

SUSTAINABILITY
AT THE
CORE

2023-24

SUSTAINABILITY REPORT

BHARAT FORGE



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Message from Chairman and Managing Director



"In our commitment to sustainable growth, we have achieved significant milestones in our non-financial performance. Our legacy of innovation and excellence has been a driving force behind this achievement. As a trusted partner, we are empowering our customers with our cutting-edge technology and contribute in shaping a Viksit Bharat"

Dear Stakeholders,

Over the past two decades, BFL has undergone a remarkable transformation, evolving from an auto components supplier to a trusted solutions provider across automotive, industrial, defence, aerospace and e-mobility sectors.

It is my privilege to present the Fourth Sustainability Report for FY2024 – a year marked by significant milestones. Our core forgings business remained robust indicating a promising area for future growth. While overseas operations are stabilizing, we are determined to achieve our full potential as we see a huge potential for further improvement and growth.

Despite macroeconomic volatility and geopolitical challenges, India's growth remained resilient, supported by strong public investments and industrial activity. India's GDP grew by 8.2%, making it one of the world's fastest-growing economies. The global automotive industry faced challenges but showed resilience, driven by demand in North America and Europe. The Indian automobile industry too performed well, supported by strong economic growth and government schemes. Against this backdrop, BFL has maintained a steady performance across all business segments, while maintaining our focus towards innovation, sustainability, and operational excellence.

If we look at BFL's business verticals and their performance vis-à-vis their growth, the defence business has taken off, with strong revenue growth and new orders secured. The industrial castings business has shown impressive growth since its acquisition, while our overseas Aluminum operations faced challenges. However, we expect them to improve in the near future.

As we aim to continue our growth and innovation in the coming years, we are focused on strengthening our core business and expanding capabilities across various segments. Bharat Forge would remain as a highly reliable partner when it comes to component supply, which reflects in long-term supply agreements with most of our OEM clients assuring supplies until 2035. The defence business is a key growth driver for us, with significant potential for future expansion. The industrial castings business is expected to continue its strong performance as we move forward. The overseas business is expected to improve its profitability and capitalize on growth opportunities. We are also investing in technology and innovation to stay ahead of the curve. The rising demand for green products also represents an exciting opportunity for our business.

BFL's business verticals and their performance vis-à-vis their growth, the defence business has taken off, with strong revenue growth and new orders secured.



Sustainability is an integral part of our business, and we remain committed to advancing sustainability across operations. We aspire to lead ESG in the manufacturing space and have set bold targets for the same. Accordingly, we have institutionalized an ESG framework at the Board level. This framework acts as a guide for all our decisions. Consistent progress has been made in the areas of stakeholder engagement, resource efficiency, climate change, supply chain sustainability, customer engagement, risk management, ethics, and compliance. We have conducted an extensive stakeholder engagement exercise this year when we carried out a materiality assessment to understand the key priorities of our stakeholders, as we aim to lead the implementation of ESG principles in the manufacturing sector.

Our unwavering commitment towards reduction in emissions, increased use of secondary raw materials, optimal use of resources, and enhanced use of green energy remains on track. As a testament to our efforts, Bharat Forge's ESG score has seen significant improvement over the previous year. While maintaining a laser-sharp focus on implementing ESG initiatives, we ensure that the outcomes are intertwined with our business priorities, ensuring sustainable growth.

As we steadfastly move forward, our focus remains on leveraging our strengths, capitalizing on opportunities, and fortifying our CORE. By doing so, we are setting the stage for a prosperous and sustainable future, ready to soar to new heights of success. I thank our employees, customers, and partners for their unconditional and continued support, and I am confident in our journey ahead to create lasting value for all stakeholders.

