



YOU SEE

METAL

WE SEE

GREEN



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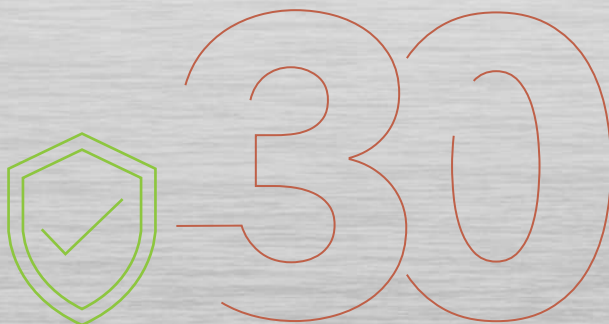


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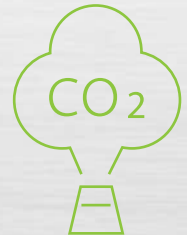
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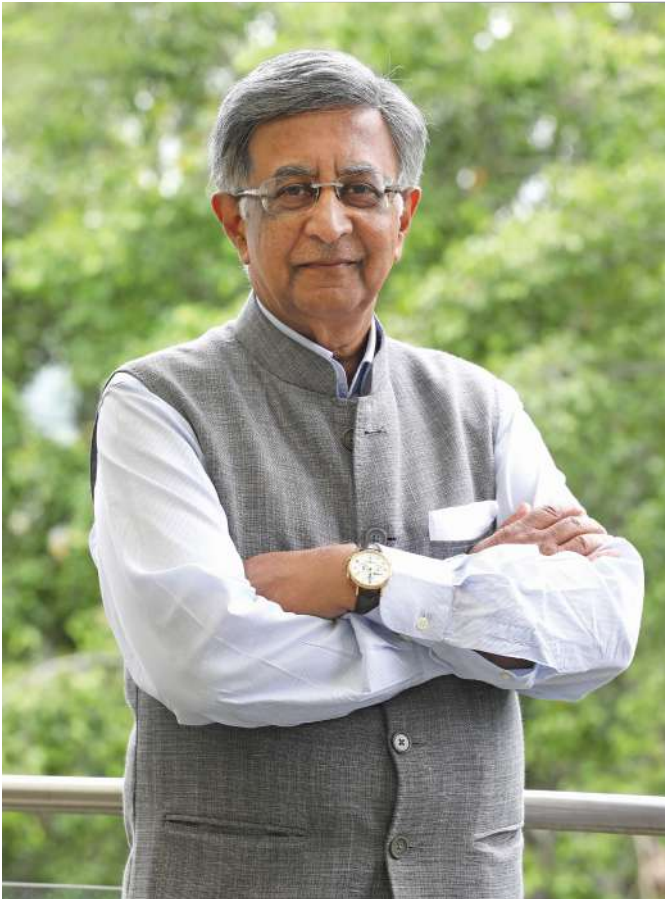
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FROM THE CHAIRMAN AND MD'S DESK



Dear Stakeholders,

It gives me immense pleasure to share with you Bharat Forge Limited's second Sustainability Report, at times when sustainability and ESG are emerging globally, as the primary focus areas across businesses and stakeholders.

We, at BFL, believe in a holistic approach towards organizational ESG agenda for a PLANET POSITIVE future. Our key focus areas include the efforts towards carbon footprint reduction, safer workplaces, extensive stakeholder engagement, waste recycling, water conservation and integration of ESG in CSR Programs. As we continue to evolve against global best practices, we strive for improving our workforce diversity for better decision-making.

The ESG committee formulated during FY 2021-22 at BFL Board, is actively involved in framing, implementing, and assessing company's progress against ESG goals and targets. We move ahead in setting up an ESG framework under the board supervision and we are sure that this would help us in fulfilling the expectations of our stakeholders towards Environment, Energy, Health & Safety, CSR and Corporate governance, while creating sustainable value for our shareholders.

We would be publishing our ESG strategy and roadmap soon to give our stakeholders an insight into our priorities around sustainability.

Whole world faces the impacts and challenges on account of climate change, and it is the responsibility of each one of us to contribute positively to make our planet green. While the international business community is aligned to revisit the NetZero targets to limit the temperature rise to 1.5°C, the emerging markets have made NDC commitments on GHG reduction with India taking a target of 30-35% reduction in GHG Emissions.

We, as a country and as an independent business are keen to align our strategies around the global NetZero Commitments. We are in the process of mapping our Scope 1, 2 and 3 emissions across our value chain to understand the emission scenario, set real time targets and take concrete steps to align ourselves with the global NetZero Agenda.

We are committed to drive deeper decarbonization across our operations to mitigate the impact of climate change by adapting global best practices that

can be implemented on an immediate basis. This includes the implementation of energy-efficient technologies, shifting to renewable forms of energy and digitalisation of operations in the best possible manner.

We have enhanced our share of renewable energy from 16% to 25% through additional PPAs and invested in emission reduction initiatives by adopting cleaner technologies across operations, as part of our PLANET POSITIVE agenda.

Optimal use of resources is ensured in our operations by way of reducing, reusing, and recycling. We recycle 99.4% of the waste that gets generated in our operations and continue our focus to achieve Zero waste to Landfill.

We, at BFL, see Corporate Social Responsibility (CSR) as the means to demonstrate our commitment in giving back to the society. In this FY we have spent 169.36 crores on our CSR initiatives which revolve around Health, Sanitation, Skill enhancement, education, infrastructure, sports, and helping rural youth to become self-reliant.

As a step towards sustainable supply chain, our supplier code of conduct got revised with ESG/Sustainability aspects and sustainability self-assessment exercise initiated for our value chain partners. We are planning to work closely with all our value chain partners in terms of sustainability to ensure a sustainable supply chain.

We have a strong corporate governance in place which aids us in ensuring compliance and smooth functioning of operations. Policies around Human Rights, Anti-Corruption, Anti-Bribery and Taxation were deployed this year to strengthen our corporate governance. Going forward, all our capital expenditures and future M&As would be screened via ESG lens.

I take pride in sharing that we are among the few responsible organizations who have voluntarily disclosed their ESG performance as per SEBI's BRSR mandate during FY 2021-22. We strive hard to achieve an overall median rating in all the ESG Assessments that would give us a leeway to continuously improvise and better our Sustainability and Risk framework.



**IN THIS FY WE
HAVE SPENT 169.36
CRORES ON OUR CSR
INITIATIVES WHICH
REVOLVE AROUND
HEALTH, SANITATION,
SKILL ENHANCEMENT,
EDUCATION,
INFRASTRUCTURE,
SPORTS, AND HELPING
RURAL YOUTH TO
BECOME SELF-RELIANT.**

Today, while we have returned to the business-as-usual scenario, BFL understands the risks that are looming large globally such as climate change, cybersecurity and digital safety, livelihoods, and competition with respect to space and resources. Each one of us must contribute individually and as a society to deal with these emerging risks in a VUCA (volatility, uncertainty, complexity, and ambiguity) world.

I wish to congratulate everyone in the BFL family for showing resilience and entrusting faith in management while engaging in business-as-usual scenario post pandemic, bringing the operations back to normalcy.

I am sure we all together can continue to grow stronger, deliver value to the society and contribute together in making this PLANET POSITIVE.

BN Kalyani

Chairman and Managing Director

FROM THE ESG COMMITTEE CHAIRMAN'S DESK

We drive our business through a common agenda of “Planet Positive” to safeguard our planet for future generations. We, at Bharat Forge, strongly believe that ESG & Sustainability would make our business globally competitive. To this effect, we have formed the ESG committee at Board Level and to provide an impetus to initiatives that we have already initiated.

We aim towards sustainable development in our operations by achieving resource efficiency, adopting circularity and decarbonization. Our key ESG targets include Carbon Neutrality by 2040, use of renewable energy to the extent of 80% by 2035, reduction of 35% water consumption by 2025, reduction of 40% operational energy intensity by 2025 and achieving Zero Safety incidents. Progress on these targets is being monitored on real-time basis using our inhouse Industry 4.0(IoT) platform.

We, as a company, have committed ourselves to attain our target of Carbon neutrality by 2040 by adopting sustainable practices such as use of cleaner technologies, use of renewable energy and enhancing energy efficiency across our operations. With these in place, we should be able to achieve 50% emission reduction in short term (2026) and go beyond 75% in the long term (2030).

Further to our Chairman's vision of developing 100 villages in 2015, this year, we have integrated our community impact initiatives into our ESG goals. Our journey of serving the community began with modest 2 villages in 2017 around the focus areas of water, internal roads, livelihood, education, women empowerment, and health. I am proud to share that we could positively influence many lives across 100+ villages till date, through our various CSR initiatives in aforesaid areas.

Other initiatives taken up by us around ESG/ Sustainability include the deployment of robust waste management through 'Reduce, Reuse and



Recycle' principle, water conservation efforts, supplier sustainability assessments and an established energy management system.

All these initiatives ensure a strong foundation for a sustainable and green business. We intend to come up with regular updates on these initiatives to all our stakeholders.

I wish to thank you all for trusting and supporting us in our journey to achieve a sustainable organization...!

Happy Reading!

Amit Kalyani

Deputy Managing Director / Chairman,
ESG Committee BHARAT FORGE

ABOUT THE REPORT



Our Approach

(GRI 2-1, 2-2, 2-3, 2-6)

This is Bharat Forge's second sustainability report which provides detailed disclosures on our sustainability strategy and prospects. We seek to transparently publish our ESG (Environmental, Social, and Governance) performance and give our stakeholders a comprehensive understanding of the business's strategies and operations through this report. We have published our first sustainability performance report in the FY 2020-21.

In this report, Bharat Forge, an industry-leading conglomerate, aims to explain its strategy for effective stakeholder engagement, strong leadership, and good governance standards. The report outlines the company's strategy to mitigate the actual and potential risks, including climate-related risks. The report also highlights BFL's efforts to build strong, self-sufficient communities and the various CSR projects carried out by the company.

Reporting Boundary and Scope

(GRI 2-1, 2-4)

This report covers the activities and operations of Bharat Forge headquarters, manufacturing plants, R&D facilities, warehouses, and sales offices in India. There is no significant change to the organization's size, structure, ownership, and supply chain in the reporting year. This report does not contain any data or information about any entity outside the organisation. The key topics which have a substantial impact on the business and its stakeholders were reprioritized by BFL during the reporting period. The report covers the company's accomplishments concerning sustainability-related KPIs during the reporting period, from April 1, 2021, to March 31, 2022. This year we have revised our materiality matrix, which focuses more on the issues, opportunities, and challenges that have a material impact on our business and ability to deliver sustained value to our stakeholders. For comprehensive information on disclosures of economic and governance matters, readers can refer to the BFL's Annual Report 2021-22. The company wants to mention that there are no restatements or corrections to the information provided in the report from the previous reporting year. The last report was published in December 2021.

Reporting Methodology and Framework

Bharat Forge Limited has reported as per the revised GRI (Global Reporting Initiative) Standards 2021 from April 1, 2021 to March 31, 2022. This report is prepared in accordance with the Global Reporting Initiative (GRI) Standard: Core option. The report was also created under the guidelines set forth by the International Integrated Reporting Council (IIRC). Additionally, this report complies with the information disclosure standards of the United Nations Sustainable Development Goals (UNSDGs).

Responsibility Statement

The contents of this Report have been read and reviewed by the Company's Senior Management under the guidance of the Board. This ensured the integrity, accuracy and completeness of the information disclosed in the Report.

Assurance

(GRI 2-5)

The financial data disclosed in this report has been externally assured by PPEA & ASSOCIATES in accordance with the requirement of the ISAE 3000 Assurance Standard and is sourced from the BFL's Annual Report 2021-22, Sustainability Report 2020-21 and BRSR 2021-22. The assurance certificate can be found on page number 88.

Forward-Looking Statement

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

Feedback

(GRI 2-3)

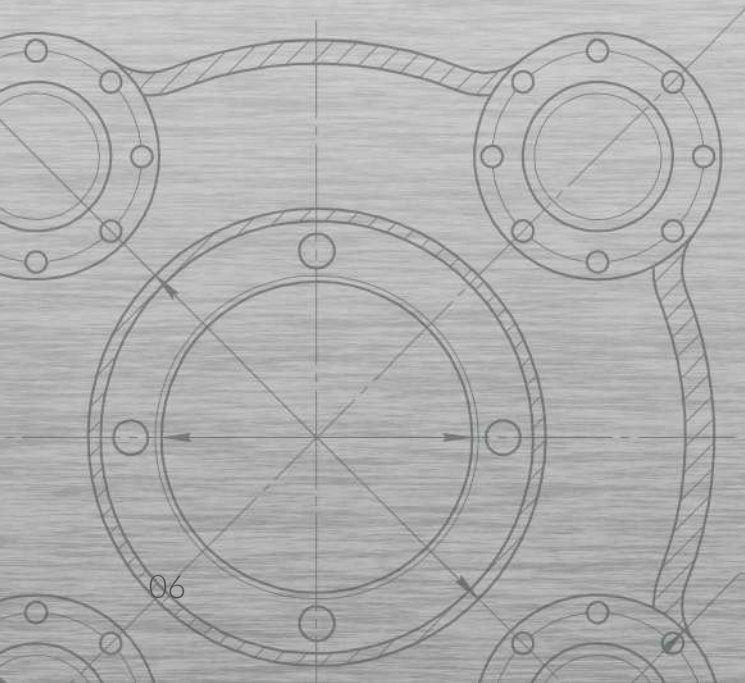
BFL invites readers to share their insightful opinions, comments, and recommendations as part of its ongoing engagement with stakeholders to support the company's continual progress. Any suggestions and feedback can be sent to Mr. Arularasu K, Vice President ESG, Email: Arularasu.K@kalyani.in

COMPANY OVERVIEW AND



MAJOR ACHIEVEMENTS

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PURPOSE

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

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



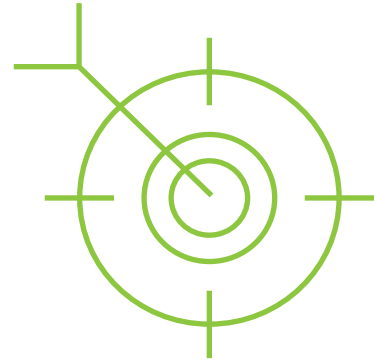
VISION

We believe the 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 companies in India, we are progressively well-known for our Innovative Engineering Solutions for Industrial Sectors.



VALUES

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



WHO WE ARE

(GRI 2-1)

Bharat Forge Limited (BFL) is a global leader in metal forming. We serve several sectors including Automotive, Railways, Aerospace, Marine, Oil & Gas, Power, Construction and Mining. Being the world's largest forging company and amongst one of the best aerospace forging companies and automotive forging company, we have transcontinental presence across ten manufacturing locations spread across India, Germany, Sweden, France and North America. We are also a leading supplier of various components for the aviation sector, making us a renowned name amongst aerospace forging companies in India and around the world.

Part of the Kalyani Group - A USD 3 billion conglomerate with 10,000 global work force, we have the largest repository of metallurgical know-how, design & engineering expertise, and manufacturing prowess in the region, which has established us as one the leading forging manufacturers in India. We are backed by more than 50 years of experience in manufacturing a wide range of high performance, critical and safety components. We offer full-service supply capability to our geographically dispersed marquee customers from concept to product design, engineering, manufacturing, testing & validation.

Developing our own technology, constantly improving our technical processes, adopting the latest manufacturing processes and continuously training our workforce to create a talent factory has been the cornerstone of our success and has contributed towards making us a leading automotive forging company in India.



OUR OPERATIONAL PRESENCE

(GRI 2-1)

Bharat Forge, Pune manufactures a wide range of high performance, highly engineered critical and safety components for automotive and industrial applications. It is the world's largest single-location forging facility consisting of fully automated forging press lines. It has a state-of-the-art machining facility, which is the largest of its kind.

Bharat Forge, Baramati- Centre for Advanced Manufacturing is a state-of-the-art, world class facility that manufactures high technology, highly engineered critical & safety components for Automotive, Railways, Aerospace, Marine, Power and heavy engineering industries. Apart from forged and machined heavy components, the facility is also equipped to manufacture large ring & gear blanks for various sectors like marine and wind.

Bharat Forge, Satara, has high technology machining facilities that supplies machined components for windmill, oil & gas and power.

BUSINESS PORTFOLIO

(GRI 2-6)

Bharat Forge has succeeded through transformation as a leading critical component manufacturer and continues to remain the only way forward. Bharat Forge continues to leverage its expertise built on 4M's (Metallurgy, Metal Forming, Manufacturing and Machining) and R&D capabilities, to provide agile and adaptive solutions to its customers and establish itself as one of the best critical and safety components manufacturer both in India and globally. Our focus on developing new processes, expanding the product portfolio, and leveraging our innovation capabilities, is opening up new growth avenues.

We are reinventing ourselves as a global engineering company with a deeper presence across varied sectors in order to make us known as one of the best critical and safety components manufacturer.

Key segments and products

Automotive



Commercial Vehicles



Passenger Vehicles

Industrial



Conventional & Renewable Energy



Rail & Marine



Defence & Aerospace



Oil & Gas and
Construction & Mining



Agriculture & General Engineering

AWARDS AND ACCOLADES



Bharat Forge has been a leader and innovator in sustainability performance since its inception. We have carried out numerous significant projects supporting our organizational agenda in Environmental, Social, and Governance (ESG) matters. These accomplishments spark our passion and further motivate us to serve our customers with reliable, high-quality products year after year.

- ★ The CSR Journal Excellence Awards 2021
- ★ Won 'Outstanding commitment & dedicated support as the Industry Partner' Award for 2020
- ★ Won the prestigious 'MCCIA' Annual Award 2020
- ★ Bharat Forge was declared the winner of 'The Maharashtra Chamber of Commerce, Industries & Agriculture (MCCIA) Annual Awards 2020' under Corporate Social Responsibility
- ★ Bharat Forge was bestowed with the following awards by The Government of Maharashtra under the skill development category for developing and upgrading Industrial Training Institutes (ITIs) at Khed, Bhore, and Malegaon



Golden Peacock CSR Award 2019



MCCIA B J Deshmukhe CSR Award 2020



ASHOK LEYLAND

Gold Award - Best Performance in Business Alignment
 Winner - Regional Supplier Samrat (Quality)
 Winner - National Supplier Samrat (Quality)
 Runner Up - QIA Award



Excellent - Certification



JOHN DEERE

Achieving Excellence - Enterprise Partner Recognition



Gold Award - Supplier Quality Improvement Contest



Leader Award for SPM Performance for 2020 and 2021

CERTIFICATIONS

Bharat Forge has obtained certification in several areas to reduce its business operations' adverse environmental, social, and governance impacts. We also regularly update these certifications to meet stakeholders' expectations, diverse ecological requirements and needs arising from rapidly changing business dynamics. We have also established the governance framework necessary for business management and are working to recognize and address significant material issues by maintaining transparent communication with our stakeholders. The list of certifications is presented below:

ISO 9001:2015

(QMS Certification for Non-Automotive Parts)

NABL: ISO/IEC 17025:2017

(American Petroleum Institute certification for Petroleum products)

ISO 27001:2013

(Data Security Management System)

Lloyd's Register

(Approved for Closed Die C/S Forgings surface induction hardening of C/S)

ISO 14001:2015

(Environment Management System Certification)

Pressure Equipment Directive 2014 and Pressure Equipment Safety Regulation 2016 Certificate (Lloyd's Register EC Certificate for CDFD and HFD Parts)

ISO 45001:2018

(Safety Management System Certification)

Nadcap

(Aerospace, Heat Treating, Measurement and Inspection, Metallic Materials Manufacturing, Non-Destructive Testing)

IATF 16949:2016

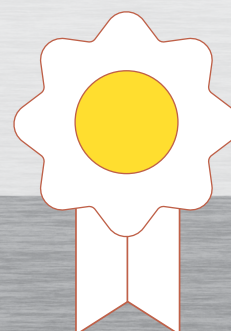
(QMS Certification for Automotive Parts)

AS 9100 Rev D

(QMS Certification for Aviation Parts)

API-20B & API-Q1

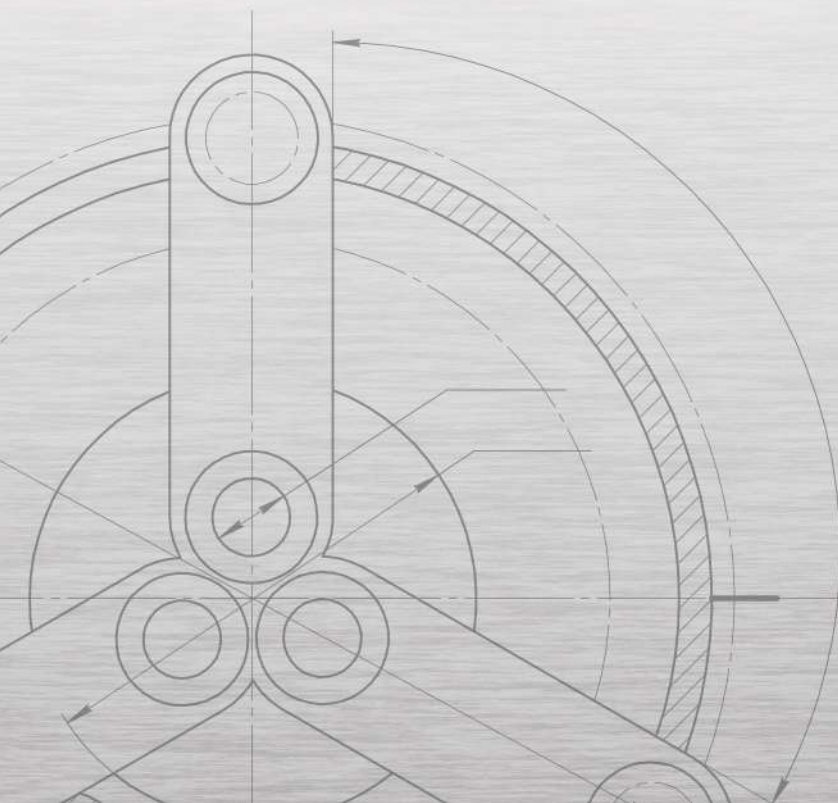
(American Petroleum Institute certification for Petroleum products)





STRENGTHENING SUSTAINABILITY AT BFL

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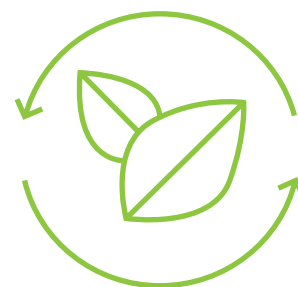


SUSTAINABILITY STRATEGY

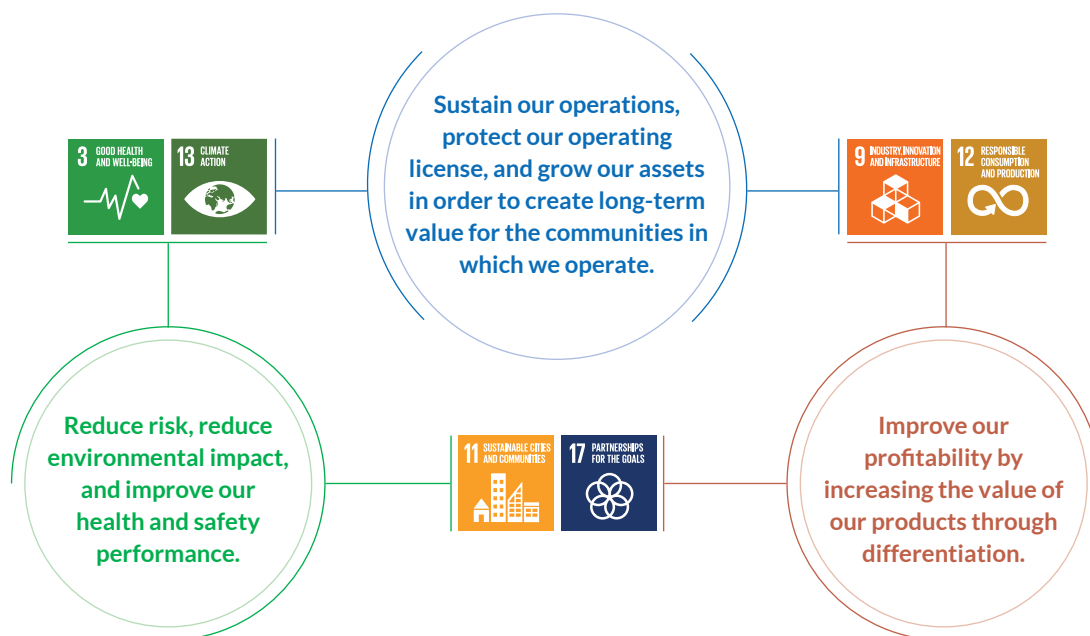
BHARAT FORGE IS COMMITTED TO MINIMIZING IMPACTS, MAXIMIZING AND ENSURING PLANET POSITIVE.

