmental management strategy in the production network, resulting in cost savings that are frequently demanded in automotive manufacturing and it is managed by the Environment Division.

All of the company's processes are regularly reviewed to ensure that raw materials are used responsibly. The company's persistent attempt to minimize the gross weight of its products, which is critical to more efficiently utilizing raw resources, is an excellent illustration of this technique. This endeavor reduces the amount of waste produced as well as the amount of energy and other items used in the manufacturing process.

## Circular Economy

*We ensure a circular ecosystem whereby 100% raw material scrap is recycled to manufacture clean steel. About 30% waste heat is recovered using regenerative burners resulting in reducing the fuel combustion. We also have zero discharge of wastewater. It is treated and reused for maintenance of greenery in the plant.*



### Material Used

Type of Material	Unit	Quantity
Raw Material	MT	3,50,000
Associated process material	KL	25,896

During the fiscal year 2020-21, a total of 52,808 tons of MS scraps/scale/bur/flash were sent to rolling mills for recycling.

### Minimizing resource consumption

Our continuous focus on innovation and making products more efficient for our customers has contributed to a reduction in resource consumption. We will continue to replace wooden

boxes with metal pallets and packaging boxes that can be recycled and reused. During the year, one such innovation has been on the light-weighting of the crankshaft to the extent of 12%.

### Reducing Water Consumption

#### Objective

**To reduce water consumption to promote sustainable design.**

### SDGs Impacted



Bharat Forge makes extensive use of water in the production of parts that require material transformation at high temperatures. We have proprietary water treatment systems that enable water recovery in order to reduce water discharges.

We depend on sustainable access to water to keep our manufacturing operations running, to sustain our heating and cooling systems, to clean our products and facilities, and for sanitation needs within the manufacturing facility. At our manufacturing site, our engineers work closely with our corporate HSE manager to implement water conservation and wastewater treatment measures. Sharing best practices provides examples of successful measures and enables HSE managers to exchange ideas and

lessons learned. In addition, we perform regular HSE audits, including an evaluation of their water management practices, at production and operation facilities.

Bharat Forge uses water extensively in making parts that require material transformation at high temperatures. In order to minimize water discharges, it has proprietary water treatment systems that enable its recovery.

**Total Water Withdrawal (m<sup>3</sup>)**  
**708,748**

### Water Consumption

Particulars	2020 - 21 (m <sup>3</sup> )	% of Total Withdrawal
Surface Water	3,23,858	45.69%
Ground Water	1,42,576	20.12%
Recycled water with ETP/ STP	2,40,686	33.96%
Third Party Water	1,628	0.23%

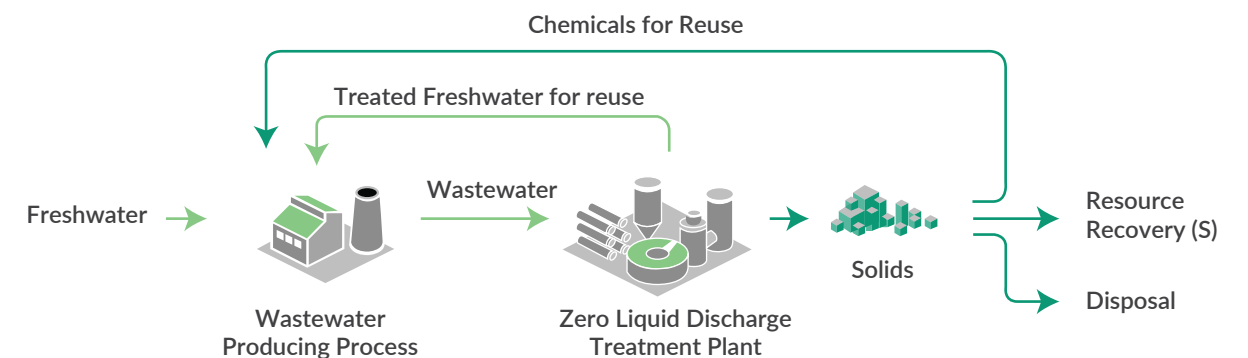
### Water Recycling

Curbing water consumption is one of the fundamental aspects of sustainability. Activities such as upgradation in the recycling of treated effluent, recycling of RC fan cooling water using a close loop system have led to reduce in freshwater usage. Further, we are also using rainwater harvesting techniques to recharge water table.