Warm regards,

B. N. Kalyani

Chairman and Managing Director

Message from Vice-Chairman & Joint Managing Director / Chairman - ESG Committee



"I am delighted to present BFL's FY2024 Sustainability Report, cantered around the theme "Sustainability at the Core". We've expanded our capabilities & competencies, strengthened our product portfolio, and broadened our horizons, all with the singular aim of fortifying our CORE – customer relationship, organization, research and engineering capabilities. While doing so, we ensured Sustainability remained at the CORE"

Dear Stakeholders,

At BFL, integrating Environmental, Social, and Governance (ESG) principles into our business is to ensure its alignment with our core values than the compliance. Also, it helps to strengthen our global competitiveness. Our strategic approach to sustainability is designed to build resilience and position us at the forefront of an evolving global landscape.

The ESG Committee plays a critical role in shaping this sustainability vision. It ensures that material ESG topics are addressed with thorough due diligence, allowing us to find the right balance between profitability and sustainability. We are advancing in areas such as resource efficiency, circularity, and the transition to a low-carbon economy through decarbonization across our operations. We have progressed well on our key material ESG aspects and these include: Achieving carbon neutrality by 2040, increasing the share of renewable energy to 80% by 2030 (currently at 39.45%), lowering operational energy intensity by 60% by 2030 (with 20.55% reduced), and striving for zero safety incidents. We are actively measuring and mapping our carbon footprint while adopting cleaner technologies. Our focus includes a significant shift towards renewable energy and improving the energy efficiency of our current systems and processes. These initiatives are projected to achieve a 50% reduction in emissions by 2030, placing us on the right trajectory for a low carbon future.

Community development has been a core aspect of our sustainability efforts. Inspired by our Chairman's vision, we have committed to establishing 100 Green Villages, promoting sustainable growth and environmental stewardship. As part of this initiative, we have successfully established 6 Green Villages, reinforcing our dedication to creating a positive environmental impact.

We have positively impacted over 257,759 lives across 100+ villages through initiatives in areas such as village development, education, women empowerment, skill development and waste management. Our approach to resource conservation follows the principles of Reduce, Reuse, and Recycle, which has led to the remarkable achievement of recycling 99.76% of the waste generated during our operations. We are also actively working with our supply chain partners, ensuring they are aligned with ESG standards and contribute to our broader goals of environmental and social responsibility.

Looking ahead, we are considering key developments that will shape the sustainability landscape of our organization, including the inputs from Global Risk Report 2023/24, which provides critical insights for the Global as well as Indian businesses, and the proceedings from COP28, which have direct relevance to our industry and country.

Global carbon emission scenarios point to the increasing importance of the steel and automotive component industries in the reduction of greenhouse gases. We have got our Near-term emission reduction targets approved by the Science Based Targets Initiative (SBTi). We are on track to meet our emission reduction targets. We monitor the developments around the Carbon Credit Trading Scheme of India (CCTS) to understand its relevance and implications to our business.

To reinforce our actions towards energy efficiency, we have achieved the Energy Management System Certification (ISO 50001:2018) and we are exploring how cutting-edge technologies like AI can enhance our ESG and sustainability implementation efforts.

We are also mindful of emerging global regulations, such as CBAM (Carbon Border Adjustment Mechanism) and CSRD (Corporate Sustainability Reporting Directive), which are likely to impact Indian businesses, including ours. In response to the regulatory mandate of SEBI towards the submission of SEBI's BRSR (Business Responsibility and Sustainability Reporting) submission requirements, we have ensured a transparent reporting this year. In addition, we have obtained the third-party assurance for the attributes listed as part of BRSR Core.

Further, our ESG ratings reflect a positive shift in BFL's sustainability journey. The Company understands well that ESG is about assessing the impact of environmental, social and governance issues on a company's performance. Also, every rating agency has its own definition of what it considers those issues to be. Bharat Forge took cue from this and started working on various aspects of ESG. This helped Bharat Forge to change its narrative around ESG and improve the ratings.

As BFL continues to invest in employee well-being, human capital development, and supply chain sustainability, customer engagement gets fostered positively that aligns with the organizational sustainability vision.

As we advance, our continuous commitment to open dialogue and full transparency with all stakeholders remains at the forefront. Your continued support is pivotal as we unite in pursuit of our shared vision for a more sustainable and equitable future. Together, we are driving meaningful change, and your trust empowers us to push boundaries and achieve lasting impact.