We at BFL are committed to strengthening our sustainability approach by creating value for our stakeholders and catering to societal demands for sustainable solutions. We have advanced gradually and provided noticeable outcomes despite challenging circumstances. This was possible through our unwavering pursuit of competitive advantage that generated economic value, our

emphasis on quality management that raised the value of our customers, and our corporate citizenship that supported numerous social commitments. Our strategy revolves around sustainable value creation, augmented through the three pillars of BFL's sustainability approach and showcases the progress towards our strategic goals.



Pillars supporting our Sustainability Strategy



We judiciously apply the principles of materiality to proactively identify and address the issues and concerns relevant to our business and stakeholders, thereby enabling us to mitigate the risks and harness the opportunities as a part of our sustainability strategy. This helps us overcome any operational challenges across geographies and ensures continuous access to our products to our customers while maintaining our social license to operate within the community.

Substantial Contribution

BFL aims to set world-class standards for value generation, corporate responsibility, and business ethics. We serve a diverse range of sectors through our fully integrated operations in India with an exceptional focus on innovation and cutting-edge technologies. Together with our stakeholders, we are creating an organization that will ensure sustainability at every step.

Our business has been tackling the issue of environmental impacts through sustainable solutions in manufacturing products that we offer to our consumers. Our efforts to make parts

lighter result in light-end vehicles which are more resource-efficient in using less fuel during their use. Raw materials in our manufacturing process are recycled as per our principles of circularity in production to create clean & green steel.

We intend to take more steps as a responsible business, and further cut down on our resource intensity and, boost the utilization of renewable energy across operations. Nearly 25% of all energy consumed for the fiscal year 2022 came from renewable sources.

Our Agenda for 2030

Our collaborative approach to tackling social, environmental, and economic concerns is driven by the Sustainable Development Goals (SDGs) of the United Nations and the 2030 Agenda for Sustainable Development. Our determination to achieve sustainable development is guided by the key SDGs which are material to our business. We constantly strive to maximize contribution towards key SDGs directly via strategic inputs and indirectly via significant partnerships.



Sustainable Development Goals

Our focus on sustainability remained steadfast and continued to make a substantial and positive difference. A holistic approach to Environment, social and corporate governance is core to our business. We at Bharat Forge continue to demonstrate our commitment to sustainability through our various initiatives:



ENVIRONMENT

Climate Change

- > To become carbon neutral in operations by 2040 by taking 2019 as the base year.
- > Energy Efficiency 2%/Annum YoY till 2030 by taking 2019 as the base year
- > 50% reduction in Carbon footprint in operations by 2035 (2019 BL)
- > 80% of Electrical Energy to be Renewable by 2035 (2019 BL)
- > Life Cycle Assessment by 2025 for all the products manufactured
- > 30% CO₂ Reduction in Freight transport/ Unit produced by 2035
- > UN Global Compact Signatory
- > 40% reduction in Energy Intensity by 2025 (2019 BL)
- > 50% Secondary RM by 2030

Water Management

- > Water Positive in Operations by 2035 by taking 2019 as the base year
- > 35% absolute reduction in freshwater consumption by 2025 (2019 BL)

Waste Management

- > Zero Waste to Landfill in all Sites by 2025
- > 50% returnable or sustainable Packaging by 2030



SOCIAL

Human Capital

- > Zero accident & occupational illness
- > Mandatory Training for all employees by 2023 and every year from then on
- > 50% reduction in RIF & LTFIR by 2023 (FY 2019 BL - RIF-1.44/LTFIR. 1.00)
- > >75% In Employee Satisfaction Barometer by 2025
- > Critical target groups upskilling by 2025

Suppliers

- > Sustainability Self-Assessment for 100% Suppliers by 2023

Community Impact

- > Plant 1 million Trees by 2030



GOVERNANCE

Business Ethics

- > 100% of employees trained on Human Rights & Business ethics policy

Corporate Governance

- > 20% women in leadership positions by 2030
- > Provide leadership training to women employees who are in the managerial position.

Risk Management

- > Robust compliance management system by 2023
- > Effective assessment of data compliance management system



WE HAVE LOWERED OUR EMISSIONS FROM ITS OPERATIONS AND VALUE CHAIN, MAINLY BY INCREASED FUEL AND ENERGY EFFICIENCY, ELECTRIFICATION **USING RENEWABLE SOURCES**, AND ALTERNATIVE FUELS. ADDITIONALLY, WE FOCUS ON WASTE MANAGEMENT AND WATER STEWARDSHIP.

UTILIZING MATERIALS AND TRANSPORTATION IN THE MOST RESOURCE-EFFECTIVE MANNER WE CREATE VALUE FOR OUR CUSTOMERS **AS MUCH AS POSSIBLE**. ADDITIONALLY, WE TRY TO RECYCLE AND REUSE MOST OF OUR WASTE.



AS **HEALTH & SAFETY** AND HUMAN RIGHTS ARE THE FOUNDATIONS OF PROSPERITY, WE ALSO TAKE EFFORTS IN ABIDING BY UNGC'S HUMAN RIGHT PRINCIPLES.

We are progressing towards augmenting our capabilities to remain future-ready and empower our customers for the challenges that may lie ahead. The interconnected nature of the SDGs and our efforts help us amplify our impact and enable us to achieve our goals.

SUSTAINABILITY FRAMEWORK



TO ENSURE LONG-TERM VALUE CREATION FOR INTERNAL AND EXTERNAL STAKEHOLDERS BY INCORPORATING ECONOMIC, SOCIAL, AND ENVIRONMENTAL ENABLERS INTO OUR BUSINESS FRAMEWORK.

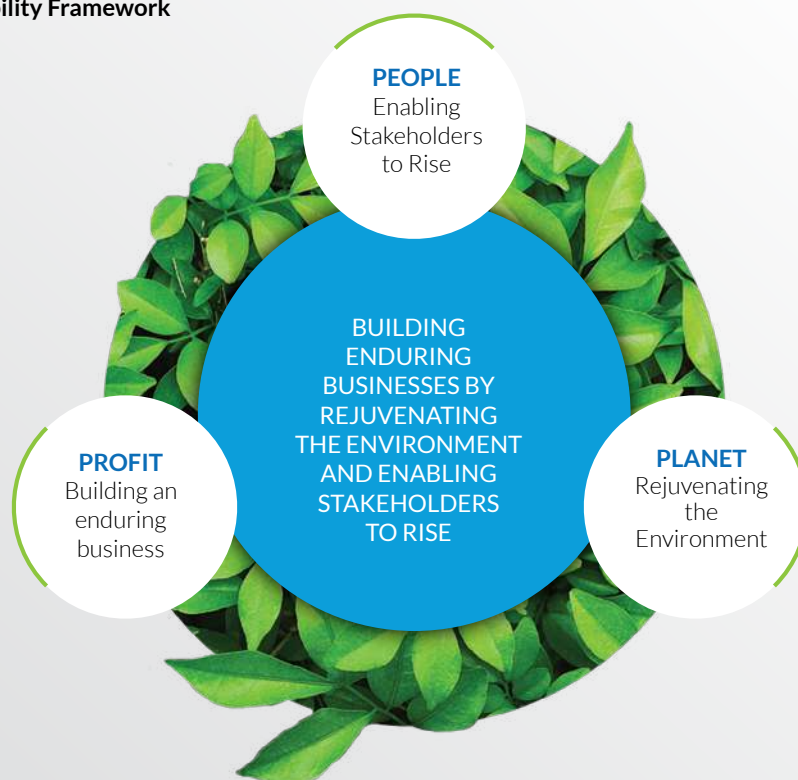
About BFL's Framework

The framework principles that serve as a compass for how we address the material risks and opportunities that may impact our customers, investors, employees, value chain partners, and the communities in which we operate, serve as the foundation for our approach to sustainability. We believe that implementing sustainable business practices across the Group requires strong corporate governance. Our corporate strategy and operations are based on this long-term, ethical approach.

We keep evolving our sustainability approach to create viable options and meet the increased demand for sustainable solutions. We understand the significance of the ecological movement, and so we value incorporating positive environmental action into our business practices. Planet Positive Initiative by the Group is to demonstrate this.

We have adopted a top-down approach to imbuing the values of sustainability across our operations. We are dedicated to putting our strategic vision to practice and bring about effective management and increase the transparency of all our interventions.

Sustainability Framework



MATTERS THAT ARE MATERIAL



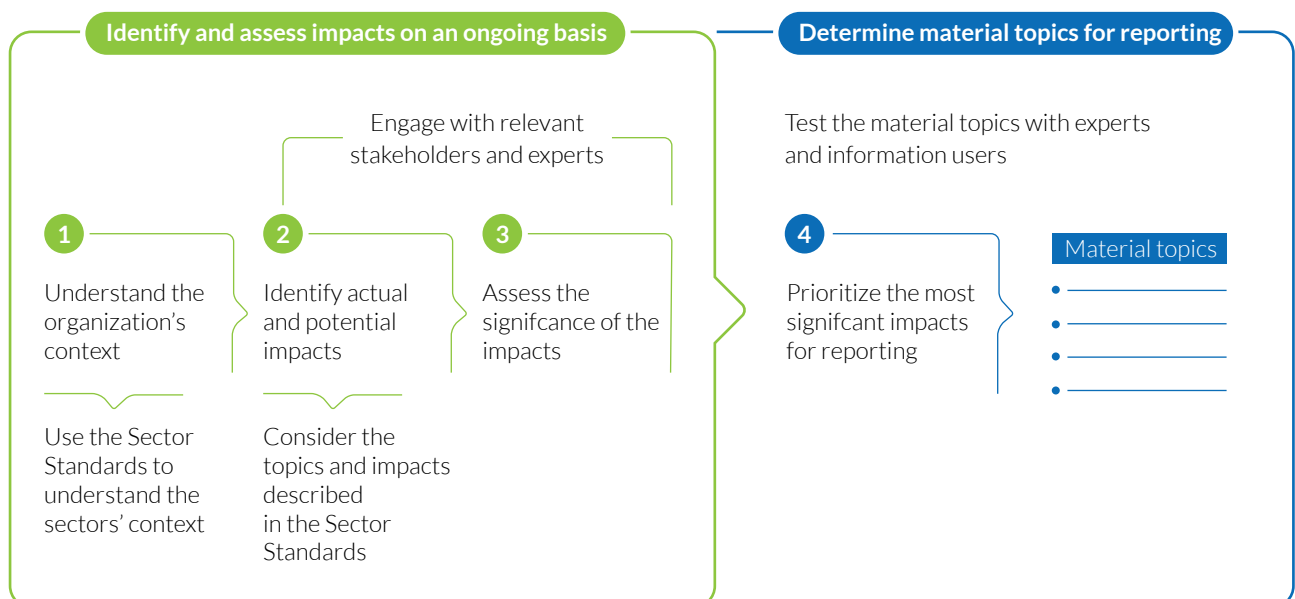
TO EFFICIENTLY MAP ISSUES RANGING FROM SOCIAL, ECONOMIC, AND ENVIRONMENTAL CONCERNS THAT COULD IMPAIR OUR ABILITY TO CREATE VALUE AND SERVE AS THE FOUNDATION FOR OUR STRATEGY AND ACTION PLAN.

About BFL's Materiality Matrix

We have proactively assessed and identified the material issues that could influence BFL as a company, our stakeholders, and the value we create. This aids us in formulating the best solutions for dealing with Sustainability issues and ensuring long-term wealth generation. We have analyzed multiple material issues across E, S, and G to create a matrix, outlining each issue's importance to the organization as well as stakeholders and the outcomes which may positively or negatively impact our operations. These significant material matters have been included in Bharat Forge's strategy and planning process by including them in the organizational risk management process.

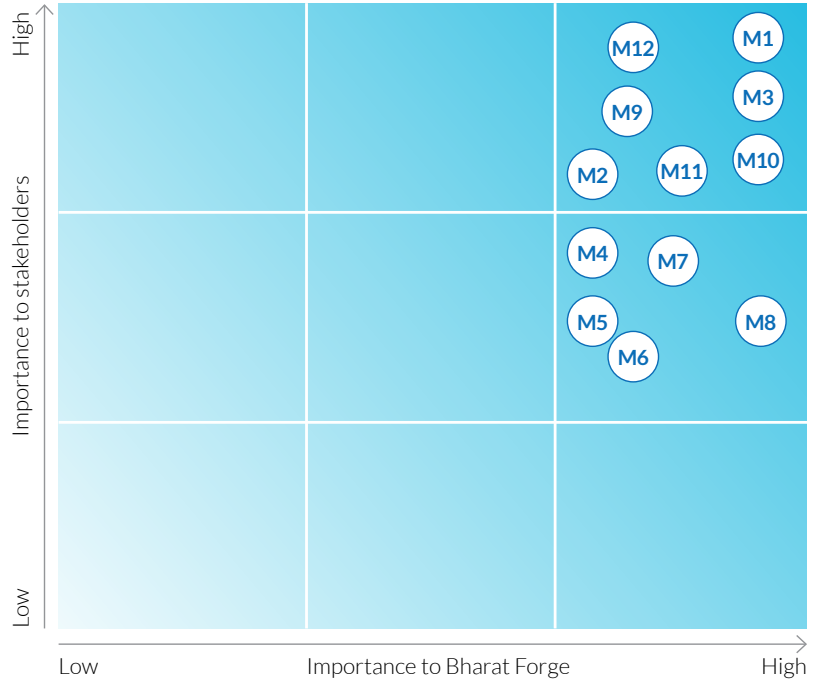
Determination of Materiality

We believe that implementing sustainable practices across the business requires strong corporate governance. Our corporate strategy and operations are based on this long-term, ethical approach. We have conducted an in-house engagement activity involving all the stakeholders to identify all the material issues relating to our business. With the GRI standard principles of materiality in mind, BFL has arrived at these issues based on feedback from interactions with external stakeholders, distributed survey-based forms to internal stakeholders, and benchmarking ourselves with peers.



Our Material Matters

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



Material Issues: Description and its impacts

Material issue identified	Indicate whether risk or opportunity	The rationale for identifying the risk/ opportunity	In case of risk, an approach to adapt or mitigate	The financial implication of the risk or opportunity (indicate positive/negative implications)
Disaster recovery	Risk	<ul style="list-style-type: none"> • Business interruption due to natural calamities like earthquakes, cyclones, floods, etc. • Inadequate disaster recovery planning • Business Interruption due to COVID-19 	<ul style="list-style-type: none"> • Adequate protection against calamities, including appropriate insurance • Introduced additional mitigation to overcome interruptions due to pandemic situations • Speed to market 	Disruption to business operations leads to negative financial implications
Health, safety, and environment	Risk	<ul style="list-style-type: none"> • Non-compliance with safety measures by employees • Non-awareness of the hazardous nature of chemicals • Not following COVID-19 safety measures 	<ul style="list-style-type: none"> • Strict adherence to BBS (behavior-based safety system) • Focus on reducing the generation of effluent and arresting at the source • Detailed SOP for COVID-19, employee training & adherence followed strictly • Medical check-ups, and vaccination drives as per Govt. Regulations • Encouraging work from home & multitasking industry 4.0, use of digital technology 	Incidents impact employee morale and business reputation leading to negative financial implications
Climate change	Opportunity	The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities	<ul style="list-style-type: none"> • Clean energy integration in existing electric networks • Investment of capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply 	Initiatives taken around climate change has a favourable implication for business

Material issue identified	Indicate whether risk or opportunity	The rationale for identifying the risk/ opportunity	In case of risk, an approach to adapt or mitigate	The financial implication of the risk or opportunity (indicate positive/negative implications)
Intellectual property	Risk	<ul style="list-style-type: none"> Leakage of confidential information IP rights clashes can happen in collaborative research projects IP infringement actions from outside firms 	<ul style="list-style-type: none"> Patent filing Regular patent awareness sessions Consultation with experienced patent attorneys Data exchange with vendors/customers only through the secured mode Periodic InfoSec audits Entering into NDA with parties for exchanging information Antivirus upgradation 	Impacts the brand reputation in the industry, thereby leading to financial loss
Innovation	Risk	Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs	<ul style="list-style-type: none"> Structured technology development projects New focus areas are identified to develop future capability needs Focus on light weighting and EV 	Innovation in the industry may impact the business negatively if not considered immediately
IT data centre & far sight disaster recovery (DR)	Risk	Risk of inadequate data centre & far sight DR	<ul style="list-style-type: none"> The disaster recovery (DR) strategy is being updated continuously Data centre is established and near site DR is available 	Business continuity gets impacted leading to financial loss
Training and education	Opportunity	Skilled employees and workers form an asset to the Company. The highly trained employees and worker perform their tasks more efficiently, in less time and with less chances of injury	<ul style="list-style-type: none"> Providing a needs-based and innovative range of training courses, notably in forward- thinking fields of expertise like digitalization Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company Providing programs that are specifically designed for roles which require upgraded skills 	Consistent efforts would lead to a positive impact due to improvement in productivity, reduction in defects, etc.

Material issue identified	Indicate whether risk or opportunity	The rationale for identifying the risk/ opportunity	In case of risk, an approach to adapt or mitigate	The financial implication of the risk or opportunity (indicate positive/negative implications)
Maintenance	Risk	Risk of sub-optimal maintenance plan due to manual updating of ODR and MGR reports resulting in un-economical maintenance costs	Operational performance (OEE) & maintenance (PM & breakdown) are being monitored through SAP for all the major plants	Business continuity gets impacted leading to financial loss
Data protection	Risk	<ul style="list-style-type: none"> • Risk of confidential data leakage via USB drives/ flash drives • Exposure to Company data because of working from home and access to respective data 	<ul style="list-style-type: none"> • All privileged system access are reviewed periodically & data leakage prevention (DLP) system are implemented at this equipment • Restricted data access control & data encryption to monitor work from home activities 	Impacts the brand reputation in the industry thereby leading to financial loss
Pollution free environment	Risk	Failure to provide a safe working environment exposes BFL to compensation liabilities, sub- optimal productivity, loss of business reputation and other costs	<ul style="list-style-type: none"> • All the necessary pollution control norms for air, noise etc. are followed • Disposal of hazardous waste is monitored within permissible limits 	Incidents impact business reputation leading to negative financial implication
Sustained performance & quality	Risk	<ul style="list-style-type: none"> • Risk of the customer being lost, in course of business • Dissatisfaction amongst the customer due to lack of attention, focus, etc. 	<ul style="list-style-type: none"> • Enhance customer satisfaction • Coefficient - alignment in strategies, partner of choice • Providing end to end solutions, dual shore business model 	Impacts the brand reputation in the industry thereby leading to financial loss
Brand risk/ reputation	Risk	<ul style="list-style-type: none"> • Risk of threat or danger to the name or standing of business or entity • Actions involving the Company directly or indirectly may damage the brand name 	<ul style="list-style-type: none"> • Worldwide brand-building activities are an ongoing process • Participation in exhibition and trade fairs • Good reputation and relations with major trade companies 	Impacts the brand reputation in the industry thereby leading to financial loss

STAKEHOLDER ENGAGEMENT AT BFL



TO GUARANTEE THE SUCCESSFUL ACCOMPLISHMENT OF OUR SUSTAINABILITY GOALS, THE PERSPECTIVE AND COMPREHENSIVE CONSULTATION WITH OUR STAKEHOLDERS ARE OF UTMOST IMPORTANCE.

We at Bharat Forge Limited are profoundly connected to the communities and environment around us. Our ability to create, preserve and deliver value is augmented through our strategic partnerships and robust relationships with our stakeholders. Our well-established and strong stakeholder engagement strategy are instrumental for co-creation and sustainable growth. We establish and maintain relations based on transparency, trust and openness with all our stakeholders.

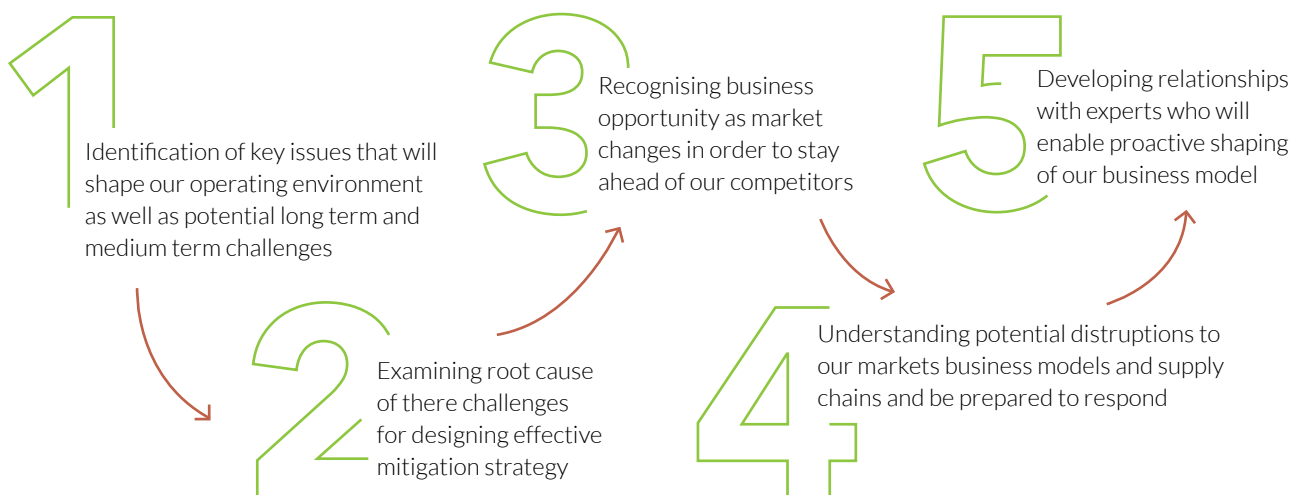
Our internal stakeholders periodically interact with the external stakeholders for their valued inputs and guidance, which enables us to capitalise on the opportunities and strengthen existing partnerships. Keeping in mind the competencies and dynamism of every department and their interactions with their respective stakeholders,

we collectively chose the topics most material for our business in consultation with our senior leadership. This helps us arrive at the most meaningful representation of our potential material topics, which are relevant to the

business and stakeholders, including our shareholders. This realistic materiality analysis helps BFL to harness the opportunities and proactively engage in understanding and managing current and futuristic risks as a part of our ERM.



Stakeholder Engagement Process



Stakeholder	Dialogue	Frequency of Engagement
 Senior Management	<ul style="list-style-type: none"> • Conferences • Annual Report • Sustainability Report • Press Release • Investor Presentation • Quarterly & Annual Results 	<ul style="list-style-type: none"> > Periodically > Annually > Annually > Periodically > Quarterly > Quarterly
 Employees	<ul style="list-style-type: none"> • Training • Conferences • Annual Report • Sustainability Report • Press Release • Investor Presentation • Quarterly & Annual Results 	<ul style="list-style-type: none"> > Periodically > Periodically > Annually > Annually > Periodically > Quarterly > Quarterly
 Investors	<ul style="list-style-type: none"> • Annual report • Sustainability report • Press releases • Investor presentations • corporate website • Quarterly and Annual Results 	<ul style="list-style-type: none"> > Annually > Annually > Periodically > Quarterly > Periodically > Quarterly
 Customers	<ul style="list-style-type: none"> • Personal visits • Mass media & digital communications • Plant visits • Social media 	<ul style="list-style-type: none"> > Weekly and Quarterly > Quarterly > Annually > Monthly
 Suppliers	<ul style="list-style-type: none"> • Supplier & vendor meets • Workshops & trainings • Policies • IT-enabled information-sharing tools and recognition platforms • Dialogue on the industry initiatives • Training courses 	<ul style="list-style-type: none"> > Periodically > Periodically > Periodically > Annually > Periodically > Annually
 Business Partners	<ul style="list-style-type: none"> • Dialogue with sales organizations and coordinating units of importers 	<ul style="list-style-type: none"> > Periodically
 Government and Regulatory Bodies	<ul style="list-style-type: none"> • Official communication channels • Regulatory audits/inspections • Environmental compliance Policy intervention • Good governance 	<ul style="list-style-type: none"> > Monthly > Annually > Annually > Annually
 Communities	<ul style="list-style-type: none"> • CSR activities • Meetings and briefings • Impact assessment surveys • Official communication channels, including advertisements • Publications • Websites and social media 	<ul style="list-style-type: none"> > Weekly > Weekly > Annually > Monthly > Half-yearly > Half-yearly

RESPONSIBLE PRODUCTS AND SERVICES



TO PROVIDE INNOVATIVE AND SUSTAINABLE PRODUCTS AND SOLUTIONS THAT BENEFIT OUR STAKEHOLDERS AND DELIGHT OUR CUSTOMERS BY EXCEEDING CUSTOMER EXPECTATIONS.