#### Treating Wastewater

The Group has effectively controlled the industrial wastewater generated by the activities, products, and services, and formulated the waste management systems for handling wastewater properly. We make the best utilisation of the wastewater treatment

system. As a ZLD plant, we are not discharging wastewater as well as treated water. Zero liquid discharge (ZLD) is an approach to water treatment where all water is recovered and contaminants are reduced to solid waste. While many water treatment processes attempt to maximize the recovery of freshwater and minimize waste, ZLD is the most demanding target since the cost and challenges of recovery increase as the wastewater gets more concentrated. Salinity, scaling compounds, and organics all increase in concentration, which adds costs associated with managing these increases. ZLD is achieved by stringing together water treatment technology that can treat wastewater as the contaminants are concentrated.



As we have installed ETP & STP plant to treat our generated wastewater. Treated wastewater is recycled for use to reduce the consumption of freshwater. In-house sewage treatment facilities are installed with reuse water pools, from which treated wastewater is reused in factory cleaning, horticulture, etc. Moreover, regular audits are conducted as part of EnMs to monitor and identify the processes capable of reducing water consumption; this prevents the occurrence of unnecessary water consumption.

To ensure the quality of water we are monitoring our treated water quality as per MPCB consent requirement standards. We are following MPCB & CPCB water quality standards. Responsible water management is also a part of our supplier expectations, and we continually encourage our suppliers to participate in water use reporting. We expect our suppliers to increase their efforts on water management within their facilities and involve their suppliers as well. We aim to reduce water use and pollution throughout our supply chain to better protect the environment.

## Case Study

### Innovative ideas to help reduce the water consumption

Rainwater structure details, how much water is harvested?

Clean rainwater from the terrace of buildings is utilized for recharging the borewell through injection well technology. Some of it is used for gardening purposes instead of pumping water from the borewell. Rainwater drainpipes from the terrace are extended up to the barrel near the borewell. The barrel, fitted with a mesh filter, removes suspended particles in the drained rainwater from the rooftop. The filtered rainwater that is collected below the mesh is then fed to the borewell.

A new project has been designed for the up-gradation of the treated effluent recycling. It leads to the reduction of the freshwater consumption used for top-up purposes.

Another water conservation measure deployed in the current reporting year is the recycling of RC fan cooling water.

## Biodiversity

### SDGs Impacted



*We have not paid any fines related to environmental or ecological during the reporting period.*

Bharat Forge conducts its business in industrial areas/estates, we believe that our impact on biodiversity is minimal and thus insignificant for the company's reporting effort. As a result, no information about biodiversity is provided in this report.

## Environmental Compliance

We are committed to regulatory compliance and ethical behavior, in all aspects of our operations. Environmental compliance is the responsibility of the sites and businesses.

A management system approach is used at Bharat Forge sites. This includes regular updates on legal changes as well as a compliance assurance mechanism with internal and external controls. We ensure internal audits' functions (internal audit, HSE audit, loss

prevention visits, quality audit, authority inspections, etc.) of various sites are conducted regularly to provide oversight and governance. HSE audits are conducted, and reports with findings are distributed to senior management, and agreed-upon action items are followed through to completion.

Site managers verify compliance and regulatory inspection results during management reviews with their teams. This review's negative findings are being reported to our Ethics and Compliance Group. Fines, which indicate noncompliance, are entered into the environmental data system and reviewed to determine the root causes. The compliance assurance process is based on the evaluation and implementation of legal changes by site management teams. Audits, once implemented, allow us to review, assess, and maintain compliance on a regular basis.

# Responsible Procurement

## Objective

*To encourage our suppliers to abide by and act in accordance with applicable statutory and international standards for environmental protection.*

### SDGs Impacted



Any business, company, corporation, person, or other entity that provides, sells or seeks to sell any kind of goods or services to BFL and its group companies, including the Supplier's employees, agents, and other representatives, is referred to as a "Supplier(s)". Suppliers make up our extended operations and are an important part of our Supply chain because they value our commitment to quality, timely delivery, and low cost. Our suppliers also play an important role in ensuring that we run a safe and efficient business. We are committed to integrating economic, social, and environmental sustainability in all our activities. At BFL, we are dedicated to exceeding customer expectations, by always being first to market with the best products and world-class practices. We maintain responsible supply chain management practices and extend these sustainability criteria while working with our supply chain partners to promote responsible procurement practices.

Suppliers must make every effort to adhere to and act in accordance with applicable statutory and international environmental protection standards. All products manufactured along the supply chain must meet the environmental protection standards of the market segment. This includes the entire life cycle of the product as well as all materials used. Suppliers must demonstrate, upon BFL's request, that they have implemented an environmental programme to reduce their carbon footprint on the environment.