Thank you for your confidence and encouragement as we embark on this transformative journey.

Amit Kalyani

Vice-Chairman & Joint Managing Director / Chairman - ESG Committee

About the Report

GRI 2-1,2-2,2-3,2-4,2-5,2-6

Introduction to the Report / Purpose

Bharat Forge fourth annual sustainability report, which provides the disclosures on the company's progress against its sustainability roadmap. BFL is committed to being transparent in disclosing its ESG (Environmental, Social, and Governance) performance, offering the stakeholders a comprehensive understanding of the business strategy. The Company's sustainability journey began in the FY2021 and the sustainability reports published in FY2022 and FY2023 were assured by third-party agency, reinforcing BFL's dedication to sustainability and transparency in reporting the non-financial disclosures.

Approach to Reporting

BFL shares its annual sustainability performance through this report. The report showcases the management strategy, stakeholder engagement mechanism, the Board's oversight on the implementation of ESG initiatives, adherence to a transparent reporting process and compliance with all the regulatory requirements. It outlines the company's approach to mitigating actual and potential risks that includes climate-related risks. BFL's efforts to build strong, self-sufficient communities through various CSR projects are also being highlighted in this report.

Frameworks, Guidelines and Standards

The data in the report has been prepared with reference to the GRI Framework and GRI Universal Standards 2021. Reporting on the sustainability disclosures is in line with the Company's ESG strategy and also the material issues. Furthermore, the Company also strives to align itself and showcase the progress against UN SDG goals.

Scope and Boundaries

This report encompasses the activities and operations of BFL, including its headquarters, manufacturing plants in Chakan, Baramati, Mundhwa, Satara, and Nellore, as well as R&D facilities, warehouses, and sales offices in India. There have been no significant changes to the organization's size, structure, ownership, or supply chain during the reporting year. The report does not include data or information about any entities outside the stated boundary. The reporting boundary of sustainability report is same as the reporting boundary of annual report.

Reporting Period

The company discloses sustainability report on an annual basis, this report highlights the company's achievements against its sustainability KPIs for FY2024 i.e. from April 1, 2023, to March 31, 2024. The last year's sustainability report was published on the company's website during the December month of 2023. For comprehensive information on economic and governance aspects, readers are encouraged to refer to BFL's Annual Report 2023-24 (April 1, 2023 to March 31, 2024).

Responsibility Statement

The Board, along with the Management, recognizes their collective responsibility for the integrity of the information presented in this report. They affirm that the report's contents are presented in a fair, transparent, and balanced manner.

Restatement of Information

The Company has made restatements of information in the report for FY2023 figures which have been showcased in the report along with necessary reasoning. Restatements of information have been made in Environmental Stewardship section (under water stewardship and waste management and circular economy).

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 government legislation or regulations. Though the company bases its present projections on reasonable assumptions, it makes no guarantees about the accuracy or precision of the forward-looking statements.

Assurance

DQS India has performed a limited assurance review on identified/selected sustainability GRI indicators highlighted in this report.