Approach

BFL seeks to establish itself as a cherished and dependable brand. We are strengthening our service mindset of viewing problems from the customer's perspective, improving service quality to deliver innovative solutions by proactively identifying customer needs, and fulfilling customers' needs for sustainable products in line with its brand vision. We always have our client's best interests in mind and actively seek their feedback.

Quality is at the core of our operations, with a greater focus on implementing the TPM / six sigma methodology in all our processes, enabling us to achieve world-class performance and surpass our stakeholder expectations. Our operations offer robust and sophisticated engineering solutions for a broad spectrum of automotive, industrial, defense, aerospace, and electric mobility applications in the international market. In compliance with existing pollution control legislation, we ensure that the technology utilized to make our products does not lead to the emission of effluents or toxic waste. We strive to preserve the ecological balance, protect limited natural resources, and prevent pollution.

We are one of the largest manufacturing and exporting facilities for automotive and Industrial

components, including military defense organization, helping India achieve the vision of being "Atmanirbhar". We are valued for our excellent track record of on-time performance, product design, and development, right from a realistic conceptualization and providing engineering solutions using state-of-the-art technological interventions, which are far from traditional thinking and stand a class apart in excellence.

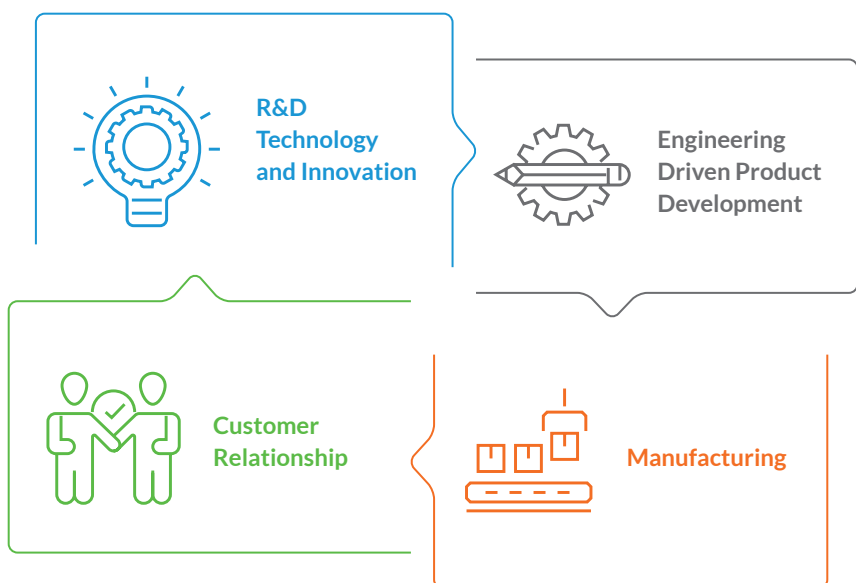
Operational Excellence

The automotive industry is the manufacturing sector's leading employer by the number of workers. The automotive industry, being India's fourth largest, is essential to the nation's ambition to have a GDP of

USD 5 trillion. We ensure our focus on enhancing the quality of our products, solutions, and services to strengthen the trust of our clients.

To better fulfil our corporate citizenship and duties, we identified current gaps in our ESG (Environmental, Social, and Governance) performance and have initiated several actions to address the same.

Our excellence involves more than just having a quality system. We have committed to excel in all aspects of our business be it our leadership, strategy, customer focus, information management, people, and processes.



BRAND MANAGEMENT

Over the years, we have put much effort into building a brand that represents dependability, quality, and confidence. All manufacturing technologies are envisioned for operating in a carbon-free, sustainable manner in the future. The switch from fossil fuels to renewable energy is necessary to achieve the carbon neutrality. We work hard every year to improve our trust-based engagement with our stakeholders. Our dedication to superior customer service and the product delivery is crucial to our brand value.

Despite a challenging and unstable financial situation throughout the reporting year, we successfully planned and carried out our branding activities, which helped to provide a fantastic brand experience and customer value proposition for all stakeholders.

Our Brand-Development Approach

At Bharat Forge, the corporate communication department is crucial in informing all relevant parties about the company's performance, endeavors, and goals.

Promoting our Commitment to Sustainability

Forging plays a vital role in developing infrastructures, leading to economic growth and value generation on a global scale. Forging, however, uses a lot of resources and has an impact on the environment through emissions and effluents. We are dedicated to utilizing the most effective production techniques, reducing

waste output, and mitigating adverse environmental effects.

Our dedication to conducting our business responsibly and in a sustainable manner is crucial to our brand value. As a result, we ensure that our stakeholders are regularly updated on our commitment towards meeting our Sustainability (ESG) targets and goals.



IDENTIFYING
QUALITY AND
INTEGRITY AS
OUR BRAND
VALUES



PLANNING AND
IMPLEMENTATION
OF BRAND
BUILDING
PROGRAMS



MEASURE &
INTERPRET
BRAND
PERFORMANCE



GROW &
SUSTAIN
BRAND
EQUITY

BFL EXCELLENCE SYSTEM

We at Bharat Forge continuously evolve our excellence system to keep up with global trends, harness opportunities, and improve our performance to generate maximum value for our stakeholders.

Six pillars form the basis of our excellence system, the cornerstone of our customer-centric, high-quality, and manufacturing systems.



Quality & Manufacturing System based on Customer-specific requirements

People Engagement

Consistent employee engagement is crucial to the success of our business operations and achieving high productivity, operational efficiency, and profitability. We upskill our workforce through periodic training and interventions. We strive to leverage the knowledge and core competencies our employees hold to assess risk and exposure while making decisions, dealing with issues, and completing responsibilities. We understand the role of engagement initiatives in boosting the productivity of our employees. DMAIC, Kaizen & Continuous Improvement, and Ideation Process all guide our philosophy of people engagement for achieving operational efficiency.

Performance Management System

To safeguard the success of BFL, we have established efficient management practices for the workplace. We can

“better oversee the flow of work and production, creating improved results in customer service, quality, and cost” with an effective performance management system.

We at Bharat Forge have established a performance management system consisting of various instruments, processes, and frameworks that help us evaluate the performance against targets and take remedial action if necessary.

Operating System

Our operating system is a set of interconnected components which plays a significant role in the automation of our significant functional areas helping us in decision-making, procurement, quality assurance, and budgeting among many others. This automation assists the employees to focus on their competencies and responsibilities of quality maintenance, planning, and so

forth. The BFL operating system brings in a huge coherence and dependability.

Engineering System

Systems engineering plays a vital role in the end-to-end production process at BFL. The engineering system augments the innovative development of cutting-edge technology, helping BFL to improvise on each step from project conceptualization to delivering the final desired product. The goal is to precisely organize information and knowledge so that the employees in charge of managing, directing, and regulating the planning systems can ensure change management and product dependability.

Digital Manufacturing

To influence our business into a new digital environment, BFL has incorporated fresh technology, tools, and platforms. We have been able to restructure plans and procedures through digital automation by taking the entire value chain into account.

Automation is an important focus area for Bharat Forge. The Company also continued with Industry 4.0 training for its workers to build a digital workplace and improve their understanding of products and processes. Our Industry 4.0 methodology includes Hydraulics, Pneumatics, Sensor technology, Human-machine Interface, PLC & control Mechatronics, AR & VR, Big Data analysis, and IoT.

As a result of the digital transformation, we are now presented with great opportunities for innovation and competitive advantage, which supports advancements in the areas of operational, strategy, technology, and cultural practices.



Customer Satisfaction

Our objective is to create a system that meets customer needs by increasing organizational potential and output. We utilize cutting-edge methods to satisfy the continually growing clientele and to strengthen our relationships with them by complying with and exceeding their expectations. We have always been at the forefront by offering our clients long-term and sustainable solutions specially designed on a need basis. We give confidence to our customers through our constant engagement and updates to them on our Sustainability Performance.

Manufacturing Excellence in the Pandemic

The second wave of the pandemic was severe. With a huge surge in serious COVID-19 cases, there was a significant crisis for medical oxygen and cylinders for filling them. At Bharat Forge, we used our manufacturing competencies to address this when the supply chain was disrupted. In a short span of three months, we got the product certified

by Bureau Veritas (BV), took approval from Petroleum and Explosive Safety Organization (PESO), and manufactured and supplied 1 lakh robust, safe, and lightweight aluminum cylinders. Our R&D KCTI successfully conducted the test which ensured that we could fulfill the critical need of the nation. We at Bharat Forge, feel proud for being part of our country's Pandemic response.

ESG /Sustainability in Capital Expenditures / Merger & Acquisitions

As decisions about capital investment (CAPEX) involve large sums of money and long-time horizons. Also, in today's world, more business risks are to do with social and environmental issues than ever before. The regulatory environment is shifting to keep up with these risks, placing extra demands on companies to act sustainably. Capital investment review that only considers financial returns is no longer enough to

meet the challenges that organizations face. Hence, it was felt at BFL that a review of Capital Expenditures in terms of ESG and Sustainability is the need of the hour. Sustainable capital investment appraisal weighs material social and environmental factors alongside financial and economic factors for better-balanced decision-making.

With a fuller picture of capital investment risks and opportunities, we can achieve material cost savings, lower financing costs, more resilient infrastructure, and greater stakeholder trust. BFL deployed a process to screen all the capital investments on ESG aspects in the last fiscal year (FY 2021-22).

This review mechanism was also extended to the Company's Merger & Acquisitions (M&A) process. All the M&A carried out henceforth would be screened on ESG & Sustainability Aspects before finalization.

BHARAT FORGE'S SUSTAINABLE BUSINESS MODEL

INPUT



ENVIRONMENT

- > **24%** of energy consumption from renewable energy, i.e., **35.65 MW** of total renewable energy
- > **20 million** rupees investment in Renewable Energy
- > Maintain **zero liquid** discharge
- > **70%** scrap steel is reused as raw material



SOCIAL

- > **5,058 million** rupees of expenditure on the employee benefit scheme
- > **77** no of training and awareness sessions
- > **144 million** rupees of expenditure on community development



GOVERNANCE

- > **578 million** invested in Research and Development, which is **0.9%** of the total revenue
- > Filed **6 Patents**
- > **263** Employees involved in R&D
- > Provided training to **47.27%** of employees on ethical standards

ASPECTS

ASPECTS OF BHARAT FORGE'S BUSINESS MODEL



R&D technology and Innovation



Engineering driven product development



Manufacturing of tools and Die

ACTIVITIES INVOLVED



Customer Relationships

Our business model for sustainability helps us describe, analyze, manage and communicate Company’s sustainable value proposition to our customers and all other stakeholders. Our sustainable business model has created, nurtured, and extended our geographical footprint internationally. The prime objective of this model is to remain competitive in all dimensions, such as safety and well-being of employees, product quality, cost and delivery of products.

OUTPUT	IMPACTS/OUTCOME	LINKAGE WITH SDGS
<ul style="list-style-type: none"> > 76,484 tCO₂e of GHG emissions are avoided by the use of renewable energy > 31.52% reduction in Scope 1 & Scope 2 GHG emissions per million rupees of turnover > 99.5% of wastewater is recycled and reused for horticulture > 30.11% reduction in water intensity per million rupees of turnover > 230.38 tons of waste disposed of by incineration 	<ul style="list-style-type: none"> > Reduction in carbon footprint by 64% increase in renewable energy and reduction in energy consumption through value energy stream mapping > Increase water use efficiency and responsible water consumption by minimizing resource consumption and focusing on reusing and recycling > Waste reduction and efficient disposal of waste > Worked in the biodiversity field and planted many trees > E mobility solutions for cleaner transport 	
<ul style="list-style-type: none"> > Employee productivity (Revenue per employee) -14.06 million > 90.13% Staff retention rate > Lost time Injury Frequency Rate-0.3 > Zero fatality > Positively impacted 1,20,000 rural lives through CSR 	<ul style="list-style-type: none"> > Improved workforce productivity through a safe working environment and providing advanced engineering concepts through online learning platforms 'THORS' > Implemented a digital workplace with automated operations and maintained global safety standards > Contribute to the economic growth of the communities by Implementing development and empowerment programs for communities 	
<ul style="list-style-type: none"> > 12 process improvements and 13 product improvement > 3 Research papers were published and presented > No cases of unethical practices and non-compliance > No human rights complaint was filed by any employee and worker 	<ul style="list-style-type: none"> > Provided job opportunities and economic growth options for the areas where BFL operates > Industry 4.0 led innovative technologies to increase plant productivity > Implemented cyber security practices to protect our assets and customer data > Maintained high Governance Standard by establishing and following policies 	

DELIVERING TRUST



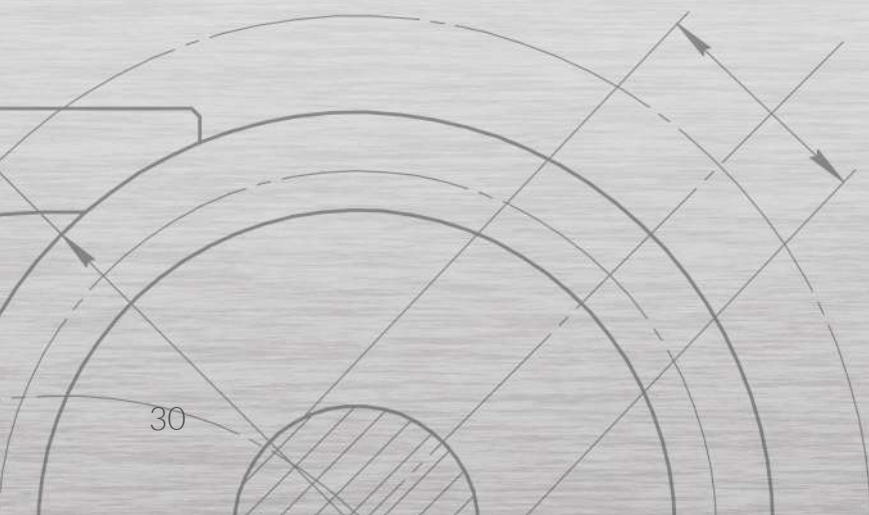
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OUR STRATEGY

At Bharat Forge, we attribute our company's ongoing success to the highest standards of ethical conduct, financial accountability, and equality at all levels of operation. We uphold these fundamental values and principles and make sure that our business operations are conducted in an open and honest manner. This has enabled us to establish a solid foundation of trust with all our stakeholders, which has aided our progress toward a sustainable future. The management work tirelessly to satisfy and surpass the needs of the stakeholders and support the firm in standing by the core values of excellent corporate governance, risk management, and regulatory compliance.



CORPORATE GOVERNANCE

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 CONSIDERING ALL THE PRESENT, AND FUTURE NEEDS OF THE ECONOMIC, ENVIRONMENTAL, AND SOCIAL PARAMETERS.

Governance Structure

Bharat Forge's governance framework ensures that our company is operated sustainably and in the best interests of all our stakeholders. To achieve excellent corporate governance, we have established a Board of Directors, serving as the organization's entrepreneurial leadership. As the primary representatives of our company's stakeholders, the Board members oversee the management teams. We have also established Board committees responsible for monitoring and making decisions regarding our organization's impact on the economy, environment, and social community. The Board and its committees effectively instill a culture of responsibility, openness, and ethical behaviour, which produce strong and well-balanced long-term growth.

The Board of Directors at our company is well-balanced and has a combination of Executive, Non-Executive, and

Independent Directors, all of whom have extensive industry experience, a wide range of business abilities, and act in the best interests of all stakeholders. The Board's Governance structure is dedicated to promoting diversity at all levels of our business, which aids in drawing top talent, engaging loyal customers, and improving competitiveness in the diverse global market—all of which boost long-term stakeholder value.

One of the striking features of our Company's Governance is the Corporate Structure, which includes leading operational excellence across all sectors via thorough monitoring of the various developments in the company. This enables the Board of Directors to have proper control and monitoring responsibilities, which helps to integrate the Company's objectives into its procedures and activities. We also have established interactive platforms where we communicate

our company's performance and development while seeking comments and perspectives from the stakeholders, leading to ideas and plans for the future and increasing stakeholder value and trust in the process.



TRANSPARENCY



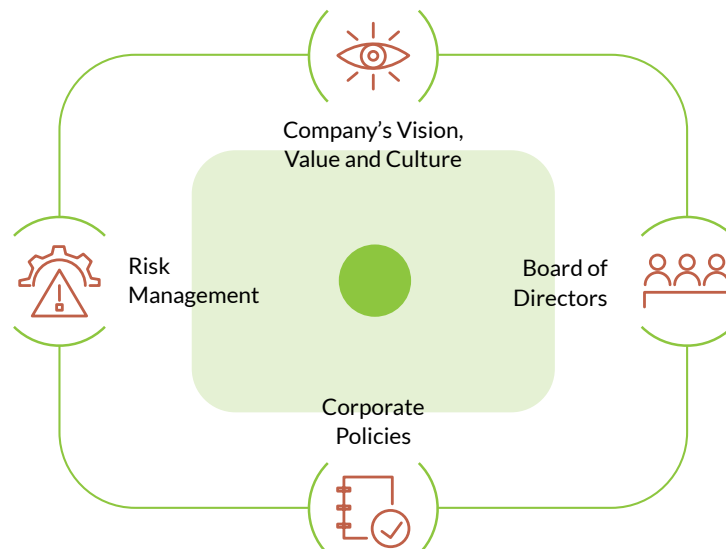
ACCOUNTABILITY



ETHICAL BEHAVIOUR

Governance Framework

The Governance framework of our company is developed using a holistic approach and is essential in building stakeholder trust. The framework is designed to include a variety of excellent corporate governance concepts, practices, and charters, such as risk management, business practices and ethics, legal and regulatory requirements, a code of disclosure and transparency, performance monitoring, and communication protocol. The Code of Conduct and a wide range of business policies, including the Whistle Blower Policy, Anti-Corruption & Anti-Bribery Policy, Human Rights Policy, Supplier Code of Conduct, etc reinforces the framework.



BOARD OF DIRECTORS

The Board is the backbone of Bharat Forge's Corporate Governance Structure. The Board is responsible for providing our company with entrepreneurial leadership to help meet its stated objectives. The Board is tasked with creating and implementing the risk management framework and formulating strategies to address and mitigate actual and potential risks to the business. The Board is also responsible for boosting management performance and guides the management in developing strategies to improve the day-to-day operations of the business.

The Board strives to maintain the compliance with the laws, rules, and regulations in and around the organisation. The Board is primarily charge of ensuring that sustainable stakeholder value is created and delivered, which is crucial for the company's long-term performance.

Composition of the Board

We, at Bharat Forge, follow One-tier system of board. Our company believes that it is critical to have a well-balanced board and include a mix of Executive, Non-Executive, and Independent Directors because a strong, independent, and diverse board leadership enables the implementation of effective corporate governance across the organisation. As a result, our company has developed a Board Diversity policy that mandates the organisation to maintain the ideal ratio of executive, non-executive, and independent directors.

As of March 31, 2022, the Board of Directors consisted of 12 (Twelve) members, including 1 woman Independent Director and 6 (Six) Non-Executive, Independent Directors, including the Chairman and Managing Director, who is a Promoter Director. The Board's composition complies with Regulation 17 of the Listing Regulations. The details on our organization's Composition of the Board are available in the Bharat Forge Limited Annual Report FY 2021-22.

Area of Expertise

The Board has established a Nomination and Remuneration Committee for the

purpose of providing our company with a strategic advantage in establishing a long-term sustainable business. When nominating someone to serve on the Board, the selection process assesses them for their core qualifications, their specific business skills (Strategy and Planning, Business Operations, Technology, Sales and marketing, Finance Acumen, Governance and Risk Management), and their industry experience. The Board provides our Company with leaders having a wide range of experiences, insights, and diverse backgrounds. This is reflected in the Board skill matrix given below.



STRATEGY AND 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.



BUSINESS OPERATIONS

Experience in driving business success in the global markets with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and 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 AND MARKETING

Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.



FINANCE ACUMEN

Ability to comprehend, interpret and guide on financial management, reporting, controls and analysis.



GOVERNANCE AND RISK MANAGEMENT

Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.



Mr. B N Kalyani
Chairman & Managing Director



Mr. G K Agarwal
Deputy Managing Director



Mr. Amit B Kalyani
Deputy Managing Director



Mr. B P Kalyani
Executive Director



Mr. S E Tandale
Executive Director



Mr. Kishore Saletore
Executive Director



Mr. P C Bhalerao
Non-Executive Director



Mr. Pratap G Pawar
Independent Director



Mr. S M Thakore
Independent Director



Mrs. Lalita D Gupte
Independent Director



Mr. P H Ravikumar
Independent Director



Mr. Vimal Bhandari
Independent Director



Mr. Dipak B. Mane
Independent Director



Mr. Murali Sivaraman
Independent Director

Name	Strategy and Planning	Business operations	Technology	Sales and Marketing	Finance Acumen	Governance and Risk Management
Mr. B N Kalyani	✓	✓	✓	✓	✓	✓
Mr. G K Agarwal	✓	✓	-	-	✓	-
Mr. Amit B Kalyani	✓	✓	✓	-	✓	✓
Mr. B P Kalyani	✓	-	-	-	✓	✓
Mr. S E Tandale	✓	-	-	-	✓	✓
Mr. Kishore Saletore	✓	✓	-	-	✓	✓
Mr. P C Bhalerao	✓	✓	-	✓	✓	✓
Mr. Pratap G Pawar	✓	✓	-	✓	✓	-
Mr. S M Thakore	✓	✓	-	✓	✓	✓
Mrs. Lalita D Gupte	✓	✓	-	✓	✓	✓
Mr. P H Ravikumar	✓	✓	-	✓	✓	✓
Mr. Vimal Bhandari	✓	✓	✓	-	-	✓
Mr. Dipak B. Mane	✓	✓	✓	✓	✓	✓
Mr. Murali Sivaraman	✓	✓	-	-	✓	✓

BOARD COMMITTEES

TO ENSURE THAT ALL GOVERNANCE ISSUES ARE ADDRESSED EFFECTIVELY AND TRANSPARENTLY.

Our company has set up several board committees to ensure that all governance-related matters are handled efficiently and transparently. The committees assist our company in developing new policies, performing risk management, and facilitating worker participation and consultation

on issues related to occupational health and safety, among other things. The duties and responsibilities of each of the committees formed are made clear in their mandates, and they are also given the power to consult with outside experts, advisors, and counsels as needed to accomplish their objectives.

These committees play a critical role in providing recommendations and suggestions to guarantee the Board is well-informed and prepared to perform its responsibilities. At Bharat Forge, our company secretary serves as the secretary for all Board Committees.

List of Board Committees

The Committees of the Board are listed below:



AUDIT COMMITTEE



STAKEHOLDERS RELATIONSHIP COMMITTEE



NOMINATION AND REMUNERATION COMMITTEE



FINANCE AND RISK MANAGEMENT COMMITTEE



CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE



The Bharat Forge Annual Report for FY 2021-22 provides a full explanation of each committee's functions and responsibilities.

ESG Committee

Our company is cognizant that in addition to regular stakeholder interaction, an organisation needs a dedicated board committee to conduct an in-depth assessment of the ESG concerns. This would enable the company to better serve its stakeholders by aligning its operations with ESG. In light of this, we have established an ESG Committee at the Board level in FY 2021-22. The ESG committee oversees progress on our company's ESG and sustainability activities. Since the board is tasked with reviewing and approving publicly-reported information, including our organization's material topics, the introduction of an ESG committee will be highly helpful in devising the ESG Strategy, evolving the roadmap, monitoring the progress and reporting of information related to sustainability.

The ESG Committee analyses our Company's policies annually and routinely assesses the Company's environmental, social, governance, and economic commitments. We are now working to establish ESG-specific goals and targets and devising a strategy

for accomplishing these goals. Once the roadmap for ESG goals is formed, the actions taken by the company will be tracked for their progress and regular updates will be provided with all stakeholders. These initiatives are bound to assist and enhance our Company's strong commitment to the environment health and safety, CSR, corporate governance, sustainability, and other sustainability-related issues.

Details on the ESG committee can be found in the Bharat Forge Annual Report FY 2021-22.

Management Remuneration Policy

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

We at Bharat Forge, maintain a fair remuneration proportion throughout all people in the organisation, including Board of Directors to Employees, since it adheres to the principle of fair competence remuneration. In accordance with this, the Board's Nomination and Remuneration Committee

developed a Remuneration Policy which governs board compensation and performance rewards based on the ongoing assessment of the contributions of individual board members. The Remuneration Policy also directs the Board in matters relating to the appointment, removal, and compensation of Directors, Key Managerial Personnel, and Senior Management. Thus, through the implementation of the Policy, which was developed in compliance with the requirements of the Companies Act of 2013, we get a strategic advantage as we are able to retain, motivate, and promote talent in our company.