A supplier assessment is carried out during the initial

registration process, and further, based on the risk profile of the suppliers. We carry out internal audits towards ensuring accountability and the ability to execute our projects and assignments. Besides, establishing responsible procurement processes, we work closely with our suppliers, especially local vendors, to ensure higher quality and value of our assets.

## Suppliers Code of Conduct

The Supplier Code specifies BFL's ongoing assessment or audit of a Supplier and constitutes additional terms of the purchase order, work order, scheduling agreement, or any other commercial agreement with the supplier. We expect all of our Suppliers to promote and disseminate compliance with the Code of Conduct principles throughout their supply chain. Failure to comply with this Supplier Code may result in the termination of BFL's commercial relationship as its Supplier and any of BFL's subsidiaries/associate companies. Only by working together with our Supplier Partners would we be able to achieve our goal.

Our Supplier Code of Conduct lays down our guidelines and expectations for evaluating prospective partners and others to work with us to fulfill that purpose—ethically and in compliance with applicable laws. Shortlisting criteria is based on sustainability parameters, identification of critical & non-critical suppliers, etc. Our commitment to

promoting transparency, fairness, and accountability across our value chain is why we've set out a mechanism to report any situation,

### Supply Chain Management

The Supplier is expected to implement its binding code of conduct and to make reasonable efforts to promote the Supplier Code's principles in its supply chain. To ensure compliance with the intent of this Supplier Code, the Supplier must establish a proactive process. A Supplier's acceptance of a purchase order/work contract is deemed to be acceptance of the Supplier code of conduct.

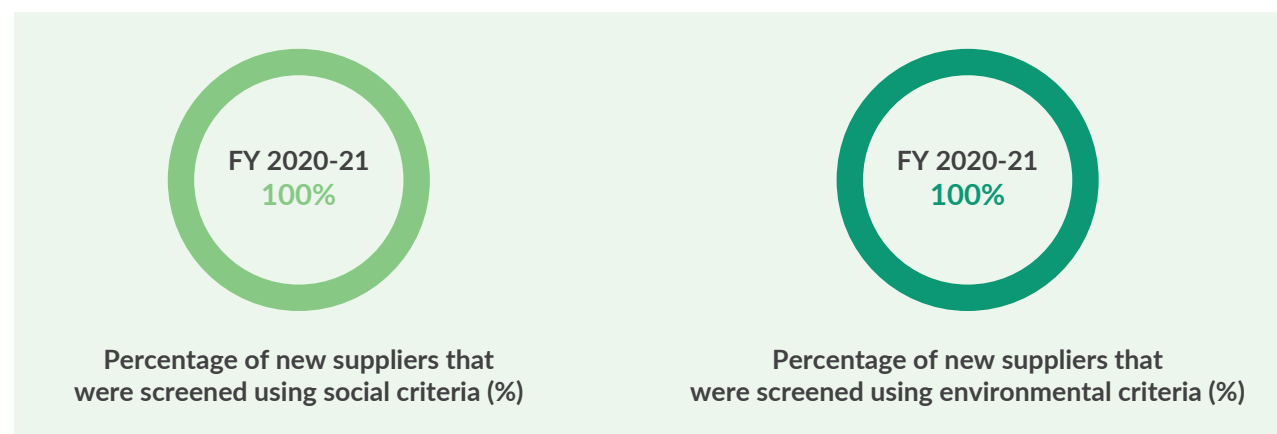
Please visit our Supplier Code of Conduct at: [https://www.bharatforge-gh.com/fileadmin/media\\_manager/cdp/Downloads/Bharat-Forge-Supplier-Code-Of-Conduct-rev-01072017.pdf](https://www.bharatforge-gh.com/fileadmin/media_manager/cdp/Downloads/Bharat-Forge-Supplier-Code-Of-Conduct-rev-01072017.pdf)

circumstance, or action that violates our Supplier Code, the contact point for that being the BFL's Corporate Office in the respective country.

### Supplier Selection Criteria and Performance Evaluation

Our Supplier Code of Conduct summarizes the fundamental requirements that we expect our Suppliers to respect and follow when doing business with Bharat Forge Ltd.

During the fiscal year 2020-21, we screened all of our suppliers (341 in total) using social and environmental criteria and found no negative social or environmental impacts on our value chain.



Our suppliers are evaluated based on their compliance with the following criteria:

#### Business Ethics & Compliance

Suppliers must always follow the national or international anti-corruption laws or regulations of the countries in which they operate, and they must not engage in any form of corruption, extortion, fraud, bribery, or embezzlement.