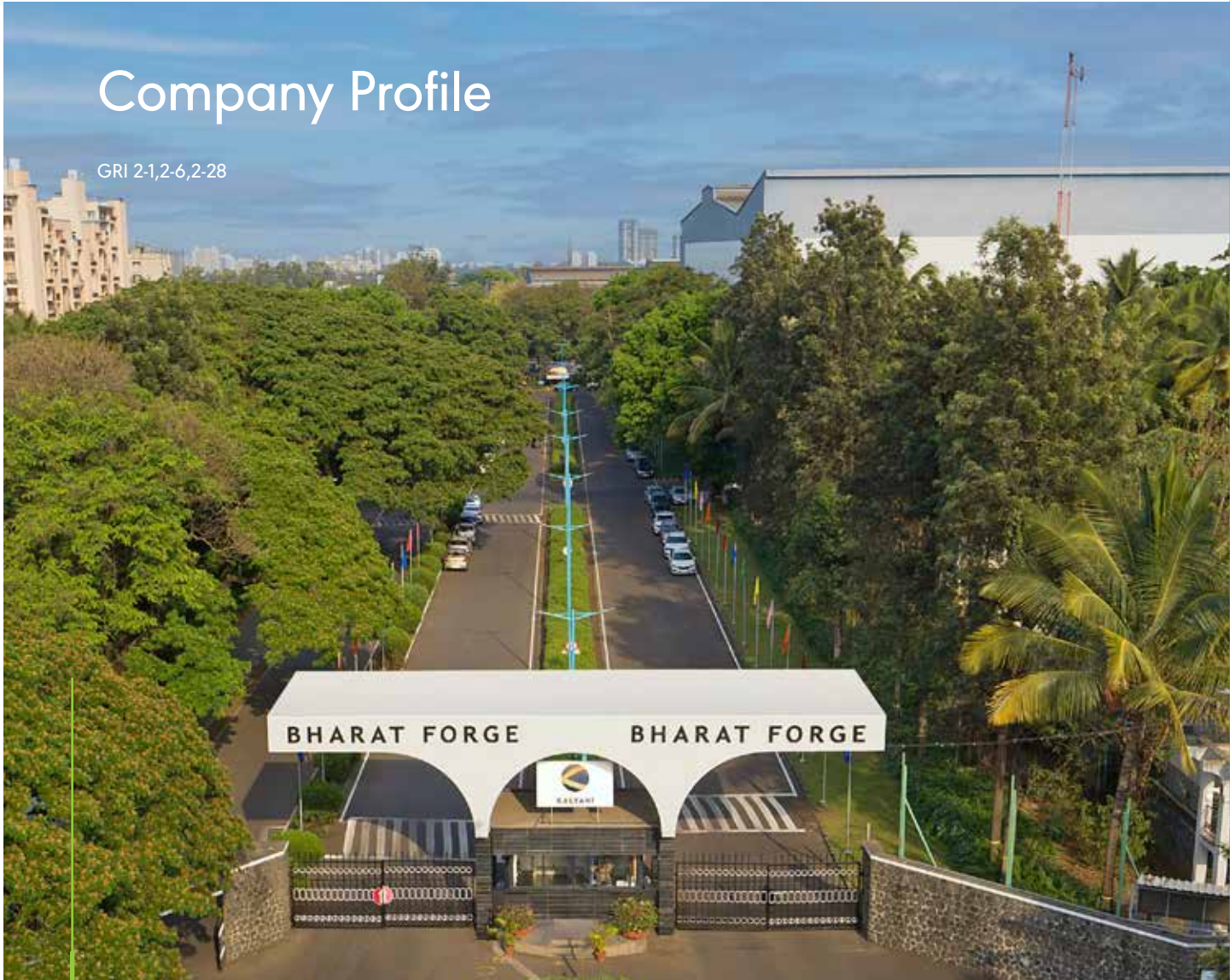
This agency is strictly independent of any operational or financial influence from BFL, ensuring that all evaluations, audits, and certifications are conducted with complete impartiality. The Independent Assurance Statement is available on page 121 of the report.

Feedback

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

Company Profile

GRI 2-1,2-6,2-28



BFL at a Glance

Bharat Forge Limited (BFL) headquartered at Pune, Maharashtra public listed company, a key entity of the Kalyani Group – a conglomerate with over 10,000 employees – benefits from extensive metallurgical knowledge, design and engineering expertise, and advanced manufacturing capabilities. This strong affiliation has positioned BFL as a global leader in the manufacturing of forged and machined components. With more than 70 years of experience, the company specializes in producing high-performance, critical, and safety components. BFL offers end-to-end solutions, from design to validation, providing comprehensive support to customers across diverse regions and sectors, ensuring reliability and excellence in every product.

BFL stands as a global frontrunner in the metal forging industry.