Compensation for Senior Management Personnel, Executives, and Managing Directors on a full-time basis:

Fixed Pay

- > The Board may, on the suggestion of the Committee, authorise a monthly pay for the Whole-Time Director/KMP and Senior Management Personnel.
- > On the recommendation of the Committee and with the necessary approval from the shareholders and the Central Government, the Board/the Person authorised by the Board shall determine and approve the breakdown of the pay scale and the amount of perks, such as the employer's contribution to P.F., pension plan, medical expenses, club dues, etc.

Minimum Remuneration

- > The Company must pay compensation to its Whole-Time Director in accordance with the provisions of Schedule V of the Act if it experiences a financial year with no profits or insufficient profits.
- > If the Company is unable to comply with these provisions, it must obtain prior approval from the Central Government.

Provisions for Excess Remuneration

- > The Board may, on the suggestion of the Committee, authorise a monthly pay for the Whole-Time Director/KMP and Senior Management Personnel.
- > On the recommendation of the Committee and with the necessary approval from the shareholders and the Central Government, the Board/the Person authorised by the Board shall determine and approve the breakdown of the pay scale and the amount of perks, such as the employer's contribution to P.F., pension plan, medical expenses, club dues, etc.

Key Management Personnel, or KMP, refers to the CEO, managing director, executive directors, Chief Financial Officer, and Company Secretary.

The Board of Directors decided that the non-employee directors of the company should be entitled to the following compensation:

Remuneration/ Commission

- > According to the principles and criteria outlined in the Act and the company's articles of association, the compensation/commission will be determined.
- > The maximum amount that can be paid in commission is determined by the shareholders, however it cannot be more than 1% of the company's profits as calculated in accordance with the Act's relevant rules.

Sitting Fees

- > The Non-Executive/Independent Director may be compensated in the form of attendance fees for Board or Committee meetings.
- > The amount of such a fee should not, however, exceed ₹ 1,00,000/- (Rupees One Lac Only) each meeting of the Board or Committee, or such other amount as the Central Government may from time to time prescribe.

In FY 2021-22, the Managing Director, the highest-paid employee of our company, received an annual total compensation in the ratio of 1:220.12 compared to the median salary of the entire workforce which is an increment by 7.38% from the previous reporting year. The median pay for our employees has increased by 9.77% throughout the course of this reporting year.

BFL's Nomination and Remuneration Policy states that an individual may be appointed or reappointed by the company as its executive chairman, managing director, or executive director for a tenure of up to five years at a time. No appointment shall be

renewed sooner than one year prior to the term's end. An Independent Director may serve on the Board of the Company for up to five years in a row. They are eligible for reappointment following the Company's adoption of a special resolution and disclosure of the appointment in the Board's report.

During the year under review, the Company has not issued shares with differential voting rights, nor has granted any stock options or sweat equity. As on March 31, 2022, none of the Directors of the Company holds any instruments convertible into equity shares of the Company.

The Bharat Forge Annual Report FY 2021-22 and BFL's Nomination and Remuneration Policy contain information on the procedures and standards for the nomination and selection of members of governance bodies, the compensation of executive and non-executive directors, fixed and variable pay, and non-executive directors' compensation. Additionally, the Policy is accessible through the link on our Company's website at: https://www.bharatforge.com/assets/pdf/investor/download/NOMINATION_AND_REMUNERATION_POLICY.PDF

Board Meetings

The purpose of the Board meetings is to help the organisation make decisions effectively and with accurate information. A structured schedule governs board meetings at BFL. All significant discussion topics are backed up with in-depth factual data that enables the Board to make sound

judgments. The Board of our Company met 5 (Five) times during the fiscal year 2021-2022 in accordance with the Act's requirements and the Listing Regulations, with a maximum and minimum time gap of 91 (Ninety-One) and 26 (Twenty-Six) days between each Board Meeting. 100% of the Board

members were present for the board meetings. The complete list of the directors' participation in the board meetings and annual general meetings ("AGMs") held during the fiscal year 2021-2022 can be found in the Bharat Forge Annual Report FY 2021-22.

CORPORATE POLICIES AND CODE OF CONDUCT

TO USE CORPORATE POLICIES TO CREATE A FRAMEWORK OF BROAD, FUNDAMENTAL PRINCIPLES WITHIN WHICH WE CONDUCT OUR GLOBAL OPERATIONS.

Each year, the company's whole workforce is required to receive a copy of the Code of Conduct. It helps all of our employees comprehend and follow our policies, procedures, and business practices, enabling us to compete honestly and ethically at all times. As part of their onboarding, all our employees receive training to ensure adherence to the code of conduct, ensuring professional and ethical behaviour at all sites of operation. To guarantee that all our company's processes are open and clear, all our workers are required to self-certify that they conform to the code of conduct and make every possible effort to promote the company's interests, regardless of outside influences.

Our company has formulated a number of corporate policies to create a framework of broad, fundamental principles within which the company conducts its global operations. We are inspired by the long-developed core values of our company to formulate the policies and all our company's operations and strategies are a result of these policies. The policies are refreshed and reviewed regularly by us in response to new laws/regulations and from the feedback we take from our stakeholders.

Conflicts of Interest

In accordance with the Terms of Appointment of Directors to the Board, Bharat Forge has procedures in place to prevent/manage conflicts of interest involving board members. According

to the Code of Conduct, Board members and Senior Management of the Company are required to refrain from speaking out, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest. They are also prohibited from serving as a director of a company that is directly competing with the Company and are required to obtain prior approval from the Board of Directors of the Company before accepting such a position. The Nomination and Remuneration Committee also thoroughly investigates each candidate's background when choosing a candidate for the Board to ensure that there are no current or future conflicts of interest. During the reporting period, there were no complaints about conflicts of interest.

List of Corporate Policies

The corporate policies at our company are listed below:

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

The policies can be accessed online at: <https://www.bharatforge.com/investors/corporate-governance/policies>

Anti-corruption and Anti Bribery

We have a zero-tolerance policy for unethical behaviour, such as corruption and bribery, and all our company's associates (management, employees, workers, or any other person associated with us) are expected to work with the highest moral and ethical standards. To reinforce this belief, we have developed an anti-corruption and anti-bribery policy. The policy encourages a climate of strict adherence to anti-corruption laws and rules at all levels of our operations. The policy outlaws all our company's associates from providing or accepting anything of value and under-the-table payments or benefits. The policy forbids all our associates from engaging in corrupt activities like money laundering, fund misappropriation, and investment fraud. The policy includes a clause outlining associates' responsibilities for avoiding, identifying, and reporting corruptive behaviour within our organisation. All employees have access to the policy, and we have successfully communicated it to all stakeholders in order to promote these moral standards and uphold integrity across the value chain. All our operational regions are subject to tight enforcement of the policy, and anyone discovered engaging in such unethical behaviour faces severe repercussions. There are no known cases of corruption or bribery in BFL for FY 2021-22.

Transparency and Trust

Bharat Forge considers itself to be a social institution working for all people and a force for good that is expanding gradually as a result of its dedication to entrepreneurship, sustainability, and community involvement. Our Company has an unbiased, ethical, and transparent management philosophy. We believe that sound and transparent management, which is built on trust with stakeholders, is the cornerstone and engine of sustained success. Our governance structure is founded on highest principles of accountability, propriety, diligence, and competence and strives to grow the company's

corporate value over the long run. Our company upholds an open, expert, and transparent relationship with tax authorities.

We undertake a number of internal audits on a regular basis to assure social and environmental compliance, improve operational accountability, and increase employee understanding of the value of diligence and responsible behaviour in the workplace. To ensure that society and the environment coexist peacefully in the future, our company works to create a sustainable ecosystem. This is evident in our company's efforts towards sustainability, our emphasis on ESG concerns, and the various community development initiatives we have done. To establish a win-win collaboration, it is crucial for us and our suppliers to establish a fair and transparent system based on compliance and openness. Understanding this, we provide our suppliers with guidelines on ethical conduct and assistance in developing policies like a code of conduct, etc., which not only enables us to earn supplier's trust but also create value for our stakeholders. No allegations of anti-competitive behaviour or breaches of anti-trust and monopoly laws have been made against our company. During the reporting period, no legal actions were initiated, pending, or resolved against the company.

Ethics and Compliance

The core values guiding our company's business operations are compliance and ethics. We have formulated several corporate policies, including the Code of Conduct, Supplier Code of Conduct, Risk Management Policy, etc., to uphold the highest ethical management standards and effectively weave compliance in the corporate strategy. Any unethical behaviour is not tolerated at our organization, and anyone caught engaging in any impermissible behaviour faces severe consequences. Our company maintains transparency and accountability



standards and complies with all national and international laws as a global business. We received no fines from any regulatory body throughout the reporting period for non-compliance with laws and regulations.

Regulatory Compliance

We adhere sternly to all relevant regulatory laws, rules, and requirements and ensure that our company's everyday activities follow a strong code of ethics and compliance. The audit committee of our company assured strict adherence and legal compliance during the reporting period. At Bharat Forge, if any relevant issues are identified, they are immediately brought to the senior management of the site's notice, and remedial measures are performed.

Reporting Violations

The Company's Code of Conduct prohibits communication and acquisition of UPSI on Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information (UPSI). The Compliance officer must be notified immediately and confidentially of any known or possible violations of the law or policy. Our company will be implementing a procedure for anonymously reporting breaches so that appropriate disciplinary action can be performed.

PUBLIC POLICY ADVOCACY

Public Advocacy

We, at Bharat Forge, believe that the private sector should participate in the development of public policies in order to foster a stable legal and regulatory environment in which all enterprises can thrive. We regularly participate in debates and advocacy for policies related to issues that are significant to our industrial sector. We also participate regularly in industry events, are a member of 17 trade and industry associations, and speak out in favor of innovative engineering solutions for the industrial sector. We also hold stakeholder consultations and dialogues that help the government and various regulatory agencies develop better laws and policies.

The top trade and business chambers and associations, of which Bharat Forge is a member or a member of, are listed below:



The Senior Leadership Team of our Company interacts with a range of professional bodies and organizations to foresee and comprehend the business environment and changes in governmental regulations, such as emission norms and policies pertinent to our industry. This also helps our company acquire data that is used for a variety of purposes, including defining future growth drivers, managing risks, and developing new products. Furthermore, as an organisation, we are committed to providing appropriate feedback to the relevant regulatory bodies for the betterment and advancement of the entire industrial sector.

Political Contributions

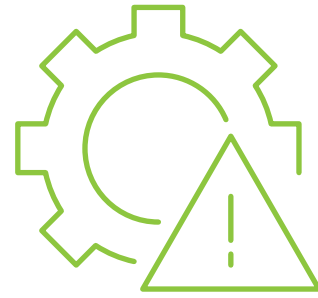
In order to earn support for the laws and rules that control its operation, we feel that government interactions are crucial. The managers at our company are expected to be updated on current government initiatives that impact the company's objectives

and, when needed, to contribute to the formulation and presentation of the position on such initiatives. They are also required to help the company fulfill its duties as a good corporate citizen, such participating in laudable government projects. During

the reporting period, we did not contribute money to any political parties or candidates. We also did not receive any economic assistance from the government during the reporting period.



COMPREHENSIVE RISK STEWARDSHIP



RISK MANAGEMENT

TO IMPROVE DECISION-MAKING, DEFINE OPPORTUNITIES AND MITIGATE MATERIAL EVENTS THAT MAY IMPACT SHAREHOLDER VALUE.

The industry in which our Company operates is cyclical in nature and is undergoing substantial changes at the moment. Due to the constantly shifting environment, our organisation is exposed to a wide range of internal and external developments that may substantially affect our non-financial and financial goals. So, for us this scenario presents a wide range of risks and opportunities.

We, at BFL employ the precautionary principle approach to constantly monitor the internal and external environment to identify new risks, evaluate them, and develop appropriate

ways to mitigate them to assure consistent business growth and success. We also work continually to improve the risk management system to stay ahead of these risks and capitalise on opportunities.

At Bharat Forge, we have put together an effective Enterprise Risk Management (ERM) framework, which includes a risk governance structure and specified risk management procedures. The ERM's key objectives are recognising, assessing, prioritising, and reducing all internal and external risks. The framework also emphasises preventing our company from

experiencing a permanent loss of capital and preserving the trajectory of our company's long-term growth. Our Company's robust risk management framework serves as the initial point of identification and reporting of risks to the Board and Risk Management Committee (RMC). The Board and the RMC take an active part in ensuring that the management takes into account all pertinent risk variables and has a plan to minimise risks and utilize opportunities when they arise. A risk management policy that was developed by the RMC and endorsed by the Board serves as the framework's foundation.

The Company's Risk Management Policy aims to support its objectives, among others, by encouraging a proactive approach to reporting, assessing, and addressing business-related risks. By having a thorough understanding of business activities, volatility, opportunities and threats, as well as by evaluating the likelihood and impact of major adverse events, it is possible to:

Provide a framework that enables future activities to take place in a consistent and controlled manner;

Improve decision-making, planning, and prioritisation;

Develop responses to either prevent such events from occurring or manage and minimise their effects if they do;

Complying with the requirements of applicable laws;

Identifying any unavoidable risks and creating action plans to resolve them.

Risk Governance Committees

Business risk evaluation and risk management are ongoing processes at our company. It is the responsibility of board members at Bharat Forge to identify and assess internal and external risks, such as financial, operational, sectoral, sustainability (mainly ESG related risks), information security risks, and any other risk that may have an impact on our Company's ability to achieve its strategic objectives or threaten its survival. The assessment is periodically examined by the Board and thus, the Board of Directors decides the Company's risk tolerance.

The Board of Directors of our Company has formed a Finance and Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight regarding financial risks and controls.

Risk Management Governance Structure - Roles and Responsibilities of Governing Bodies

Board of Directors

The major risks identified by our company and functions are systematically addressed and mitigating actions are taken on a continuing basis. The Board of Directors is in charge of developing a risk management strategy to control and reduce the identified risks by:

<p>Reviewing and approving the risk management policy</p>	<p>Maintaining an effective monitoring and reporting system</p>
<p>Supervising the development and implementation of a framework for risk management</p>	<p>Providing guidance to the Finance & Risk Management Committee and Audit Committee regarding the top priority risks identified and their mitigation strategy</p>



Senior Management of the Company (SMG)

Being a multibillion-dollar conglomerate, Bharat Forge is subject to a number of financial and non-financial risks, including market risk, liquidity risk, HSE risk, maintenance risk, etc. Our company's senior management has been given the responsibility of directing the management of such risks. The core management group comprising vice presidents and higher, who are in charge of various firm functions, makes up the senior management. A Finance and Risk Management Committee supports the senior management of the organisation by providing guidance on financial risks and establishing an effective financial risk governance structure for the Company. The senior management members with extensive experience, the necessary knowledge, the right training, and supervision carry out all derivative operations for risk management objectives. The Board of Directors' responsibility in risk management is to evaluate and approve procedures for handling all internal and external risks, which are compiled as follows.

- > Implementing and monitoring the risk management plan's guiding principles, actions, and requirements;
- > Providing the necessary tools and resources to identify, manage, and mitigate risks;

- > Reviewing risks on a quarterly basis (identifying new risks, changing existing risks, updating the risk register, etc.);
- > Evaluating risk owners' risk management efforts;
- > Internal compliance and control systems for the risk management plan's implementation

Risk Co-ordinators and Process Owners

The Senior management holds the Risk Co-ordinators and Process Owners responsible for appropriately planning, carrying out, and enhancing various operational processes within our company. The Risk Co-ordinators and Process Owners represent this process in all decisions made by senior management and receive regular information regarding the process's performance. The key roles of Risk Co-ordinators and Process Owners are outlined below:

- > They identify any perceived risk at the operational level in various processes;
- > They ensure that the Board's finalised recommendation and action plan are implemented in accordance with the policy;

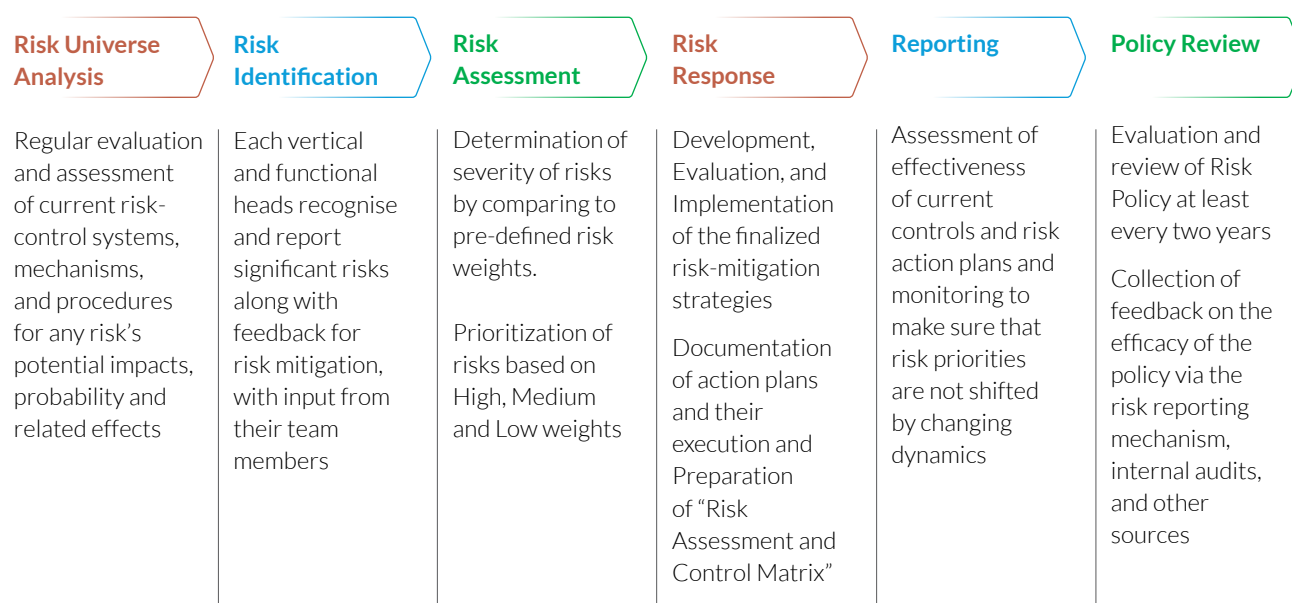
- > They continue to maintain the risk framework and documentation, including policies and procedures; and
- > They support and manage the risk workshop process. They also play a key role in helping the team develop, maintain, and embed the risk management framework within the company.

Internal Audit and Audit Committee

The independent internal audit function guarantees the integrity and reliability of the risk management process. The Board is assisted in carrying out its responsibility to monitor the quality and integrity of our Company's accounting, auditing, and reporting practises as well as its compliance with legal and regulatory requirements by the Audit Committee, which we established in accordance with Regulation 18 of the Listing Regulations and Section 177 of the Act. The Committee's duties include monitoring the accounting and financial reporting statements, managing the Statutory Auditors, and assessing the effectiveness of our Company's internal auditors. The Audit Committee works closely with the Finance and Risk Management Committee to provide extra oversight in financial risks and controls.

RISK MANAGEMENT PROCESS

We aim to strengthen our risk management and emergency response operations in response to the growing business landscape uncertainties. We have developed an effective Risk Management Process and Framework to identify and manage any kind of internal and external risks. This ensures systemic monitoring and the prevention of a wide range of financial and non-financial potential risks. We also work on several fronts to establish a business continuity management system to ensure the long-term success of our company. The vertical and functional heads participate in the Senior Management's analysis of all the risks that have been identified. This provides them with better insights over our company's risk mitigation strategies, and their feedback during the discussions prove valuable for the top management in developing the risk combating measures.



Risk Factors and Mitigation Measures

Risk	Risk Category	Risk Description	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 Interruption in Business because of COVID-19	High	<ol style="list-style-type: none"> 1. Adequate protection against calamities including appropriate insurance 2. Introduced additional mitigation to overcome interruptions due to Pandemic situations 3. Speed to market
Health, Safety and Environment	Regulatory	Noncompliance with safety measures by employees Non-awareness of the hazardous nature of chemicals Not-Following COVID-19 safety measures	High	<ol style="list-style-type: none"> 1. Strict adherence to BBS (Behaviour Based Safety System) 2. Focus on reducing the generation of effluent and arresting at the source 3. Detailed SOP for COVID-19, Employee Training & adherence followed strictly 4. Medical check-up, Vaccination Drive as per Govt. regulations 5. Encouraging work from home & Multitasking Industry 4.0, use of digital technology

Risk	Risk Category	Risk Description	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"> 1. Enhance customer stickiness 2. Coefficient - alignment in strategies, partner of choice 3. Providing end-to-end solutions, dual shore business model
Intellectual Property Risks	Regulatory	<ol style="list-style-type: none"> 1. Leakage of Confidential information 2. IP rights clashes can happen in collaborative research projects 3. IP infringement actions from outside firms 	Medium	<ol style="list-style-type: none"> 1. Patent filing 2. Regular Patent Awareness Sessions 3. Consultation with experienced patent attorneys 4. Data exchange with vendors/customers only through secured mode. 5. Periodic INFOSEC audits 6. Entering into NDA with parties for exchanging information 7. Antivirus upgradation
Supply Chain Disruption	Supply Chain	<ol style="list-style-type: none"> 1. Disruptions in supply chain may adversely affect the Company's operations 2. Availability of raw materials and power 3. Impact of inflation and cost escalations of commodity and utility prices 4. Cost of inward & outward freight 	Medium	<ol style="list-style-type: none"> 1. Most of the Raw Material is sourced through approved vendors and most of the Material price variations are being addressed by way of Price variation pass-through in Domestic customer and Metal indices in case of exports 2. Outward freight is managed by year on year long term contracts with reliable logistics companies
Innovation	Technology	Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs	Medium	<ol style="list-style-type: none"> 1. Structured Technology Development projects 2. New focus areas are identified to develop future capability needs 3. Focus on Light weighting and EV
IT Data centre & Far Sight Disaster Recovery Risk	Technology	Risk of inadequate data centre & far sight DR	Medium	<ol style="list-style-type: none"> 1. The Disaster Recovery (DR) strategy is being updated continuously 2. Data Centre is established and Near Site DR is available
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"> 1. Worldwide brand-building activities are an ongoing process 2. participation in exhibition and trade fairs 3. Good reputation and relations with major trade companies
Maintenance Risk	Technology	Risk of sub-optimal maintenance plan due to manual updating of ODR and MGR reports resulting in un-economical Maintenance costs	Medium	<ol style="list-style-type: none"> 1. Operational performance (OEE) & Maintenance (PM & Breakdown) are being monitored through SAP for all the major plants
Data Protection Risk	Technology	Risk of confidential data leakage via USB Drives/Flash Drives Exposure of company data because of Work From Home and access to respective data	Medium	<ol style="list-style-type: none"> 1. All privileged system access are reviewed periodically & Data Leakage Prevention (DLP) system are implemented at these equipment 2. Restricted data access control & data encryption to monitor Work from Home activities
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"> 1. All the necessary Pollution control norms (Air, Noise etc.) are followed 2. Disposal of Hazardous waste is monitored within permissible limits

CYBER SECURITY



TO PROVIDE VALUE AND CONFIDENCE TO ALL STAKEHOLDERS BY PROTECTING INFORMATION ASSETS FROM ALL INTERNAL AND EXTERNAL THREATS AND ACHIEVING AND MAINTAINING INFORMATION SECURITY PROCESSES TO THE HIGHEST STANDARDS.

The business at Bharat Forge entails handling both intellectual and client-specific private information. We have developed a clear procedure to detect, analyse, and eliminate risks to safeguard such data and avoid cybersecurity breaches. Our organization is equipped with a solid IT infrastructure that includes many security layers and early-warning signals to identify and address cyber threats. Additionally, to further fortify the infrastructure, we have formulated IT business contingency plans and incident response protocols. We routinely carry out security gap and vulnerability assessments to reduce the vulnerability of our cyber assets. During the reporting period, we had no data breaches, including none involving personally identifiable information from customers.

Information Security Policy

Implemented an Information Security policy for restricting the leakage of sensitive information or violations of data privacy laws

Policy offers management guidance, and documentation for all aspects of Information security

Policy broadly describes the appropriate steps our company should take to ensure a secure and dependable flow of information both inside and outside the Company

Employees are trained in awareness workshops to reinforce security measures and prevent accidental data leakage.

DIGITAL RISK



We have been heavily investing in digitalization at our workplace for several years. Digitalization has enabled us to improve employee experience and make data-driven decisions in a variety of ways. However, we recognise that digitization introduces numerous critical security risks involving networks, IT systems, and data. And, because we handle a lot of private and sensitive data, as our business becomes more digitalized, we risk cyberattacks and unauthorised use of this data. As a result, we at Bharat Forge assess IT-related risks regularly and are committed to protect client data from breaches.