#### Sustainability

Suppliers must strive to adhere to and act in accordance with the applicable statutory and international environmental protection standards. All products manufactured along the supply chain must meet the market segment's environmental protection standards.

#### Social Responsibility

Suppliers are urged to uphold internationally recognised human rights standards and to strive for them in all business activities within their spheres of influence. Forced or compulsory labour is strictly prohibited.

#### Legal Compliance

Suppliers will be held liable for violations of their own country's rules, regulations, and laws, as well as the rules, regulations, and laws of the country of origin of goods and services.

#### Third Party Representation

Suppliers must respect and safeguard intellectual property rights of all parties by using only legally acquired and licenced information technology and software. Suppliers must safeguard and use BFL's physical and intellectual assets responsibly, including intellectual property, tangible property, supplies, consumables, and equipment, when authorised by BFL to do so.

#### Communications and Enforcement

As a condition of doing business with BFL, all Suppliers must adhere to this Supplier Code. BFL will keep a system in place to assess and ensure compliance. If BFL determines that a Supplier has violated this Supplier Code, the Supplier must provide information about the incident(s) and show the actions taken to correct the condition within 30 days. BFL has the authority to consult the Supplier's code of conduct as needed.

#### Protecting Company Assets and Intellectual Property

Suppliers must respect and safeguard intellectual property rights of all parties by using only legally acquired and licenced information technology and software. Suppliers must safeguard and use BFL's physical and intellectual assets responsibly, including intellectual property, tangible property, supplies, consumables, and equipment, when authorised by BFL to do so.

#### Bribery

The Suppliers must comply with applicable anti-bribery laws in all such jurisdictions wherein they conduct their businesses.

#### Conflict of Interest

Suppliers must avoid conflicts of interest that could jeopardise their credibility with BFL. If a Supplier's employee or a family member has a relationship with a BFL employee who can make decisions that affect the Supplier's business, a conflict of interest exists.

### Promotion of Local Supplier

Bharat Forge has always promoted local suppliers for the supply of raw materials & other materials which helps the local economy to thrive. The state of Maharashtra is considered as local for Bharat Forge as it has manufacturing facilities at Mundhwa (Pune), Chakan, Baramati, Satara. All these facilities are located in Maharashtra.

Bharat Forge procures 62.83% of raw material from Maharashtra which promotes local suppliers.

**Local Procurement**  
**66%**  
**From Maharashtra**



## Percentage of Local Suppliers from India

States	% of Suppliers	States	% of Suppliers
Maharashtra	62.83%	Karnataka	6.45%
North Eastern India	0.03%	Bihar & Jharkhand	0.10%
Orissa	0.16%	Delhi	1.33%
Punjab	0.30%	Gujarat	2.49%
Rajasthan	0.31%	Haryana	1.26%
Uttar Pradesh & Uttaranchal	1.07%	Himachal Pradesh	0.08%
West Bengal	0.64%	Madhya Pradesh & Chhattisgarh	0.41%
Andhra Pradesh & Telangana	1.97%	Kerala	0.02%

## Percentage of Local Material Supplied from India

States	% of Material Supplied	States	% of Material Supplied
Maharashtra	66%	Karnataka	3%
North Eastern India	0.03%	Bihar & Jharkhand	0.10%
Orissa	1%	Delhi	1%
Punjab	0%	Gujarat	1%
Rajasthan	0%	Haryana	1%
Uttar Pradesh & Uttaranchal	0%	Himachal Pradesh	0.08%
West Bengal	0%	Madhya Pradesh & Chhattisgarh	0%
Andhra Pradesh & Telangana	23%	Kerala	0.02%
Tamil Nadu	4%		

## Sustainable Supply Chain is the Future

Bharat Forge purchases a wide range of items and components from both domestic and international suppliers. Within the supply chain, various raw materials such as steel & iron in particular have negative environmental impacts, involving the consumption of natural resources. Therefore, conserving resources is a major concern for Bharat Forge.

Bharat Forge will be designing an all-encompassing sustainability strategy to permanently integrate sustainability into its business processes. Bharat Forge will be working on implementing Sustainable Procurement & Sustainable supply chain initiatives in the coming years.

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## GRI 101: Foundation 2016

[GRI 101 does not include any disclosures]

## GRI General Disclosures 2016

[the list of general disclosures made, based on in accordance with the Comprehensive option]

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**BHARAT FORGE**



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