RISK

Information Security

Major risk posed in front of Bharat Forge is the challenge in setting up the security measures for securing the data and preventing litigation

Mitigation Strategy

- › Considered as one of the corporate sustainability concerns
- › Adhering to the rules outlined in ISO27001:2013 Information security management system certification
- › Certification is for IT services, design, and the defense department
- › Multilayer security strategy supported by next generation solutions to ensure real time threat prevention
- › Voluntary Product Accessibility Template (VAPT) and independent 3rd party validations

IT security, Support functions and Training and Awareness

The Information security initiative is combined with the most recent technology in order to meet security requirements at each stage of IT processing, including but not limited to endpoint protection, perimeter protection, data centre security, communication security, data security at rest and in motion, application security, and so on. Our company's Human Resources, Legal, Physical Security, and Environmental Health and Safety departments all contribute to the information security programme by establishing security measures in their respective fields. In order for our company to fulfil its legal and contractual obligations, every member of the Bharat Forge community must maintain a minimum level of security. To accomplish this, the information security cell extensively trains its task force in information security awareness and sends timely information security awareness emails to all our employees.



FINANCIAL OVERVIEW

At Bharat Forge, we strive to create a transparent business model in order to maintain a strong financial position and consistently deliver long-term value to all our stakeholders. Our company's ability to consistently maintain the proper capital structure, supported by low debt and solid cash flows, as well as to allocate funds judiciously in areas of growth, is what allows us to generate significant economic value. Our vast network of suppliers, robust and proven business model, a diverse product portfolio, and efficient financial management of our company's funds have all contributed to our company's financial improvement over the years.

Our business is based on the notion that developing a successful company and creating a better world go hand in hand. As a result, we have devoted a lot of time to social responsibility and environmental challenges. With a significant focus on water availability,

livelihood, education, health, and accessibility, we have spent 144 million on various CSR programmes. Through targeted interventions in the areas of infrastructure development, education, health, and livelihood, we are promoting comprehensive long-term development in the 100 villages that we have adopted across Maharashtra. We believe in the potential of individuals, and as a result, our business constantly works to give those individuals—whether they live on or near our campus—better opportunities. This has had a tremendously positive impact on the community we call home.

We report our company's economic performance, which includes the Direct Economic Value Generated, Economic Value Distributed, and Economic Value Retained, to help stakeholders better understand our company's financial profile and successful business strategy.

Earnings Performance

With breakthroughs in all key performance indicators, our company delivered an all-encompassing performance. During FY 2021-22, our revenue increased by 71.3% to ₹62,546 million, and our EBITDA increased by 129.2% to ₹16,804 million. For this reporting year as well, we maintained our excellent credit rating of AA+. Our company's top-line revenue increased by 71%, while profit after taxes increased by 244.1%. Our company's net worth increased by 19.52% to ₹71,098 million due to an increase in earnings after taxes held as reserves.

A strong financial management approach, diversification into adjacent sectors and processes, and the use of new technology are just a few of the ways we have generated consistent returns and maintained our brand integrity over market cycles.



The following table shows the direct economic value generated, distributed, and retained for the reporting year FY 2021-22:

Particulars (Standalone)	FY 2021-22	FY 2020-21	FY 2019-20
A. Economic Value Generated			
Revenue generated from Operations	62,546	36,515.1	45,638.8
Revenues from Other Sources	1,675.02	1,404.6	1,608.9
Total	64,221.02	37,919.7	47,247.7
B. Economic Value Distributed			
Operating Expenses	44,448.9	28,417.3	34,108.8
Employee wages and benefits	5,057.85	4,482.4	4,823.6
Payment to providers of Capital (Finance Cost)	1,073.01	779.2	1,450.3
Payment to Governments (Tax)	3,181.4	1,028.1	1,190.8
Dividends	931.18	931.2	3,335.3
Total	54,692.3	35,638.2	44,908.8
Economic Value Retained (A - B)	9,528.7	2,281.5	2,338.9

**The boundary of the Economic Performance data is the same as BFL's Annual Report FY 2021-22.

**The Financial Statement of BFL includes all assets, liabilities, equity, income, expenses, and cash flows under the organisation's direct control.

*** The scope and boundary of the report include all activities and operations in BFL's Corporate office, Head offices, Manufacturing Facilities, and Warehouses located in India. The financial statements include the marketing and sales performances also.

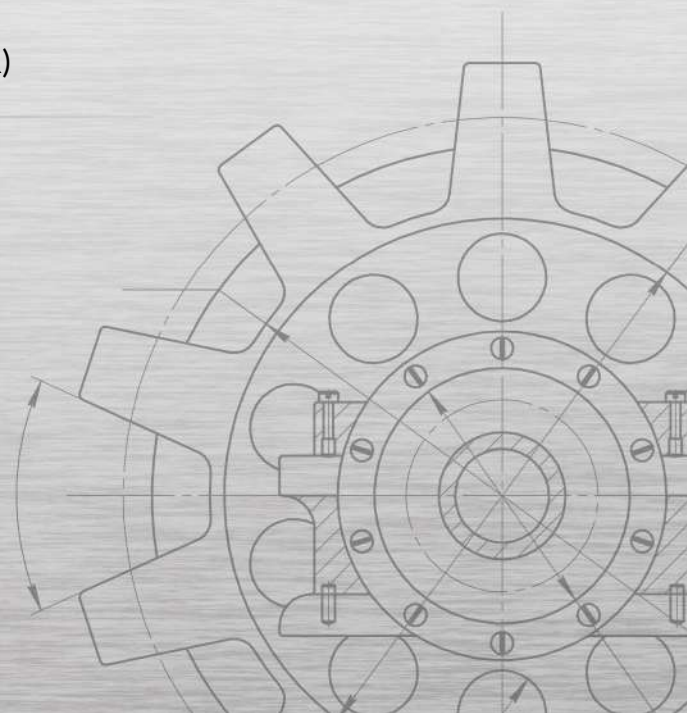
Looking Ahead

We will continue to lead the way in providing long-term economic value growth to all our stakeholders. Our company will also develop a roadmap with clearly defined goals and benchmarks for sustainability-related KPIs with the help of the ESG Committee. The actions taken to achieve these objectives will be tracked, and updates will be communicated to all stakeholders infrastructure.



OUR PEOPLE AND CULTURE

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EMPOWERING OUR PEOPLE



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

Strategic Approach

We at Bharat Forge understand the role played by our employees and consider them our biggest asset. We strive to attract, retain and nurture the best talent. At Bharat Forge, we believe in hiring people based on their competencies, capabilities, ad experience and aim for improved diversity across our business. We sincerely ensure that our employees get the right training and upskilling opportunities to drive them towards achieving excellence.

TO ENGAGE WITH PEOPLE POSITIVE IN ATTITUDE AND FULL OF ENERGY AND NEW IDEAS THAT STIMULATE CHANGE AS WELL AS PROGRESS WITHIN THE ORGANIZATION.

Diversity and Equal Opportunity

We believe in creating an open and appreciative work environment for all our employees through fostering a culture of inclusivity and equality. Our company's greatest strength is its dedicated group of employees who bring a wide array of skills and years of experience. Over the years, the Company's diverse and skilled employee base has enabled us to differentiate ourselves from our peers.

At BFL, we are committed to maintaining a diverse workplace regardless of discrimination based on ethnic origin, culture, religion, age, disability, skin colour, gender, sexual identity or any other status. Our geographical presence across the country allows us to recruit employees from varied backgrounds and experiences. In a predominantly biased sector towards male employees, we have ensured that female employees

are presented with opportunities and strive to maintain a fair gender ratio. At the leadership level, currently we have 1.43% of female employees, and we strive to increase the diversity in the top management. Equality is integral to our corporate culture; we enable every voice to be heard and involved. We strive to maintain a work environment that is free from any harassment.

	FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total
Senior Management (AVP and above)	138	02	140	134	2	136
Middle Management (Deputy manager to senior manager)	1,061	10	1,071	955	9	964
Assistant Manager and below	1,646	33	1,679	1,945	41	1,986
Contract Workers	1,556	1	1,557	1,811	1	1,812
Total	4,401	46	4,447	4,845	53	4,898

Note: Company has decided to report the headcount including Executive Directors and trainees from this year and values for FY 2020-21 updated accordingly.

Promoting Special Ability/ Differently Abled

We at Bharat Forge aim to create a safe, accessible, and inclusive work environment for all our employees. We address specific needs for the recruitment, development, engagement, growth, and retention of employees with disability by promoting an inclusive workplace where the skills and knowledge of each employee are valued and respected. We run campaigns to raise employee awareness and contributes to designing the Company's disability inclusion strategy. Our Company's various locations, including the offices/premises, have been equipped with ramps, lifts, and handrails to facilitate the movement of differently abled individuals.

Fair Pay Commitment

At Bharat Forge, we adhere to the principle of equal pay for equal work, for instance, equity in salary for women and men with the same job profile and role. We calculate the gender pay gap based on pre-tax earnings per employee. We also review pay parity regularly to eliminate unjustified differences (with the same job profile, role, competencies, experience, performance, etc.).

Local Employment

We are committed to giving back to our communities by recruiting local talent. This provides significant opportunities for strengthening our communities and promoting inclusive growth. These efforts motivate local people to pursue high-quality education and career goals to reach senior positions at Bharat Forge.

More than 87.31% of our senior management are local.



Human Resource Values

Bharat Forge is committed to providing benefits and opportunities to support employees' physical, mental, financial, and social well-being.

Health and Wellness Benefits

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

Communication

- > Mobile Handset
- > Corporate SIM Data Card

Recognition

- > Long-term Service Award
- > Superannuation Gift
- > Silver Jubilee Award

Financial Benefits

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

Benefits

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

Family Wellness Benefits

- > Insurance coverage for dependent members
- > Employee Death Relief Policy

Transition Assistance Program

As a desirable employer, Bharat Forge provides future-oriented opportunities and the right environment for its employees to grow personally and contribute to moulding their future. Employees who leave the services of the company by the Company before their customary retirement date or who accept voluntary retirement in exchange for these benefits are eligible for termination benefits. The benefits are offered through the VRS scheme and include monetary benefits too.

Provident Fund

Employees' provident fund is a welfare scheme to secure a better future for our employees. Under this Scheme, both employees and the Company contribute to the Fund. Interest earned

on the amount is credited to the Employee's Provident Fund Account (PF account) and is available to the employee at the time of retirement or exit from employment. A portion of the contributions goes to the "Bharat Forge Company Limited Staff Provident Fund Trust,"

Gratuity

Gratuity is a financial component offered by the Company to the employee in recognition of his/her services rendered to the organisation. We offer our employees two defined benefit plans, namely, gratuity and special gratuity. Gratuity is paid by the Company when an employee leaves the job after serving the organisation for a minimum period of 5 years.

Superannuation

Superannuation is a fund received by an employee at retirement as a pension. The Company contributes 15% of the employee's basic salary under the scheme. After retirement, the employee can withdraw this amount, and he or she can reap the benefits of it.

Privilege Leave Benefit

Privilege leaves are available to every employee in our organisation and can be availed when the department head sanctions these leaves. Every financial year, the employee is credited with the earned leaves which can be utilised by the employees within the next 12 months.

Employee Engagement/Nurturing Work Environment

We believe that achieving BFL's growth objectives are supported by continuous innovation, close connection with the customers to understand their requirements and value creation by delivering high-quality products. This has been made possible by nurturing a culture of continuous learning, innovation, and collaboration.

At Bharat Forge, understanding the employee's sentiment is of prime importance, and this is achieved via periodic assessments of employee satisfaction levels. We undertake concentrated efforts to improve employee engagement across our operations. During the year, a range of team-building activities were implemented by focusing more on initiatives such as workforce diversity and inclusion, employee experience, leadership outreach through extensive communication, awards and recognition

events acknowledging exceptional contributions and efforts of employees, career counselling, and employee development including behavioral aspects, mental wellbeing and desired skills for succession planning.

Human Capital Development Talent Acquisition and Retention

Our Business strives to attract the best talent for key roles so they can be trained and moulded into future leaders of Bharat Forge. We understand that acquiring talent is not the end of the road. We are giving growth opportunities to our employees and engaging them to become an asset to the company.

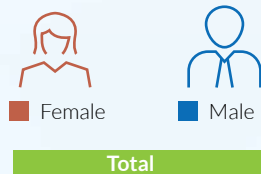
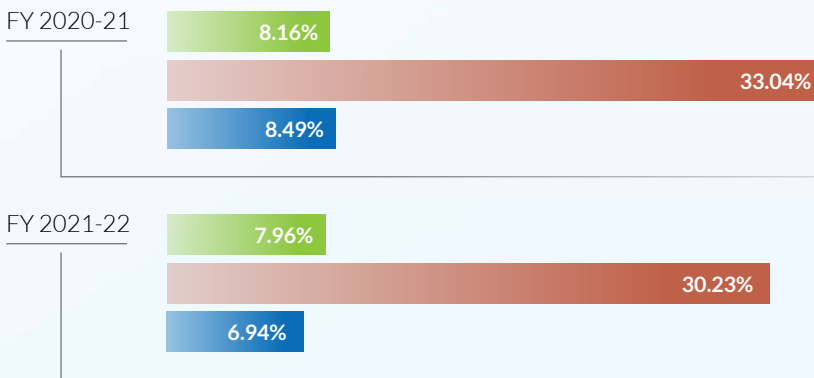
Talent acquisition is not limited to Campus hiring but is complemented by providing on-the-job training to rise to the next level by acquiring the desired competencies. We conduct an employee satisfaction survey to assess and improve our employee

development strategy. During the reporting period, we successfully hired 338 new talents.

We understand that our long-term success depends on harnessing the potential of our employees and establishing ourselves as desirable employers. We consider our employee's opinions. If any strategic changes occur in the Company; employees should always be brought into the conversation as one of the most important stakeholder groups.

We have partnered with eminent institutions across India to provide our employees learning and skill development opportunities. We encourage our employees to build on their domain-specific knowledge and expertise concerning desired competencies in areas including forging and machining. We also undertake initiatives to enhance our employees' managerial and leadership skills.

Employee Turnover Rate



Technology Development

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



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



Skill Upgradation

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



Management Development

- > Post Graduate studies at Warwick University
- > Risk Management Training at DIAT, Pune

1. GET Management Programs

At Bharat Forge, we mentor young achievers via a reward and recognition system based on their skills which helps them to achieve the set targets and climb the ladder at the right moment. The Graduate Training Program at Bharat Forge substantially contributes to meeting the company’s ongoing need for fresh talent and raising the Group’s appeal as an employer. We also encourage young people to focus on professional development while preparing them for future roles and personal growth through vocational training. Bharat Forge hired 338 trainees in India alone during the reporting year.

	FY 2021-22			FY 2020-21		
	Officer	Trainees	Total	Officers	Trainees	Total
<30 years	56	333	389	32	832	864
30-50 years	71	5	76	33	0	33
>50 years	13	0	13	9	0	9

2. Learning and Development

Bharat Forge strives to create an environment enabling employees to constantly learn and equip themselves with the necessary skills. The key objective is to ensure that our employees continue to grow as professionals concerning their roles and responsibilities. The learning programs at Bharat Forge integrate learning, career development tools, and content to promote the holistic growth of employees.

As one of the industry’s pioneers, Bharat Forge is driving the transition to forge, digitization, and electric mobility. Modernizing industrial sites and ensuring long-term employment stability is a key focus area in designing learning and development programs.

We organize leadership development programs for grooming our middle-level managers to take up challenging roles requiring grit, determination and decision-making as they rise in

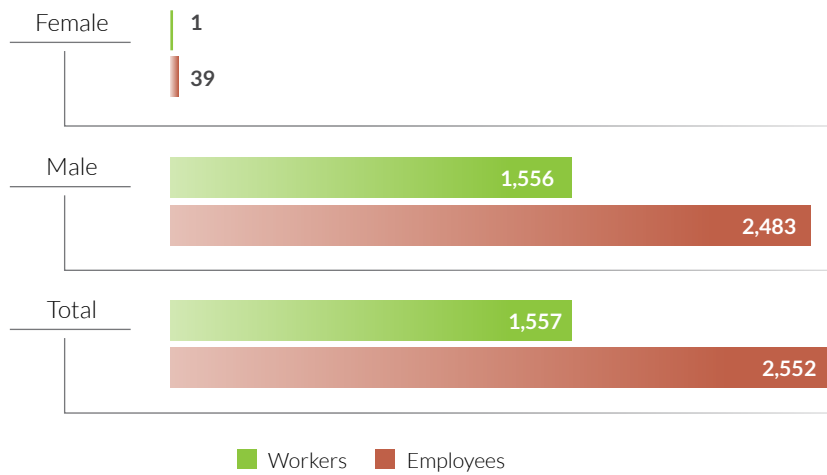
their careers. In the FY 2021-22, 1,886 employees and workers provided skill upgradation training which is 66% higher than the previous reporting cycle.

3. Career Opportunities for Women

With the evolving time, we at Bharat Forge understand the role played by women in becoming great motivators and the power they hold

to bring diversity and dynamism to the workforce. We endeavor to improvise our workforce concerning women employees by making Bharat Forge a favoured workplace in terms of inclusivity, career opportunities, healthy parenting, and other additional support for women to continue contributing to our business while taking care of their responsibilities.

Performance and Career Development Review 2021-22



Strategic Workforce Planning and Digital Transformation

It is essential for an organization to effectively manage a workforce that includes not just employees but also contractors, professional service providers, and others. In line with our strategic goals and deliver strategic value, we utilize strategic workforce planning to plan a successful skills transformation of the workforce, and to support business strategy and changes in the way of working.

We have made several changes before implementing short-term working hours. We first adopted flexible arrangements, including reducing overtime and holiday accounts.

Our concept of strategic workforce planning is built on having the right person with the right skill at the right place. Through strategic personnel Planning, we identify the need to restructure employees and competency structures.

At Bharat Forge, we understand that data models help institutionalize and modify HR strategy, thereby improving employee productivity and retention. Our analysis allows us to project the required skill sets and human resources aligned with our business vision.

We extensively map the data across various HR functions to ensure quick grievance resolution, managing appraisals and other employee benefits.

Succession Planning and Retention

We focus on developing young leaders with an emphasis on succession planning. We kept strengthening our human resources by bringing in talented and competent professionals to facilitate and accelerate our journey of project expansion and on-time project completion.

The employee attrition rate at Bharat Forge for the reporting year was 9.87%.

Human Rights

BFL's long-standing commitment to human rights is reflected in its Code of Conduct. We have a policy on human rights which applies to all the stakeholders, including employees, suppliers, communities and service providers. Our Policy is based on the principles such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organisation (ILO), and the United Nations Global Compact.

We make sure that all stakeholders, including our supply chain partners, respect, uphold, and comply with the code of conduct mentioned in our human rights policy. Our security officers, including third-party contract workers, are regularly sensitized to human rights laws and procedures. Our orientation programmes emphasize human rights awareness during the induction program for our new joiners. Through a rigorous screening process, the Company ensures no cases of child labour exist within the premises, and ongoing site inspections are in place to check for any possible cases of human rights violations across the supply chain.

BFL has linked its human rights policy with the grievance redressal mechanism to address employee concerns and complaints about human rights and work ethics. The grievances are addressed promptly and effectively by the Human Resource Department/ Senior management via a committee to investigate the violations reported ensuring timely resolution of the grievances. The Company periodically undertakes human rights due diligence process for management and oversight/ monitoring of the policy and to identify any shortcomings.

Workforce Relation Management- Freedom of Association

We at Bharat Forge strive to maintain an honest and transparent relationship with our employees and union members. Following the steps of ethical business practices, we respect the rights of our employees, including contract workers and understand the role played by them in creating value for our business. We believe in the principle of freedom of association and collective bargaining for protecting the rights of our workers and employees as a basic requirement to hold on to a mutual dialogue regarding their rights and promote common organisational interest peacefully.

We, therefore, promote the Bharat Forge Works Council (Union) members and steer Bharat Forge through the necessary business improvements on a mutual platform for holding a meaningful discussion on important business aspects to maintain peace and harmony and avoid unnecessary business disruption scenarios.

In the reporting period, no cases of violations of employees' rights to freedom of association or collective bargaining were reported. In the reporting year, 100 % of the workers at Bharat Forge are covered under collective bargaining agreement.

Looking Ahead

We are highly focused on ensuring the physical and mental well-being of all our employees, including third-party contractors who form the backbone of our operations.

The pandemic has shown us that we are all vulnerable, and it is now more than ever that we need to place the emotional and physical health of our employees at the forefront. We are paying more attention to well-being by incorporating a culture of flexible hours and rotating shifts for our workforce; this paves the way for our workforce to feel privileged, protective and more productive.



EMPLOYEE HEALTH AND WELLBEING



(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-9, 403-10)



Strategic Approach

Bharat Forge's approach to employee health and safety is based on the effective implementation of preventive and protective measures. We aimed to minimize workplace injury risk by adopting global safety standards. We ensure optimal working conditions and safety at each operation level, implement comprehensive, compliant protocols across all touchpoints and follow industrial hygiene principles. Health, safety and environment is our

priority material topic, reflected in the Materiality Matrix of Bharat Forge.

Safety is a way of life at Bharat Forge across the company. The nature of our industry exposes our employees to various work-related hazards. We have robust and comprehensive health and safety management system to ensure effective hazard identification, risk management and implementation of appropriate control measures across our sites. Our plants at Mundhwa,

Baramati, Satara and Chakan are ISO 14001:2015 and ISO 45001:2018 certified. We train our employees to comply with the requirements of various safety management systems and ensure a smooth audit and verification process. We strive to contribute to various UN Sustainable Development Goals.

Weblink for HSE policy - <https://www.bharatforge.com/sustainability/social/#top>

TO PROVIDE A HEALTHY AND SAFE WORK ENVIRONMENT FOR ALL THE STAKEHOLDERS WHO ARE PART OF THE ORGANIZATION.

Occupational Health and Safety Management System

Occupational health and safety management system engage employees in identifying and reporting work-related hazards and potential safety incidents through Near Miss reporting. This practice has augmented the prevention of accidents and has increased awareness regarding health and safety among employees. In the reporting year, we have delivered 13,403 hrs of occupational health and safety training to the employees and workers. This includes general training and training on specific work-related hazards and safety awareness-related topics such as Personal protective equipment and workplace illness. We ensure that our business partners also comply with workers' health and safety regulations to maintain high safety standards across the value chain.

Management Control System

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 System

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

Measurement and Control System

Reporting Systems, Investigation processes, Proactive Monitoring, Statistics, and Performance Measures are included.

Workplace Implementation

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

CERTIFICATION

ISO 9001/14001 / ISO 45001



Hazard Identification and Risk Assessment

We safeguard and promote occupational health and safety across our operational activities. The top leadership has prioritized health and safety as key material issues. It has taken up the responsibility of improving safety performance and addressing health and safety risks within the organisation. To safeguard our employee's health and safety, we identify risks and determine the preventive measures for controlling or eliminating those risks. We strive

to mitigate the risks and harness the opportunities that are pertinent to the outcomes of the OH&S management system. We hold Employee health and safety in the highest regard. We have established a robust hazard identification risk management system to ensure continual improvement of employees' occupational health and safety.

At Bharat Forge, we periodically conduct hazard identification and risk assessment for routine and

non-routine activities to understand the interventions required to maintain global safety standards. We ensure a healthy work environment for our employees and contract workers. We perform Hazard Identification Risk Assessment (HIRA) regularly in the following six processes at all levels under the supervision of a professionally skilled process owner or a qualified coordinator with detailed knowledge of safety activities and safety guidelines.

We have established the HIRA procedure as per ISO 45001:2018



We prepare a risk management report by evaluating the risk management plan by using either of the two methodologies:

1. Risk rating using a scoring method
2. Risk rating based on risk factors (hierarchy of control decided using elimination, substitution, engineering control, administrative control, and PPE).

The report consists of an Executive Summary including the conclusion of assessments, an Introduction defining the scope and objectives of the report, Risks Quantified, Risks

Eliminated, Risks minimized, a summary of Risk Assessment Processes and recommendations for improvement.

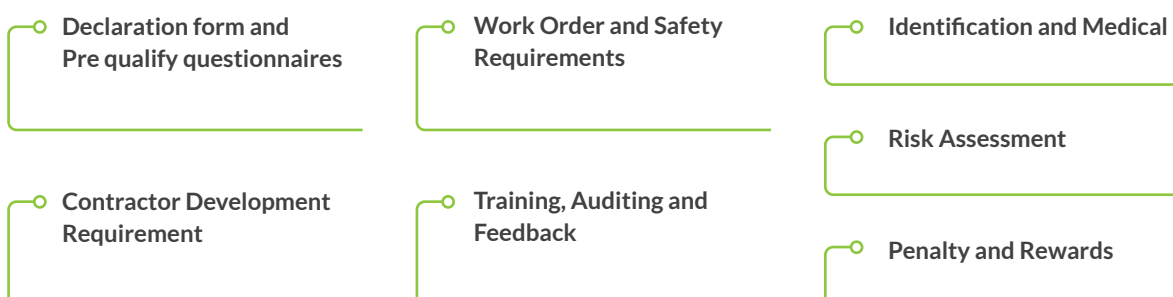
Emergency Responses

At Bharat Forge, we believe that it is essential for businesses to create and have comprehensive emergency response plans. Being a part of the manufacturing industry, our employees are often exposed to workplace hazards that could cause extreme injury or fatality. We have an emergency response system in place to keep all of our employees safe in case of an emergency and protect our supply chain efficiency.

Safety Control System

At Bharat Forge, we have a robust safety control system to minimize the risk of exposure to safety incidents caused by the external environment on our employees, assets, contract workers. We conduct regular audits to ensure strict compliance with safety regulations. In case of repeated violations of safety norms, we impose penalties whenever required. The competency of the third party is accessed by checking their certificates issued by government authorities.

Procedure for Safety Control System



Incident Analysis

We are committed to protecting employees' health and ensuring a safe work environment for all our employees and contract workers. We continuously track safety incidents and accident rates across operating locations. Bharat Forge is committed to an ambitious but attainable goal of Zero Fatality. Our leaders pay special attention to employees' feedback on issues related to health and safety, and the feedback is continually incorporated into the existing systems and processes to improve the efficiency and robustness of safety management. We have a health and safety policy, Work permit system, employee feedback system, first aid facilities, safety training, audits, & risk assessments to avoid any safety incident at the workplace. No work-related fatality was reported during the reporting period.

Parameter	FY 2021-22	FY 2020-21
Fatalities or high consequence work-related ill-health	0	0
Lost time injury frequency rate (LTIFR)	0.30	0.42
Total Work hours	99,13,760	71,29,984
Total recordable work-related injuries	3	3

Health and Safety Training

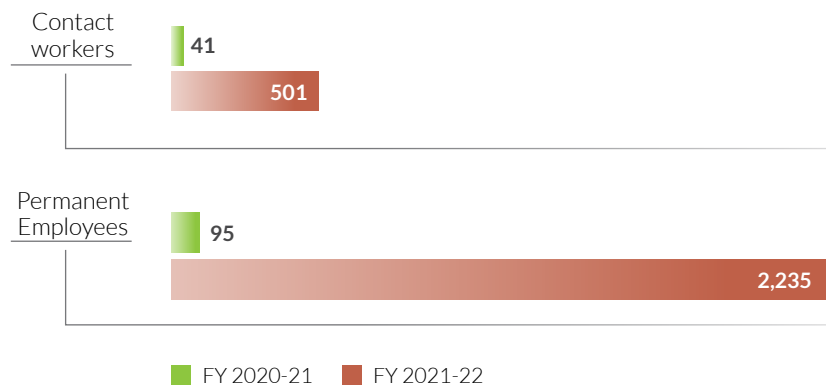
We understand that providing a safe environment for our employees and workers is essential. Safety training supports ensuring the prevention of injuries, reduction in frequency and severity of accidents, fatalities etc. Bharat Forge's HSE policy encourages individual participation through training and awareness activities to accelerate and motivate our employees to play an active role in the overall safety improvement process. Health and safety training aims to raise employee safety awareness, promote personal responsibility, and encourage discussion on health and safety issues and solutions.



We have established a safety committee to strengthen and enhance our safety management system. We provide safety equipment such as PPEs, safety shoes, earplugs, helmets, hand gloves, and masks to our workers and employees. The health and safety training provided to the employees and workers covers a broad range of topics such as working at height, confined space, on-site emergency training etc. Industrial Safety training is given to the new joiners during onboarding.

We celebrate National safety day and Health and safety week every year to spread safety awareness among employees and contract workers.

Health and Safety well-being training



Employee Wellness at the Workplace

We at Bharat Forge remain committed to protecting our employees from the threat of workplace hazards and promoting mental and physical well-being. We offer a variety of health and wellness benefits, including medical insurance and accident insurance for the employee and their immediate family, which provides financial assistance in the event of an accident or severe illness. We understand the significance of individual data privacy and have a robust data security system in place for the same. We manage patient

registration, care and discharge by the health management system and protect Individual confidentiality as per general

data privacy laws. Aside from that, we offer coverage for dependent parents, periodic health checks and wellness programs.

Medical Check-up

Plant Location	No. of Employees (FY 2021-22)	No. of Employees (FY 2020-21)
Mundhwa	3,912	3,420
Chakan	1,350	266
Baramati	334	498
Satara	159	157
Total	5,755	4,341

At Bharat Forge, providing every employee a healthy and safe working environment is imperative. We promote a healthy lifestyle for our employees, which increases productivity, reduces absenteeism, and enhances retention. We encourage dialogues with industry experts and conduct lifestyle management training. We regularly monitor the exposure level of our employees to hazardous substances and continuously work towards reducing the frequency and quantum of such unwarranted exposure.

During the reporting cycle, we have conducted online health awareness sessions on post-COVID care and mental health, Diabetes, dry eyes and cancer awareness. We have also conducted wellness awareness seminars on stress management, Diet and lifestyle management and meditation.

In FY 2021-22, we conducted 12 safety mock drills. We have also organized various seminars to educate the workforce about the harmful effects of

smoking and tobacco. We celebrated National safety day to raise safety awareness among the workers. The workers participate in safety contests such as slogan writing, painting etc. We have a separate yoga area and provide healthy meals in our canteens. We have a thorough plan for medical professionals to take care of the health of both permanent and temporary employees and workers.



Health Benefit Programs for Employees

PHYSICAL HEALTH

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

IMPROVING MENTAL AND PHYSICAL WELL-BEING

- > Regular yoga sessions,
- > Well-equipped gym with trainers

EMOTIONAL WELL-BEING

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

ENCOURAGING HEALTH HABITS

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

BUILDING STRONG WORK RELATIONSHIPS

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

FOSTERING A CULTURE OF WELLNESS

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

Occupational Health

Occupational Health is vital in on-site industrial hygiene for all our operational locations. We strive to provide the best possible health services to our employees across locations while abiding by local regulations and understanding the employees' needs and job requirements. Our Units are equipped with Occupational Health Centres with adequate medical staff to monitor employees' occupational health and provide immediate relief. We have installed automatic hand sanitizer dispensers, water vapour dispensers, and automatic handwashing devices to minimize viral infestation. A first-aid kit is readily available in case of incidents at any facility. As part of Bharat Forge's preventive medical programme, various categories of employees undergo periodic medical check-ups based on age and exposure to occupational hazards.

Looking Ahead

A healthy workforce contributes to Bharat Forge's competitiveness and sustainability. We maintain a conducive work environment in line with Indian and international standards on hygiene, lighting, ventilation noise and dust control.

The protocols established during the pandemic to control workplace COVID-19 transmission were further strengthened by implementing best practices such as WFH policy, virtual meeting platforms, following all SOPs and personally connecting with employees in today's business to make employees feel valued and taken care of.

To ensure business continuity and resilience across the operation and value chain, we continue to strengthen our safety processes by adopting best practices such as:

1. Cluster thinking and intensified cooperation
2. Highly transparent and accessible safety SOPs, periodic safety audits for potential risk mapping
3. Education, training learning
4. Integration of safety and security in ERM
5. Innovation of safety as per global best practices.

We regularly consult our safety coordinators, employees involved in HIRA, and the apex safety committee to further strengthen our health and safety management system while conducting one-on-one conversations, safety training, PPE feedback, departmental meetings, and the HSE monthly review. We communicate all the amendments in Company's HSE Policy, incidents, performance, expectations, and objectives with our stakeholders to maintain a trustworthy relationship.

ENABLING COMMUNITY DEVELOPMENT (CSR)

(GRI 413-1, 413-2)



Bharat Forge, as an organization, understands the essence of being socially responsible and constantly strives to work towards community betterment via various initiatives as a sign of gratitude towards the neighboring community. A peaceful community would lead to a win-win situation for the stakeholders, paving a road for futuristic growth. We remain committed to sharing values with the communities through training and development programs. We interact with the communities and build a strong, trusting, and mutually beneficial relationship with them. We undertake various activities suitable for local people and contribute to community development for sustainable business growth.

Strategic Approach

We understand the value of supporting and growing our neighboring communities while contributing to the society in which we work and live. The areas of women empowerment, education, and skill development carry a special place in BFL's heart, making them the initial steps towards community development. With time we also realized that there is enormous potential for rural development in and around the Pune site. Our chairman carries a vision of developing and fulfilling the basic needs of 100 marginalized villages of Maharashtra, focusing on five major indicators: water accessibility, infrastructure, Livelihood, education, and health of people. Our CSR committee works towards community upliftment and guides our CSR development projects through their valuable insights and experience. We aim to provide all the facilities and growth opportunities to the grass root level in the target villages. Our development projects are aligned with UN sustainable development goals and are executed using the following five principles:

- **Outlining the requirement**
We go through a detailed study of geographical, climatic & social aspects to map problems & take actions toward desired change.
- **Access the need**
We interact with the villagers and spend time with them to understand their core needs.
- **Set a goal**
We map our annual plan and start the groundwork. Implementation of the project through a cross-functional team post the groundwork.
- **Bring sustenance**
Specialized and dedicated CSR team train the beneficiaries and local leaders to allocate resources efficiently.
- **Project handover**
An official handover of projects for further use & maintenance once the project becomes self-sustaining.

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.

Key Highlights of CSR Initiatives

Positively impacted 1,74,492+ lives	3,000+ volunteers per year	925 acres Total Benefited land	53,692 m ³ of silt removed
Positively impacted 1,20,000 rural lives	950+ women empowered	750 beneficiaries Women health camp	Installed 3 drinking water tanks
47,535 students were benefited	7+ sportsmen supported	Improving village education at 37 schools	4,401 R/ 110 acres of land levelling
3,000+ youth skilled	17,200 Drinking water beneficiaries	Installed water filters at 8 locations	60 km Road construction

143.56 million
Total Expenditure on CSR projects in the FY 2021-22

Our goal of building a better world is realized through various development projects. We have five critical areas for growth programs:



EDUCATION PROGRAMS



WOMEN EMPOWERMENT



RURAL DEVELOPMENT PROGRAMS



SKILL DEVELOPMENT PROGRAMS



SPORTS INITIATIVE

EDUCATION PROGRAMS

At Bharat Forge, education is the preliminary step in developing awareness and critical thinking. We have provided multifaceted learning via creative and innovative group activities and knowledge-sharing programs to pass knowledge and skills to underprivileged children.

Bharat Forge has continued to expand the Company's education initiative with three dedicated ventures for executing education programs that benefited more than 10,000 students compared to 6,801 students in the previous reporting cycle.



Pratham Pune

Pratham Pune is a public charitable trust under “Pratham Pune Education Foundation”. We have aligned our education initiatives via Pratham Pune by becoming an official sponsor to provide primary education to underprivileged children till 7th grade. This initiative was designed to improve the quality of education for children from 130 underprivileged communities.

Pradnya Vikas

Pratham Pune students who show promising potential are provided more specialized education through this venture. We organized online sessions on career guidance for 10th and 12th students and science workshops under Pragya Vikas Program to guide them further for better prospects. We are working with Jnana Prabodhini to successfully run this project.

Anubhav Shala (Khelghar)

We are partnering with Jnana Prabodhini to implement another educational program name Anubhav Shala (Khelghar) for children from slum communities. The group holds several workshops in mental math, essay writing, sketching, English grammar, puzzle solving, and reading skills in an enjoyable and participatory manner to revive children’s interest in the education process. They also distribute worksheets and ensure regular home visits by volunteers to the students of Anubhav Shala. The organization also provides training to the teachers.

WOMEN EMPOWERMENT

We strongly believe that women are fundamental to the growth and development of society. Our empowerment programs focus on making underprivileged women financially independent and enhancing their skills to transform them into entrepreneurs. To sharpen and enrich women’s skills and boost their self-confidence, we provide vocational training, required infrastructure, business enterprise support, and other support to make these women self-dependent. These programs helped rural women to realize their earning potential and promoted women’s entrepreneurship.

We educate underprivileged girls from our target villages on emerging topics such as Artificial Intelligence and the Internet of Things (IoT).

We have also organized several health checkup camps, especially for women, for detecting hemoglobin, blood sugar, Thyroid, Lipid profile, and blood pressure to facilitate the early detection and treatment of various diseases. Through these camps, more than 133 women got benefited in the reporting year.



Key Highlights

5-Day exhibition “Bhimtadi Jatara”

Bharat Forge has organized a 5-day exhibition to promote entrepreneur skills in underprivileged women. 27 women participated in handicraft stalls, and the revenue earned by these women helped them to elevate financially. It was a huge step given their cultural and economic background.

RURAL DEVELOPMENT PROGRAMS

Bharat Forge has aimed to uplift 100 marginalized villages of Maharashtra by addressing the basic needs of the communities. We also focus on making the local leaders more robust and more vocal in dealing with specific local issues and executing solutions for the betterment of respective communities. We targeted to reach every community member through a sustainable development program, which includes: Clean Drinking Water Facility, improving hygiene, enhancing farmers' yields, and providing livelihood opportunities through skill development, Women Empowerment, health, education, and awareness sessions. These initiatives prepare the villages and local authorities to take up the projects. As a result, our communities become more independent, knowledgeable, and self-reliant.

Bharat Forge has identified five core areas of communities to work upon.

a. Water Availability

Water Initiatives at Tal. Purandar, Dist. Pune

We have distributed ATM cards to every family in the village to provide water accessibility with 20 liters of clean water at ₹ 10 from Water Treatment Plant with a capacity of 1,000 lit per hour. This initiative benefited more than 4,500 villagers, helping them strengthen their immunity by avoiding infections from the contaminated drinking water supply.

Water for Agriculture at Koregaon, Satara

Bharat Forge has constructed a Cement Nala Bandhara capacity of 17.80 TCM to enhance water availability for agriculture. With this initiative, farmers in the villages can get water during extreme summer.



We have completed the desilting work of 2 bandharas at kendoor village and removed 26,600 cubic meters of silt. This initiative will increase water availability for drinking and farming all over the year and benefit more than 7,500 villagers.

Water filter plant installed at Bopgaon, Chambali, Sonari, and Udachiwadi villages

Water Supply Pipeline at Visapur Village

In Visapur village, Bharat forge has built a 5475-meter water supply pipeline to bring water to every doorstep.

Construction of Drinking Water Tank

Bharat Forge has constructed two drinking water tanks with a capacity of 1,00,000 and 1,50,000 Liters at Gondawale village and one new and durable water tank with a capacity of 20,000 liters at Ambegaon, benefiting more than 4,400 people.

b. Enhancing Livelihood

As a responsible organization, Bharat Forge endeavors to promote the local communities' socio-economic development through direct and indirect contribution initiatives. We provide training to increase economic growth, stimulate income-generating opportunities, create employment and nurture sustainable livelihood. We also aim to improve the system and provide facilities that enable future resilient and self-sufficient communities.

With Agriculture Development Trust (ADT), we have given agriculture and allied activity-related training to 30 villagers to make them entrepreneurs to enhance their livelihood.

c. Healthcare

Cancer Screening and Diagnosis Camp

We have conducted a free breast and cervical cancer screening and hemoglobin testing camp in collaboration with Samvedna NGO and Sahayadi Hospital (Pune). More than 750 underprivileged women participated in this camp.

Cardiac Awareness and Checkup Camp

Bharat Forge has collaborated with a prestigious healthcare institute, Ruby Hall Clinic, to conduct a cardiac health camp. Through this camp, a free consultation is provided to over 175 villagers. The main aim of this camp was to spread awareness about heart problems. The center gave the villagers complete cardiac tests, including BP, BMI, Blood Sugar, and ECG monitoring.

Primary Healthcare Services through Telemedicine

We have established software-based telemedicine clinics in five remote villages near our Pune facility, where medical infrastructure is unavailable. Throughout the year, 8,600 rural patients were served by these clinics, with each clinic equipped with a doctor, nurse, and one attendant. These telemedicine clinics also worked as sources of data for further medical

research. Through this facility, one can get a preliminary health consultation with a doctor through phone or online service and a doorstep medicine facility.

d. Education

- > We have constructed six classrooms at GIRIM village, which benefited 18 teachers and 550 students.
- > Constructed two classrooms at Vadgaon Kashimbe.
- > Bharat Forge also organized a cleanliness drive at PMC School, Hadapsar Village, to support the Swacch Bharat mission and maintain the hygiene and health of school students.

e. Accessibility

We built internal roads and an underground gutter for the convenience of the villagers. Many communities in Khalad, Kodi, and Ambala now have concrete roads constructed by Bharat Forge. These newly built roads by

Bharat Forge have enabled timely access to primary Healthcare, smooth travel for older people, and convenient school access for village children. To strengthen the infrastructure of Primary Healthcare Units as part of COVID-19 prevention and treatment activities, Bharat Forge constructed paver pathways.

Apart from these 5 indicators, we also work on the environmental sustainability of the village. More than 37,000 plants were planted in the reporting year, and we are planning to plant 1,00,000 trees next year. As a part of the green village initiative, we will be working on clean energy, waste management mechanism, livestock management and high green cover.

We have developed and protected 5 Gardens of Pune Cantonment Board and reforested large areas of barren land by planting over 400 trees.

SKILL DEVELOPMENT PROGRAMS

In line with sustainable development initiatives and the creation of income-generating activities, skill development is the most potent tool for empowerment and self-reliance. We have partnered with 4 Industrial training institutes, ITI at Khed, Bhor, Karjat and Malegaon, to run skill development programs for the youth of various underprivileged communities. Through this vocational training, employment opportunities for youth increased, benefiting more than 3,000 students.

**Flagship Programs
RF and Microwave Technology Program**

Bharat Forge offers a specialized “Radio Frequency and Microwave Technology” course for engineering graduates and post-graduate students. We have signed a Memorandum of Understanding (MOU) with SGGSIET to impart specialized knowledge in embedded systems and signal processing, foster employment, and improve the technical skills of



engineering students. 29 students completed the training program in FY 2021-22.

Setting up the Centre of Excellence Lab

Bharat Forge has collaborated with Vidya Pratishthan, Baramati, to set up

the Centre of Excellence Lab for providing skill training in Artificial Intelligence, IoT, Machine learning, etc., to impart new-age technological skills to the rural youth. This program encourages maximum participation of girl students to promote women’s empowerment.

Training Program at Industrial Training Institute (ITI) Khed

Vocational training is provided to rural youth for their skill development and employability.

Training Programs for Farmers

Bharat forge has trained 20 farmers of Jalgaon, Satara, to produce and process milk and milk products to develop entrepreneurial skills. The farmers were also trained to manage biogas plants, Murghas projects, a type of green fodder made up of corn silage, especially for the dairy cattle, and operations at Agriculture development trust, Center of Excellence, Dairy, Baramati.



SPORTS INITIATIVE

Bharat Forge sports initiatives identify, nurture and support 7 sports talents across the country. Through sports, the Company works to cultivate the richness of spirit among the next generation. We believe that sports help a person to enhance ethical and social skills and facilitate the overall development of an individual both on a physical and mental level. Bharat Forge aims to support underprivileged sports talent across the country by providing funds and mentoring them to sustain, get sufficiently trained and participate in sports of their choice. Our sports program Lakshya seeks to find, encourage, and support promising athletes from around the nation by helping athletes with their training and development.



Post Pandemic Initiatives

With the outbreak of COVID-19, there has been an unprecedented impact on the health and Livelihood of our nearby communities. During this challenging time, structured health care facilities and essential services were unavailable in our nearby villages. As a responsible organization, we understand that making our community self-sustaining and more vital to fight such unexpected situations is essential. Providing support to the community on the health front is a high priority for us.

To show our unwavering support to the communities, we strengthened the infrastructure of 20 Primary healthcare centers, constructed 24 isolation wards for villagers and provided ambulances and other medical facilities to healthcare centers during the Pandemic. Now that the pandemic is behind us, we shall continue to play a role in helping individuals and communities

emerge stronger. Our way of grass-roots empowerment, based on knowledge and technology transfer, confronts livelihood challenges of today and tomorrow through a holistic approach to creating healthy, educated, skilled and engaged communities which look to the future with confidence and determination and live a life with dignity.

Employee Volunteerism

Another major initiative of Bharat Forge is about the environment and transitioning towards a low-carbon economy by reducing its carbon footprint. We feel that there is no greater joy or reward than making a fundamental difference in people's lives. Bharat Forge employees have taken the initiative of planting 140 trees in and around the polluted region of Pune. Students have also participated in this drive, and the group has ensured that the plantation became sustainable via the required interventions.



Philanthropic Contribution

Apart from our designated programs, we continue contributing to humanitarian efforts through in-kind donations and voluntary employee involvement. Bharat Forge Employees have voluntarily partnered with various NGOs to help underprivileged people.

- > For serving and caring for aged, blind women, and mentally challenged children, we have partnered with Shirdi Sai Baba Home and Savali Association.
- > Employees also volunteered with Mahila Seva Mandal and Sevadharm Vruddhashram to help the needy.
- > BFL employees have installed 65 composting planters through a waste management program and provided training to women on waste management techniques. This initiative turned around 1 kg of kitchen waste daily into valuable compost. We are planning to install 500 Composter Planters in the houses of 500 families to turn the waste into manure.
- > Conducted awareness sessions on the health effects of Tobacco use, Information Technology, health, education, etc.



Grievance Redressal Mechanism

Bharat Forge has a CSR Team to interact with the concerned communities in the areas of operation. The grievances as and when they arise are timely addressed & resolved by the CSR Team. The same can be accessed online via the web link <https://www.bharatforge.com/contact-us/contact>.

Looking Ahead

Bharat Forge is taking the initiative to solve complex and challenging problems faced by society both in the present and in the future by exploring areas of opportunity, retooling existing businesses, and discovering innovative technologies. We are taking small steps today to deal with the emerging social risk identified by World Economic Forum, i.e., Social Cohesion Erosion, livelihood crises and infectious

diseases over the next ten years. We are focused on building a robust healthcare system with modern equipment and paramedical staff to care for unpredictable situations like the pandemic. We are focusing on villagers' education and exposure to technology advancements in rural areas to alleviate the problem of urban migration, putting an unnecessary burden on urban infrastructure.



PROGRESSING TOWARDS

LOW CARBON EMISSION



-
- 67 Environmental Management System
 - 69 Responding to Climate Change
 - 75 Water Management
 - 78 Waste Management
 - 82 Responsible Supply Chain
-

ENVIRONMENTAL MANAGEMENT SYSTEM



Strategic Approach

Sustainable development describes policies, projects and investments that provide benefits in the present without sacrificing environmental, social and human health and well-being in the future. We believe that sustainable business practices will create opportunities for enhancing resource efficiency, minimizing negative environmental impacts and strengthening our engagement with local communities. All industrialized nations recognize the importance of incorporating sustainable development ideas, beliefs, and practices into every element of production to address social, economic, and environmental issues. We are committed to sustainable development in all aspects, which includes encompassing and comprehensive dimensions. We diligently track each of our operational sites' environmental footprint in terms of the environment.

The effective use of natural resources in our facilities and the creation of new solutions with the notion of long-term sustainability are aspects of Bharat Forge's environmental commitments. We are working diligently to conserve natural resources, encourage energy



efficiency, minimize waste, and prevent pollution as a part of sustainable development.

Ecosystem benefits provided by biodiversity are essential to ensure long-term sustainability. At Bharat Forge, we are committed to operating production in a way that protects, conserves, and enhances biodiversity. We realize the environmental implications of our operations, resulting in particulate matter emissions, waste

generation, and water consumption. We at Bharat Forge promote the best management approach for mitigating the impacts on biodiversity by periodically reviewing the operational processes and systems. We ensure that communities comprehend and understand the value of the necessity of biodiversity protection. Therefore, we implement community-driven biodiversity conservation with an emphasis on livelihood production.

ISO 14001 CONTRIBUTES TO RISK IDENTIFICATION, BRAND PROTECTION, AND THE DEMONSTRATION OF OUR COMMITMENT TO ENVIRONMENTAL RESPONSIBILITY.

About Environment Management System

We understand the importance of responsible environmental management to achieve growth, profitability, and long-term success. To address the environmental concern, we have adopted the environmental management system as per ISO 14001.

We are well aware that excessive resource usage and pollution in various forms are the main contributors to climate change. As a proactive move to lessen our environmental impact, we have set up Environmental Management Systems and monitoring procedures. At all of Bharat Forge's manufacturing facilities, an

environmental management system in conformity with ISO 14001 has been implemented.

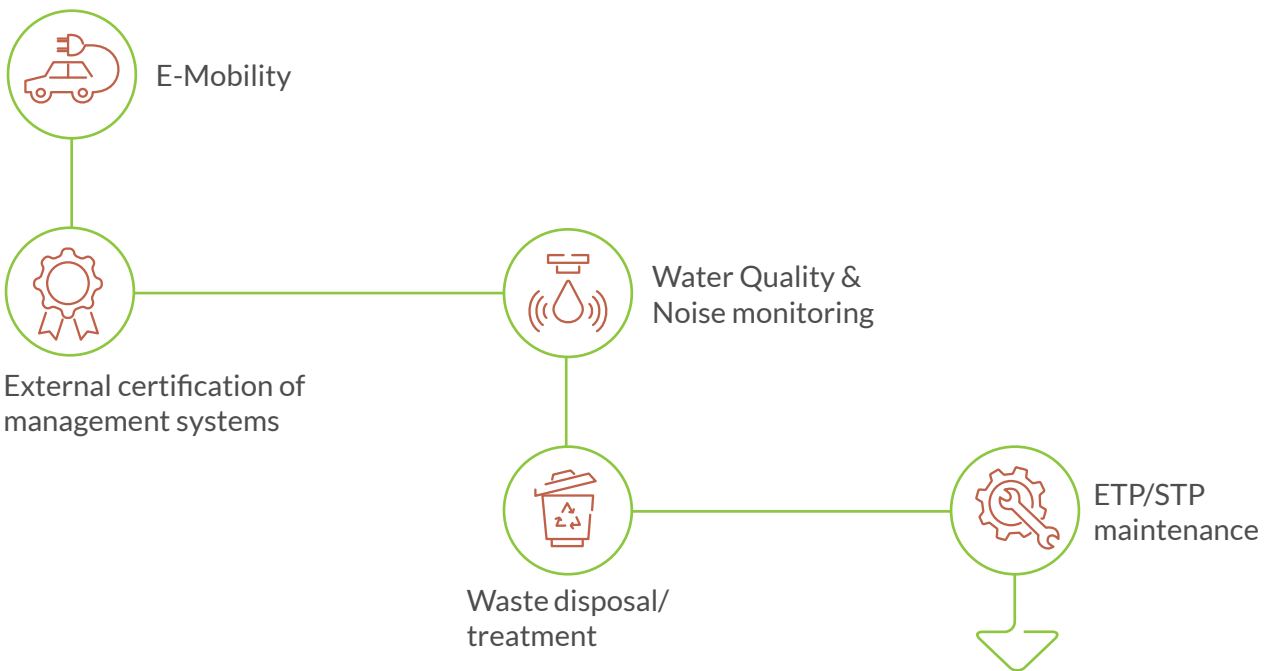
Climate Change Risks and Opportunities

We are currently aiming to identify climate change-related risks and opportunities in order to determine how those changes may affect our company. Additionally, we will outline the mitigation plans and business prospects that climate change will bring to Bharat Forge. In the near future, threats associated with climate change will be assessed, and a proper roadmap for the mitigation of climate related risks will be devised. We at Bharat Forge, see climate change as an opportunity because the potential carbon reduction pathways present the company

with unique operational and energy supply opportunities. We believe that operational and strategic changes such as incorporating clean energy into current electric networks, capital investments in a variety of electricity assets, fuel retrofitting on the energy supply system, and other climate change initiatives will positively impact our business.

Environmental Investments

Our major progressive capital expenditures of ₹ 3,783.65 million includes multiple environmental projects, such as environmental preservation and restoration projects, waste management, environmental consultancy, performance evaluation, and certification. We also make investments in minimizing our environmental impact.



Environmental Compliance

We are dedicated to acting ethically and in line with the law in every facet of our business. Sites and businesses are responsible for environmental compliance.

At Bharat Forge plants, a management system technique is utilized, which comprises a system for assuring compliance with internal and external controls and routine updates on legal changes. To provide monitoring

and governance, we ensure internal audits' functions including HSE audits, loss prevention visits, quality audits, authority inspections, etc. are carried out often at various sites. HSE audits are carried out, reports containing the findings are forwarded to senior management, and agreed-upon actions are carried out to the end.

During management reviews with the staff, site managers confirm the outcomes of compliance and regulatory

inspections. The adverse conclusions of this review communicated to our Ethics and Compliance Group. To identify the underlying causes, the environmental data system is used to enter and review fines and indicators of non-compliance. The review and implementation of legal changes by site management teams serve as the foundation for the compliance assurance process. Environmental audits allow us to continuously monitor, evaluate, and maintain compliance.

RESPONDING TO CLIMATE CHANGE



(GRI 302-1, 302-2, 302-3, 302-4, 302-5)



Strategic Approach

We at Bharat Forge strive towards sustained value creation for all our stakeholders. As a part of an energy-intensive sector, we know that emissions are a significant part of our operations. We at Bharat Forge understand that Climate Change is a pressing agenda the world is looking up to. The challenges posed by Climate change are numerous, and for any business to become sustainable, it is essential to comprehend and be future-ready for climate change risks. We ensure strict adherence to the applicable regulations and protocols to carry forward our sustainability agenda. We also understand that mapping and accounting for the relevant climate risks in our ERM and deploying steps to mitigate them is important in combating climate change.

CLIMATE CHANGE IS ONE OF THE MOST PRESSING ISSUES OF OUR TIME, AND WE ARE FULLY COMMITTED TO MITIGATING ITS CONSEQUENCES.

Energy Efficiency

Bharat Forge understands the significant role played by innovation in technology to deal with the climate change agenda. Innovation not only gives us an edge over our competitors but also helps us augment technology to upgrade our process, which in turn will help us reduce our energy intensity. We, at Bharat Forge have adopted a two-way approach that includes reducing energy intensity while increasing the share of renewable energy in the overall energy mix.

This shall help us in lowering our GHG Emissions and make our operations

greener. To achieve this objective, we have started scoping out our energy requirements by conducting periodic audits. We take into consideration the observations derived from these audits, which help us in making our system robust and transition smoothly into a low-carbon scenario.

We also understand that our value chain partners may face challenges with decarbonization. We, therefore constantly handhold them to create their path for decarbonization by building their capacity and awareness of energy management issues.

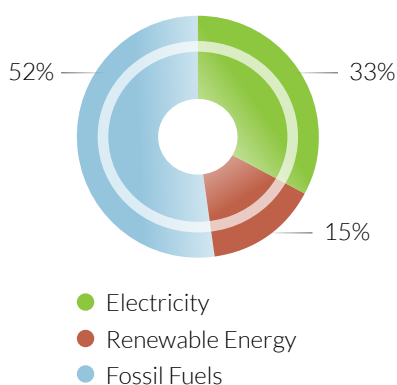
We aim to increase the share of renewable electricity (wind, solar, and other sources) in our overall energy consumption to decouple GHG emissions from energy use. To help us to achieve this target, we have installed 24.46 MW of wind farms across our facilities. Further, to reduce our dependency on fossil fuels, we procured 31.18 MW of solar energy during the reporting year.

Energy Portfolio

Parameter	Unit	FY 2021-22	FY 2020-21
Total electricity consumption	GJ	11,16,684	8,53,598
Total fuel consumption	GJ	11,82,321	9,71,440
Total energy consumption	GJ	22,99,005	18,25,038
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/₹ millions	36.75	48.12

Parameter	FY 2021-22	FY 2020-21
From renewable sources (GJ)		
Total electricity consumption -Solar + Wind	3,48,530	1,77,291
Total energy consumed from renewable sources	3,48,530	1,77,291
From non-renewable sources (GJ)		
Total electricity consumption	7,68,153	6,76,564
Total fuel consumption	11,82,321	10,40,154
Total energy consumed from non-renewable sources	19,50,474	17,16,718

Energy Mix



GHG Emissions

We at Bharat Forge are well aware of the impact that our operations can lead to via our energy consumption pattern, including the on-site combustion of non-renewable fuels for heat, power etc., for all the production processes used in forging, and in addition to an industry generating indirect emissions from the purchased electricity. We also understand that our operations, with all the direct and indirect emissions combined, are one of the largest emitting sectors in the manufacturing industry, impacting climate change.

We have also mapped our scope emissions and understood that Scope 2 emissions are our major GHG contributor. Our Scope 1 comprises the combustion process (PNG, FO, LPG, and

LDO). Bharat Forge Limited's carbon footprint in FY 2021-22 is 2,44,826 MTCO₂e, of which about 31% (75,821 MTCO₂e) is Scope 1 emissions and 69% (1,69,005 MTCO₂e) is Scope 2 emissions.

In the reporting year, total Scope 1&2 emissions against the revenue generated are 31.5% lesser (3.91 tCO₂e/million ₹) compared to the last Fiscal year (FY 2020-21). We are also taking one step ahead by trying to map our Scope 3 emissions in line with the global net zero agenda. Currently, our Scope 3 mapping includes upstream and downstream transportation and purchased goods and services. Also, employee commutes included in the Scope 3 calculations.

We as a business would focus on deep de-carbonization by reducing energy intensity across our operations at the same time changing our energy consumption pattern by increasing the share of our renewable energy in our energy mix.

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions	Metric tonnes of CO ₂ equivalent	75,821	62,569
Total Scope 2 emissions	Metric tonnes of CO ₂ equivalent	1,69,005	1,53,954
Total Scope 1 and Scope 2 emissions	tCO ₂ e	2,44,826	2,16,523
Total Scope 1 and Scope 2 emission (per million rupees of turnover)	tCO ₂ e/₹ millions	3.91	5.71

Other Air Emissions

At Bharat Forge, we focus on achieving growth by continuously improving our operating efficiencies by adopting the best global industry practices. The air emissions from our operations such as SOx, NOx, particulate matter, and other standard air emissions deriving from fossil fuel combustion, require continuous monitoring and mitigation measures. We comply with the National Ambient Air Quality Standards (NAAQS 2009) to maintain the emissions within

the permissible limits with a constant check on our emissions.

In accordance with Montreal Protocol and all the other local regulations, we have incorporated major enhancements to manufacturing processes, ongoing management, and supervision, as well as numerous adjustments and improvements at the plant level. We have also phased out all the ODP refrigerant gases and replaced them with zero-ODP refrigerants.

In this reporting year, SOx and NOx emissions were estimated at 11.62 Mg/Nm³ and 14.6 Mg/Nm³, which is 6.62% and 7.04% lower than the previous year. In contrast, the particulate matter emissions are estimated at 22.6 Mg/Nm³, which is 11.33% higher than the previous year. We have taken actions to analyze and address the cause for this increase in particulate matter from our operations.

Parameter	Unit	FY 2021-22	FY 2020-21
NOx	Mg/Nm ³	14.6	15.6
SOx	Mg/Nm ³	11.62	12.5
Particulate matter (PM) (Less than 2.5 Micron)	Mg/Nm ³	22.6	20.3

Lowering our Carbon Footprint- RE Integration and Clean Fuels

We at Bharat Forge intend to make our facilities more energy-efficient in response to the rising threat caused by climate change. Energy is used extensively during the manufacturing process, which significantly increases our emissions; therefore, we are making efforts to increase the consumption of renewable energy, driving improvements in the energy mix, productivity-enhancing initiatives, energy efficiency measures and specific GHG emission reductions. We aim to replace fossil fuels from our existing operations and scale our portfolio of renewable assets across the wind and solar based electricity, this will help us to break the link between consumption of fossil-based fuels and grid electricity. Using solar and wind energy to generate and use is a long-term strategy for lowering carbon footprint. Carbon emissions due to solar and wind energy are significantly less than those

produced while burning and using fossil fuels. A carbon footprint is generated by the steel, concrete, fiberglass, and other materials used to build wind turbines. We strive to mitigate climate change by steadily decarbonizing our processes and applying circular economy principles throughout our value chain.

In the reporting year we have used 11,82,321 GJ of direct energy from fuels which is increased by 13.66% from the previous reporting cycle and a similar scenario applied for grid-based electricity which is totaled at 7,68,153 GJ which is increased by 13.53% from previous reporting cycle. We have significantly increased our share of renewable energy by in comparison to previous year, where 3,48,530 GJ was supplied by solar and wind installations in the reporting cycle. The decarbonization strategy calls for a better energy mix that adopts renewable energy and replaces

dense fossil fuels with fuels that emit relatively fewer emissions. We have used 64,061.267 MWh of solar energy and 32,164.826 MWh of wind energy to lessen our effect.

64,061.267 MWh from solar energy and 32,164.826 MWh from wind energy.

We aim to improve the emission intensity of our operations. Emission intensity is a measure which assesses the level of greenhouse gas efficiency and efficacy of the reporting boundary. The emission intensity for the reporting year is 1.07 tCO₂e/MT of production, which is 16.4% lesser than the previous reported year, where Scope 1 and Scope 2 emissions are considered.

We're always looking for ways to cut consumption and the associated emissions in our manufacturing operation. The most important actions in this regard are:

36 Energy efficiency projects
(FY 2021-22)

2,97,44,770 KWh
annualised savings achieved

2,350.07 tCO₂e
emission avoided



PNG Conversion

We at BFL understand the environmental impacts caused by conventional fuel systems and the associated costs related to mitigation of such impacts. To operate in a more sustainable way BFL is working on hybrid fuel options such as systems powered by PNG and LPG which are less expensive, more cost-effective, and have low emission potential over systems fueled by diesel. To switch from furnace oil to natural gas, a more environmentally friendly option with a more significant potential for energy savings with low emission potential, we have installed conversion kits in our forging and heat treatment furnace pipelines.

We understand that the cleanest burning hydrocarbon is natural gas, whose main component is methane which acts as the main differentiator. While understanding that the calorific value of natural gas is low, it gives us the benefit of drastically low emissions (typically 50-60% low carbon emissions), thus allowing us to take advantage of this clean fuel by incorporating it into our operations. This helps us in making our processes green while also reducing our emissions intensity.

New technology induction heater

Today, using renewable sources as a fossil fuel substitute for energy generation is a pragmatic choice. As induction heating uses less energy and is less expensive, it is an energy-efficient technique. To reduce power usage and enhance the process efficiency, we heat raw material before forging, using an induction heater rather than a fuel-fired furnace.

Induction heating is, to put it simply, the most repeatable, precise, cost-effective, and clean technology of material heating currently available in the market.

Use of micro-alloy steel to eliminate heat treatment.

The usage of micro-alloyed (MA) or high strength low alloy (HSLA) steels has replaced the utilization of quenching and tempering (Q&T) heat-treatment facilities in Bharat Forge due to a greater understanding of material attributes and design requirements. In the upcoming years, it might take the position of standard alloy steel, which would reduce the expense of utilizing expensive alloying components. Micro-alloy steel is used in the automotive sector because it is a light,

strong material that enhances engine performance and improves driving safety. It can cut fuel usage and carbon emissions due to the lighter vehicle.

Fuel replacement using retrofit measures

Bharat Forge has launched a program to upgrade current equipment and fuel systems to use less carbon-intensive fuels. As a result of these actions, LDO usage has been drastically decreased, and more CNG, a less energy-intensive fuel, has been used as a substitute for LDO to a greater extent. We monitor energy usage in real-time of our manufacturing processes. It enables us to recognize any issues and growth opportunities right away (through analysis of the data). In future, this will be extended to all of our manufacturing facilities.

We place high importance on lowering GHG emissions to reduce our carbon impact. We may be able to lessen our carbon footprint if we get a better understanding of the effects of our processes through the design of our products and procedures and cooperation with other value chain partners.

We have chosen to focus on electric vehicles because they are currently our fastest-growing market area due to worries about energy security, climate change, and air pollution.

Conversion of conventional metal halide lamps into energy-efficient LEDs

Lighting at various locations of BFL was considered for replacement. Compared to conventional lamps, which use much energy, emit gases, and produce waste, LED lights use lesser energy and significantly lower emissions of carbon dioxide, Sulphur dioxide, and waste. LED lights provide high luminous efficiency and excellent safety. A total of 8 projects were taken up as part of lighting conversion in the last fiscal year (FY 2021-22). Annualized savings of 11,75,658 KWh was achieved out of this conversion leading to a reduction in emission to the extent of 928.77 tCO₂e.

High-efficient quench pump for induction hardening machine

Monoblock pumps at various locations of the Machining Division were replaced. Replaced Monoblock pumps were consuming 11 kW with lesser efficiency than new vertical pumps, which consume 5.5 kW, with high energy efficiency. Total 10 Monoblock pumps were replaced, leading to an annualized savings of 3,86,100 KWh leading to a reduction in emission to the extent of 305.02 tCO₂e.

Implementation of compressor ring main system

The conventional piping system used to supply air from the compressor room to utilization points was replaced with a ring main piping system. Conventional piping systems resulted in frequent air leakages, improper use of space, turbulence, and pressure drops at unnecessary bends. Implementation of the ring main system resulted in the appropriate use of space, lesser air leakages and lower pressure drops by using an optimized number of bends. Due to the ring main piping system, the set pressure of compressed air was reduced from 7.3 to 6.1 bar at the die shop division. Annualized energy saving due to this conversion is 34,200 KWh/

Year leading to a reduction in emission to the extent of 27.02 tCO₂e.

Idle time reduction in Loading System Powerpack

Running any machine in idle conditions results in unnecessary energy consumption without work output. CO₂ emissions can be reduced by saving that energy. At the cold forge division, the hydraulic Power Pack of billet loading is automatically switched off if the system is idle for 10 minutes through PLC programming. Annualized energy saving due to this automation is 15,800 KWh/Year leading to a reduction in emission to the extent of 12.48 tCO₂e.

In another operation, the process involves loading samples into the furnace by using the rectangular tray. The rectangular tray is loaded into the furnace by using hydraulic cylinders operated by a hydraulic power pack. After the loading operation, the motor of the hydraulic power pack is automatically switched off by modifying the PLC programming. Annualized energy saving due to this project is 69,912 KWh leading to a reduction in emission to the extent of 55 tCO₂e.

Idle time reduction in Cooling Tower pumps

The provision of the timer in the cooling system helped reduce its over utilization thereby the energy wastage. An electronic timer incorporated into the system switches off the motor of the cooling tower pump after the cooling cycle. Annualized energy saving due to this project is 26,666 KWh leading to a reduction in emission to the extent of 21.06 tCO₂e.

Minimizing Heat Loss by replacing the refractory coating

Reduction in heat loss achieved by using alternate refractory coating over the internal surface of furnace bricks. The alternate coating showed improvement in thermal shock cracking resistance of refractory lining, emissivity enhancement, improved corrosion resistance and carbon deposit prevention on the burner blocks, which resulted in fuel consumption savings & reduced maintenance downtime. Hence,

we at BFL replaced the refractory coating in our key energy-consuming furnaces. After replacing the existing refractory coating, the skin temperature dropped by 8 to 12%. Due to the application of alternate refractory coating over 20.1 m² surface area, annualized energy savings achieved was 28,562 KWh, thereby leading to CO₂ emission reduction to the extent of 22.56 tCO₂e.

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 its 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. CO₂ emission was reduced by 6-8% with respect to units.

Minimized Wall heat Losses by use of 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 depends on:

- Emissivity of wall
- > Thermal conductivity of refractories
- > Wall thickness

Whether furnace is operated continuously or intermittently

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

Decarbonization in Forklift Operations

Forklift operations requires diesel to operate them, which in turn adds up to the Carbon emission. To reduce the carbon emission, BFL has taken up the initiative of optimizing the existing usage of Forklifts and conversion of the pending diesel forklifts to electrically powered forklifts. This decarbonization initiative was taken up aggressively in the last fiscal year (FY 2021-22). Around 40% of the total forklifts got eliminated from the operations in last fiscal year (FY 2021-22). Work is in progress to convert all the pending forklifts available in BFL to electrically powered vehicles in the next 2-3 years. Plan is to utilize renewable energy sources to energize these electrically operated forklifts. Teams are working on, with an objective of using Green Forklifts in our operations soon.



OBJECTIVE - ENERGY SAVING AND CO₂ EMISSION REDUCTION USING MAGNETIC RESONANCE

Target

Reduction in High energy consumption

Implementation

With the installation of new technology energy savings shall increase which instead lead to CO₂ emission reduction. 8-10% of energy savings and CO₂ emission reduction was expected due to the installation of magnetic resonators in heating furnaces.

Coverage Achieved-Magnetic Resonators for Heating Furnaces



Magnetic Resonators have been installed in four burners for heat treatment furnaces



Fuel used for firing up the burners is Natural Gas

Mechanism for Improving Energy Efficiency

Magnetic resonance causes the excitation of dipoles leading to Polarization of Dipoles. Due to Polarization, the contact area between air and fuel molecules is minimized thereby, improving combustion efficiency, and reducing fuel consumption.

PNG Fuel Consumption

Before installation of Magnetic Resonance for NPCL
140 SCM/parts for hardening

After installation of Magnetic Resonance for NPCL
124 SCM/parts for hardening

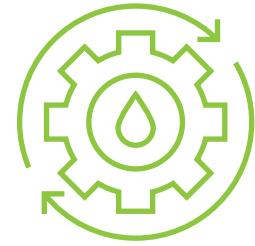
Challenges Overcome

₹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 CO₂ emission reduction achieved = 6-8%

WATER MANAGEMENT

(GRI 303-1, 303-2, 303-3, 303-4, 303-5)



Strategic Approach

Bharat Forge considers water management a potential environmental aspect for the Company and its stakeholders. We mainly use water for material transformation at high temperatures and to sustain our cooling and heating system during production. We strive to increase water efficiency within all our industrial processes.

Furthermore, we focus on reducing water requirements and wastewater volumes without compromising water quality standards. We have specialized water treatment technologies that allow water recovery to decrease water discharges. Our operations team perform a periodic site audit to assess water management practices during operations. Also, we have conducted

awareness session for the operations team personnel on the ETP / STP operations to enhance their knowledge and gain support from them to operate the systems efficiently. We are aligned with the UN's Sustainable Development Goal (UNSDG 6) to ensure the availability and sustainable management of water and sanitation for all our employees and nearby communities.

TO REDUCE WATER CONSUMPTION TO PROMOTE SUSTAINABLE DESIGN.

Reducing Our Water Consumption

We have taken several initiatives in 2022 to reduce our water footprint. We have improved our existing system of monitoring water consumption through IoT platform, increased water recycling, and many other industries to limit the impact of manufacturing processes on water resources.



Particulars	FY 2021-22	FY 2020-21
Surface water (KL)	5,50,452	4,98,867
Groundwater (KL)	2,09,914	1,42,576
Recycled water (ETP/STP) (KL)	2,96,595	2,81,116
Third-Party Water (KL)	8,667	1,628
Total water consumption (KL)	10,65,628	9,24,187
Total water withdrawal (KL)	7,69,033	6,43,071

Becoming Water Neutral

At Bharat Forge, we aim to reduce water usage and promote positive actions within our industry. We have taken a target of 35% absolute reduction in freshwater consumption by 2025 and becoming water positive in operations by 2035, taking 2019 as the baseline year. Water positive focus on reducing the water footprint of activities as much as possible and offsets the negative externalities of the remaining water by reducing water usage intensity and replenishing water in the water-stressed regions in which we operate.

Water Recycling

Industrial water recycling is when wastewater from one source is treated to be reused in the same

process or recycled for another. We believe that increasing the recycled water percentage can reduce water withdrawals from external sources, improving water independence and availability for local communities. As our manufacturing process is water-intensive, we need to track our water consumption and reduce it to the extent possible. We recycle the wastewater generated and use it back in our facilities. At Bharat Forge, Freshwater usage has decreased due to improvements in the recycling of processed effluent and the recycling of RC fan cooling water by adopting a closed-loop system. We have installed rainwater harvesting systems, which are vital for the future of sustainable water resources. It is a process of

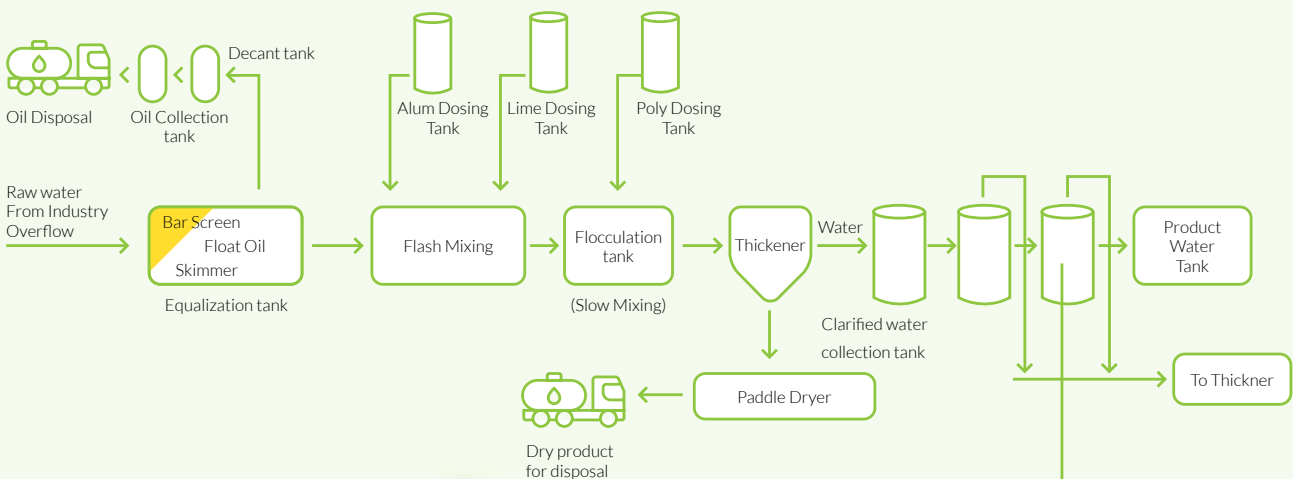
accumulating and storing rainwater for reuse rather than allowing it to runoff and increase the groundwater level.

Waste Water Treatment

Industrial Wastewater treatment is a process used to remove contaminants from wastewater and convert it into an effluent that can be returned to the water cycle. Once returned to the water cycle, the effluent creates an acceptable environmental impact or is reused for various purposes. Wastewater generated from our industrial activities undergoes treatment in Effluent Treatment Plant (ETP) & Sewage Treatment Plant (STP). It is reused in industrial cleaning and horticulture in and around manufacturing plants.

Effluent Treatment Plant

We have established an Effluent wastewater treatment system for appropriately handling industrial wastewater generated by our operations, products, and services. The conceptual approach of the treatment includes the removal of suspended particles, scaling compounds, oil & grease, dissolved organic matters and handling of sludge for disposal. The processes involved in ETP are Equalization, flocculation, reduction in sludge volume, filtration and disposal of solids. Our facilities adhere to the Zero Liquid Discharge standard, and no treated water or wastewater is discharged outside industrial boundaries.

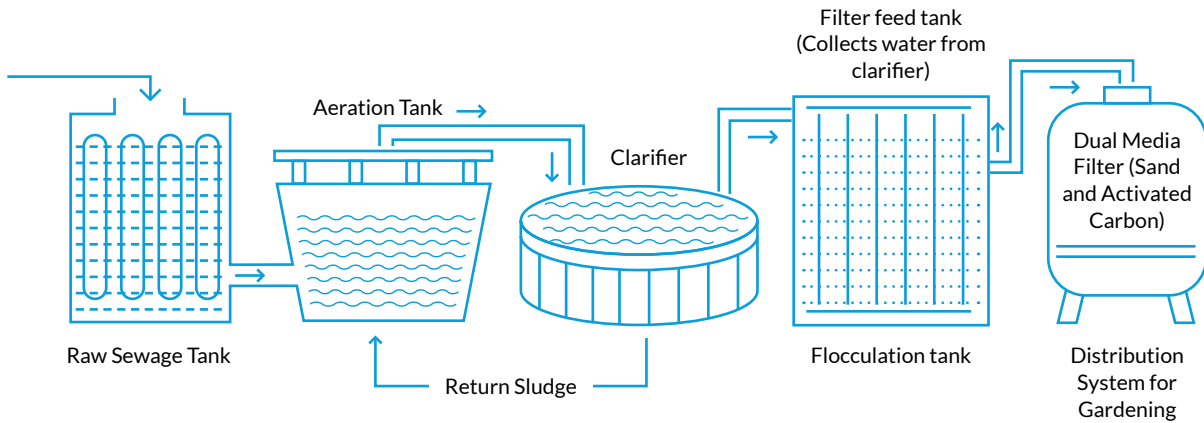


Sewage Treatment Plant

We have installed a sewage treatment plant of capacity 750 m³/day to take care of the domestic effluent generated. Sewage from the plant is collected in a raw sewage tank and fed to an aeration tank where the air is supplied by contact

with the atmosphere with fine droplets of effluents in the presence of microbial culture. Mixed liquor from the aeration tank is fed in the clarifier, where the biological sludge settles. A portion of settled sludge is returned to the aeration tank to maintain the required

MLSS. The overflow from the clarifier is passed on to the filter feed tank and then to the dual media filter for removal of dissolve gases and odour. Treated water from filter is used for horticulture inside the plant premises.



Statutory Requirements

The water quality of ETP and STP effluent is monitored and controlled as per specifications by the Maharashtra Pollution Control Board (MPCB) and Central Pollution Control Board (CPCB). Any water wastage through leaks, unintended use, etc., is monitored closely by conducting regular audits as part of the Environmental Management System. This helps identify the scope for reduction in water consumption and finding opportunities for water conservation.



WASTE MANAGEMENT

(GRI 306-1, 306-2, 306-3, 306-4, 306-5)



Strategic Approach

We strive to implement the best management practices for the sustainable disposal of generated waste. We use the “3R” waste management approach of reducing, Reuse, and Recycling to reduce the amount of waste our operation produces. This helps to create sustainable value by ensuring the systematic collection, storage, transportation, and disposal of generated wastes. 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.

We have started mapping waste generation and disposal methods for all our sites to understand our waste profile. We have enhanced our data collection system and included waste

volume in our monthly environmental dashboard. These initiatives help us analyse our waste disposal cost, statutory challenges and resource inefficiency. We optimize the use of

key resources, including minerals and minimize waste generation at sources and facilitate the R3 (reuse/recycle/recover) concept.



TO REDUCE THE AMOUNT OF WASTE PRODUCED, WE REUSE AND RECYCLE.

Hazardous Waste Management

collecting, transporting, and processing hazardous waste to reduce its harmful impacts on health and the environment. We comply with the applicable legal and statutory rules and regulations and all international standards on Hazardous waste. We ensure the safe handling, transportation and storage of hazardous wastes across all operation locations using the services of approved registered waste recyclers.

Throughout our operations, we try to reduce the volume of hazardous waste. Our total waste generation during the

reporting period was 82,304.19 MT, out of which 942.1 MT was hazardous waste, which includes landfilling after incineration-Spent Bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge and sludge from water treatment contaminated wastes.

Non-Hazardous Waste Management

We ensure that the non-hazardous waste is reused or recycled, where possible, through best practices in waste management. Our first objective for non-hazardous waste is to minimize waste at the source. We try to find

innovative solutions for non-hazardous waste disposal. We have used recycled cardboard boxes as filler for packing materials, created reusable pallets for parts delivery from vendors, product delivery to dealers to eliminate the use of wood pallets, and recycling initiatives for paper and plastic from offices and break rooms.

Our total waste generation during the reporting period was 82,304.19 MT, which consists of 81,240 MT of non-hazardous waste, which includes scrap papers/paper cartons, scrap plastic packaging.

**Waste Generated**

Waste Type	Unit	FY 2021-22	FY 2020-21
Hazardous Waste			
Used/Spent Oil (Liquid)	Tons	196.22	233.52
Discarded containers/Barrels (Solid)	Tons	128.21	95.64
Waste & Residues Containing Oil (Liquid)	Tons	387.29	160.13
Other Hazardous waste. Please specify, if any. (Cotton Waste, Chemical Sludge from ETP, Paint Sludge/ Residues, and Spent Bath Sludge)	Tons	230.38	158.68
Non-Hazardous Waste			
MS Scrap/Bur/Flash (Solid)	Tons	81,240	65,743
Other Waste			
Plastic Waste	Tons	113.52	73.47
E-waste	Tons	5.55	4.1
Biomedical waste	Tons	0.016	0.017
Battery Waste	Tons	3	3.4

Waste Disposal

We have implemented a proper disposal management system to minimize and treat waste to avoid harmful effects. As a consequence of industrial activities, a wide range of industrial wastes is generated, which needs to be disposed of properly.

We follow a sustainable waste recovery process by minimizing raw material usage and recycling responsibly,

including scrap steel, used tyres, pallets, cardboard boxes and composting organic waste. In FY 2021-22, we re-used 81,240 tons of metal waste which is around 99.4% of the total waste generated in the operations.

We classify our waste into Hazardous and non-hazardous waste categories. We reuse or recycle the waste generated due to our industrial activities. Waste which is not possible

to reuse or recycle is disposed of systematically. Our appointed team follows the waste collection procedure and stores the waste at the designated solid waste storage area. In the waste storage area, safety is taken care of. The stored waste is transported to the authorized vendor for disposal in a controlled manner. We comply with the MPCB rules and regulations for waste disposal.

Waste Diverted from Disposal

Waste Type	Unit	FY 2021-22	FY 2020-21
Hazardous Waste			
Used/Spent Oil (Liquid)	Tons	196.22	233.52
Discarded containers/Barrels (Solid)	Tons	128.21	95.64
Waste & Residues Containing Oil (Liquid)	Tons	387.29	160.13
Non-Hazardous Waste			
MS Scrap/Bur/Flash (Solid)	Tons	81,240	47,961
Other Waste			
Plastic Waste	Tons	96	62.48
E-waste	Tons	5.55	4.10

Waste Diverted to Disposal

Waste Type	Unit	FY 2021-22	FY 2020-21
Hazardous Waste			
Incineration-spent bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge	Tons	230.38	158.68

Resource Efficiency

We continuously strive to employ opportunities resulting in reduced waste generation and mitigating potential waste-related impacts. We aim to maximize the benefits of products or services while minimizing the consumption of materials and waste generation. We focus on product sustainability by understanding the effects of products at all stages of the product life cycle, from raw material selection, manufacturing processes, retailing, use, disposal, recovery, and potential reuse. We identify alternative materials for products which require less energy and material rather than changing the manufacturing process—increased resource efficiency results in cost reduction for a good or service. As per Company’s environmental management strategy, we regularly review the resource consumption during production and maintain the record,

which results in cost savings. We are working on reducing the gross weight of products. This reduces the amount of waste produced and the amount of energy and other items used.

Rethinking for Circular Economy

We strive to achieve a more sustainable and circular approach to manufacturing. Circular economy is not limited to industrial waste management, it also

includes product design and recycling processes to close the loop. We ensure that 100% of raw material scraps are recycled to produce clean steel. Additionally, we use regenerative burners to recover about 30% of the waste heat. We maintain zero liquid discharge at our plant and discharge no waste water outside our premises, and the treated wastewater is used for horticulture.



VALUE CREATION STORY

Sustainable Packaging

Background and Objective

At BFL, wood and polythene are consumed in larger quantities to pack the materials/products handled at manufacturing sites and deliver products to our customers. Leadership commitment towards circularity and sustainability has motivated our teams to take initiatives to reduce the use of packaging materials.

Target Area

Areas identified for reducing the packaging materials were Intra/ Inter plant movement and customer premises. Polythene bags were used to cover the in-process materials moved within site. Wooden / Cardboard boxes, fixtures and separators were used to transport the finished products to our customers.

Implementation

Alternate materials were explored to replace/reduce the use of these packaging materials. Polythene bags used for Intra / Inter Plant movement were replaced with reusable canvas covers. Wooden boxes were replaced with reusable HDPE boxes / Metal Boxes / Metal Baskets / Corrugated Cardboard Boxes. Wooden Fixtures were replaced with reusable metal fixtures.

Coverage Achieved

Around 1,088 MT of Wood got eliminated from the Packaging with the help of 11 Projects taken up under the Sustainable Packaging Initiative in FY 2021-22. This would reduce CO₂ emissions to the extent of 1,958 MT. Also, the use of plastics was reduced by 2 MT in the last fiscal year. The teams at BFL are working to identify more opportunities to reduce packaging material use and make them more sustainable.

Challenges Overcome

The use of alternate packaging material posed challenges in terms of material handling & transportation. Our teams took action to overcome these challenges with multiple trials and modifications in the packaging design. Support from our customers by agreeing to use reusable packaging materials also helped us implement these alternate solutions.



SDGs Impacted

Waste Management

Background and Objective

At BFL, we generate metal, garden, and food waste as part of our operations. Leadership commitment towards waste management has motivated the teams to take up initiatives for reducing/recycling these waste materials.

Target Area

Identified waste categories for recycling are Metal scrap generated in operations, Food and Garden waste generated in the manufacturing sites.

Implementation

Metal waste (Steel) generated in the process is collected and sent to our group company Saarloha Advanced Materials, for recycling and taken back to our process as raw material.

Compost pits are installed in the manufacturing sites to collect and recycle the food and garden waste generated during the operations.

Coverage Achieved

Around 99% of the metal waste generated during the process was recycled through the group company. A total of 7 compost pits were installed in the sites in the fiscal year 2021-22. Around 24 Kg of bio manure was generated from these compost pits.

Challenges Overcome

We aim to reduce, recycle and reuse waste through these initiatives and create sustainable value. We have planned to install more compost pits and generate bio-manure that would replace the chemical fertilizer usage inside the campus for gardening activities.



Looking Forward

A sustainable business has an enduring purpose in society, which considers in all its decision-making the many different forms of value it can deliver for all stakeholders, including the natural environment. We understand that technology-based innovative solutions are the key sustainability enabler for our business. We now aspire to improve our sustainability performance. We aim to become carbon-neutral in operations by 2040 and become water positive in operations by 2035. Our goal is to achieve zero waste to landfill in all our sites by 2025 and to increase our energy efficiency by 2% per annum YoY till 2030. safer, smarter, more sustainable future that delivers enduring value for all our stakeholders and our planet.

RESPONSIBLE SUPPLY CHAIN

(GRI 2-6)



Strategic Approach

Suppliers play a substantial role at every stage of the product life cycle, from sourcing raw materials to helping ramp up production. According to GRI, supplier is an entity upstream from the organisation (i.e., in the organisation's supply chain) that provides a product or service used to develop the organisation's products or services. We at Bharat Forge are committed to building long-term strategic partnerships with all our value chain partners ensuring smooth operations. We strive to align our suppliers and other value chain partners with our

sustainability journey and achieve the set targets. We believe in creating an environment of trust for our suppliers to maintain the quality of products and timely delivery with competitive pricing.

At Bharat Forge, we undertake various initiatives to reduce our environmental footprint. We sincerely make our suppliers aware of these initiatives and their role in helping us achieve our objective of moving towards carbon neutrality. We believe in working with our supply chain to reduce the impacts along the value chain.

We expect our suppliers to abide by all the applicable statutory and international environmental and social protocols and strictly adhere to the Bharat Forge code of conduct. We have laid down a comprehensive screening mechanism for our suppliers. We have a robust pre-qualification criterion for all our value chain partners by our code of conduct. This helps us achieve our business goals sustainably by adopting the principle of responsible procurement.

TO ENCOURAGE OUR SUPPLIERS TO ABIDE BY AND ACT BY APPLICABLE STATUTORY AND INTERNATIONAL STANDARDS FOR ENVIRONMENTAL PROTECTION.

Supplier Code of Conduct

Our Supplier Code of Conduct sets the minimum standards of responsible business conduct to ensure our business partners comply with these standards while doing business with us. Code of conduct for suppliers predominantly covers Labor and Human Rights, Health, Safety & Environmental, Business Integrity, Unethical practices, data protection, Legal Compliance, and Zero Tolerance on Governance. We work with our suppliers on sustainability procedures, enabling them to make their operations more sustainable and in line with our Code of Conduct.

Bharat Forge Supplier's code of conduct was revised in the fiscal year 2022 to include sustainability aspects. All the new suppliers were expected to commit to the New Supplier Code of Conduct. Also, all the existing suppliers have requested to sign off on the new supplier code of conduct. Obtaining the commitment from existing suppliers is in progress and expected to be completed by the fiscal year 2023.

Supply Chain Management

Supply chain management involves planning, implementation, and monitoring at every stage of operations.

We expect our suppliers to implement and promote the supplier code of conduct in their supply chain. During the fiscal year 2021-22, the Company screened 61 of its critical suppliers using social and environmental criteria and found no negative social or environmental impacts on its value chain.

Supplier Sustainability Assessment initiated by BFL. This includes the initial awareness of all suppliers, sharing a self-assessment questionnaire, review of their submission and guidance to them to address the identified gaps in terms of Sustainability.



Supplier Selection Criteria

Suppliers are required to abide by all applicable laws, rules, and regulations and ethically conduct their business. The supplier management process at Bharat Forge includes strict criteria for supplier selection and qualification.

- 1 Business ethics and Compliance**

We purchase various products and components from domestic and international suppliers and expect our suppliers to abide by all anti-corruption laws and regulations. They must not be involved in corruption, extortion, fraud, bribery, or embezzlement activities. Suppliers are required to keep any commercial and technical information or procedures confidential.
- 2 Sustainability**

Sustainability is fundamental to a thriving business for financial and ethical reasons. Therefore, all the products manufactured by suppliers must comply with environmental protection standards. As a responsible Company, we prefer to do business with suppliers who have adopted environmental programs and are working on carbon footprint reduction.
- 3 Social Responsibility**

Suppliers shall commit to international policies and procedures that assure human rights compliance in their business activities. Suppliers shall ensure the freedom of association, including collective bargaining, and should have a whistle-blower mechanism to protect against retaliation.
- 4 Legal Compliance**

Suppliers are responsible for violating their country's laws, rules, and regulations or the country of origin of products and services.
- 5 Third Party Representation**

The Suppliers shall not be authorised to represent BFL or to use the BFL/Kalyani brand without the written permission of BFL. Third-party agents or representatives, including government representatives on behalf of the Supplier, will be considered the Supplier's actions for this Supplier Code.
- 6 Communication and Enforcement**

We maintain a system to assess and ensure that our suppliers comply with the Supplier code of conduct. If BFL determines that a Supplier has violated this Code, the Supplier must provide information about the incident and show within 30 days the actions taken to correct the condition.
- 7 Protecting Company Assets and Intellectual Property**

Suppliers must protect and responsibly use the physical and intellectual assets of BFL, including intellectual property, tangible property, supplies, consumables, and equipment, when authorised by BFL to use such aids.
- 8 Bribery**

Suppliers and their employees shall not accept or offer, directly or indirectly, any illegal payments, remuneration, or comparable benefits that are meant to or appear to be given in exchange for business or other favourable treatment for the operation of their business.
- 9 Conflict of Interest**

Any conflicts of interest that could harm a supplier's standing with BFL must be avoided. Suppose a Supplier employee or a family member is related to a BFL employee in a managerial position influencing the Supplier's business. In that case, there may be a conflict of interest.
- 10 Working conditions in Factory/ Plant/Offices**

The Suppliers must comply with all applicable laws regarding working conditions, and structural safety. The work environment should be well-lighted and sufficient for the safe performance of production activities.
- 11 Political Activities**

Suppliers shall not be involved in any political activity as a representative of BFL or use the name of BFL to participate in legislative campaigns.
- 12 Antitrust Compliance**

The Suppliers are required to abide by all applicable antitrust rules and regulations. Suppliers must notify BFL immediately if they are being investigated for any acts related to antitrust laws.
- 13 Data Protection**

Suppliers shall comply with all data protection and privacy laws that process personal information/ data. Suppliers shall comply with General Data Protection Regulation (GDPR) in EU law wherever applicable.

Local Procurement

We at Bharat Forge understand that by supporting local suppliers, we can indirectly attract additional investment to the local economy and support the community in which we operate. Local sourcing helps us in ensuring uninterrupted supply and helps us in fulfilling our social obligation of supporting local entrepreneurship. To support this agenda, we aim to increase our local procurement spending and promote sustainable sourcing by actively engaging with local business partners for procurement. All our production facilities are at Mundhwa (Pune), Chakan, Baramati, and Satara in Maharashtra, identified as our local boundary. We work with 2957 local (Pune District) vendors, which covers 66% of our total vendors.

In the reporting year, we sourced 5.97% of our raw material from MSMEs; for instance, the boiler suits and aprons required (uniform) by Bharat Forge are provided by Self Help Groups from community centres, costing approximately ₹ 0.7 million.

Looking Ahead

Following the COVID-19 pandemic, there has been a paradigm shift, and the entire supply chain worldwide has come into the limelight. We understand that if we do not pay enough attention to our supply chain, we may face disruptions in the event of future uncertainties. To deal with such scenarios, we are designing a comprehensive sustainability strategy to help Bharat Forge permanently incorporate the

sustainability agenda across business operations. We also intend to focus more on natural resource conservation by reducing the consumption of raw materials such as iron and steel for manufacturing our products.

We also understand the importance of digital transformation as a key enabler for the effective and efficient management of businesses and their supply chain. Digitalisation aids in transparency, effective time management, better compliance with the code of conduct, and more significant innovation via co-creation with value chain partners.



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	403-10	Work-related ill health	Employee Health and Wellbeing	56
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Empowering Our People	51
	404-3	Percentage of employees receiving regular performance and career development reviews	Empowering Our People	52
GRI 407: Freedom of Association And Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Empowering Our People	53
GRI 412: Human Rights Assessments 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Empowering Our People	53
	412-2	Employee training on human rights policies or procedures	Empowering Our People	53
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Enabling Community Development	59
	413-2	Operations with significant actual and potential negative impacts on local communities	Enabling Community Development	59
GRI 415: Public Policy 2016	415-1	Political contributions	Corporate Governance	39
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cyber Security	44

P P E A & ASSOCIATES

Chartered Accountants

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE STATEMENT ON BHARAT FORGE LIMITED NON-FINANCIAL DISCLOSURES (Sustainability Report- 2021-2022)

To the Directors and Management of Bharat Forge Limited

Scope and Approach

We have undertaken a limited assurance engagement of sustainability disclosures in the Company's Sustainability Report (the Report) for the year ended March 31, 2022. Our responsibility in performing this work is regarding verification of Sustainability performance disclosed in the Report and in accordance with the agreed scope of work with the management of the Company. Our assurance engagement was planned and carried out during September to December 2022. This engagement was conducted by a multidisciplinary team including assurance practitioners, engineers and environmental scientists.

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

We evaluated the performance data using the reliability principle together with BFL's data protocols for how the data are measured, recorded and reported. The performance data in our scope of work was the verification of the qualitative and quantitative information on sustainability performance disclosed in the Report covering Economic, Environmental and Social performance of the activities undertaken by the Company over the Reporting period i.e., 1st April 2021 to 31st March 2022.

We understand that the reported financial data and information are based on Annual Accounts for year ending 31st March, 2022, which have been subject to a separate independent audit process. We did not review financial disclosures and data in the Report and Annual Accounts 2021-22 as it was not within the scope of our work. Further, the GRI Indicator 302 (Energy) & GRI Indicator 305 (Emission scope) are excluded from the agreed scope of our work since the assurance of these focus areas are being carried out by a third-party agency.

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

Bharat Forge Limited's Management Responsibility for the Sustainability Report

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

Our Independence and Quality Control

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

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

Criteria

The Report was prepared in accordance of GRI Standards, 2016 (2020 updated) for sustainability reporting pertaining to the material issues.

Our Responsibility

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

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of BFL's use of GRI Standards, 2016 (2020 updated) as the basis for the preparation of the Report, assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Work performed

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

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

- Review of core requirements of General disclosure and Most important material topics/matters which are of high importance to the identified stakeholders and BFL as per BFL Materiality Matrix;
- Review of the linkages of the important material topics/matters with the GRI indicators covering material concerns and consideration;
- Review of the current non –financial sustainability issues that could affect BFL and are of interest to identified stakeholders as per BFL materiality Matrix;
- Review of supporting documents and other evidences as produced before us with respect to GRI indicators- GRI Indicator 102 (General Disclosures), GRI Indicator 403 (Occupational Health & Safety), GRI Indicator 416 (Customer Health & Safety), GRI Indicator 417 (Marketing & Labelling), GRI Indicator 418 (Customer Privacy), GRI Indicator 306 (Waste). The GRI Indicator 302 (Energy) & GRI Indicator 305 (Emission scope) are excluded from the agreed scope of our work since the assurance of these focus areas are being carried out by a third-party agency.
- Review of Company's approach towards stakeholder engagement and recent outputs although we have had no direct engagement with stakeholders;
- Review of information provided to us on its reporting and management processes relating to the GRIs;
- Interviews with selected members of Sustainability team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed;
- Remote verification (via web-based conference and telephone calls) was conducted from September to December 2022. Applicable boundaries for disclosures are explained in the Report.
- Review of supporting evidence for key claims and data in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation; and
- An independent assessment of Company's reporting against the reporting principles of GRI framework and reported performance data.

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

Our Opinion and Conclusion

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



Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that BFL's Sustainability Report for the year ended March 31, 2022 is inconsistent. BFL's Sustainability Report 2021-2022 is prepared, in all material respects, in accordance with the GRI Standards, 2016 (2020 updated) applied.

For P P E A & Associates,
Chartered Accountants

Firm's Registration Number: 155276W

CA Rimple Parmar
Membership Number: 144378
UDIN - 23144378BGXZKH5062
Place of Signature: Mumbai



Date: 16th January, 2023

BHARAT FORGE



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