Sectors Catered



About the Company

Headquartered in Pune, India, BFL has established itself as a leading manufacturer through continuous transformation and innovation. The company's success is anchored in its expertise in Metallurgy, Metal Forming, Manufacturing, and Machining – the 4 M's – along with its robust R&D capabilities. This combination enables BFL to deliver agile and adaptable solutions, solidifying its position as a top provider of critical and safety components worldwide.

BFL places a strong emphasis on developing new processes, expanding its product range, and fostering innovation. This strategic approach not only opens up new opportunities but also enhances the company's reputation for delivering exceptional quality. By consistently focusing on these areas, BFL reinforces its commitment to shaping the future of manufacturing.

The company's dedication to advancing industry standards and setting new benchmarks of excellence is unwavering. BFL continues to lead the way in the manufacturing sector, ensuring that its legacy of innovation and quality remains at the forefront of the industry. Through these efforts, BFL is not just responding to the demands of today but is actively shaping the future of manufacturing for generations to come.

VISION

BFL believes nothing is impossible and challenge the long-standing conventions and keep defying the set limitations. Famous for world-class products for the Automobile Sector making one of the best automotive forging company in India.

MISSION

To achieve sustainable growth by continuously enhancing its processes, developing cutting-edge products, and nurturing a skilled workforce.

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.



CORE OBJECTIVES

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



Journey and Milestones

1961-1985

Start-up and Early Growth

- 1961** Incorporation of BFL Ltd.
- 1966** Commercial Production begins. Forge Shop-Hammer Technology.
- 1966** Initial exports in Europe.



1990-2001

Domestic Growth

- 1990** Investment in state-of-the-art forging technology. Commissioning of 16,000 MT press line.
- 1991** Major breakthrough in Japan, USA and UK for critical supply of power-train & chassis components.
- 2001** Commissioning of second 16,000 MT press line. First M&A - Acquired order book of Dana.



2002-2007

Building a global company. Acquisitions across the globe

- 2002** Investment in Research & Development, Testing & Validation and state-of-the-art Heavy Duty Truck Crankshaft Machining facilities.
- 2003** Established Global Manufacturing Footprint across Europe, North America and China.
- 2004** Joined hands with India's premier institute of technology, BITS Pilani, to enhance internal talent.
- 2005** Centre for Advanced Manufacturing takes shape in Baramati.

2012-2013

First indigenous supplier of crankshaft to Indian railways

- 2012** Company's capital goods division won its first commercial order for two 660 MW supercritical turbine generators David Brown, BFL opens its first industrial gearbox service and assembly center in Hosur, India.
- 2013** Supply of crankshaft for Indian rails, becoming the 1st indigenous supplier of crankshaft.



2008-2010

Global leadership: focus on technology & innovation

- 2008** BFL commissioned India's largest commercial open forging press.
- 2009** Inauguration of forging and high horse power, industrial - rail, marine and oil & gas crankshaft machining facility at Baramati.
- 2010** Inauguration of the Ring Rolling facility at Baramati. Establishment of the Kalyani Center for Technology and Innovation.

2014-2015

First indigenous supplier of crankshaft to Indian railways

- 2014** Safran and BFL form partnership to address opportunities in Indian civil and military aerospace.
- 2015**
 - Inauguration of 'High Tech Rail Component Manufacturing Facility' at BFL Centre for Advanced Manufacturing, Baramati.
 - Production starts at Alstom-BFL's new turbine and generator manufacturing facility in India.
 - Acquisition of Oil & Gas Machining Company, Mécanique Générale Langroise (MGL) in France.
 - Start of Metal Injection Molding Advanced Machining Research Centre.
 - Acquisition of Walker Forge Tennessee LLC in North America.

2016-2017

- 2017** Established Kalyani Centre for Manufacturing Innovation.



2017-2018

- 2018**
- Announcement of Strategic Investment in an EV startup, TORK Motorcycles.
 - Announcement of strategic stake in Electric Vehicle Company, Tevva Motors (Jersey) Limited.



2021-2022

- 2021** Acquisition of Sanghavi forging.
- 2022** Acquisition of JS auto.



2023-2024

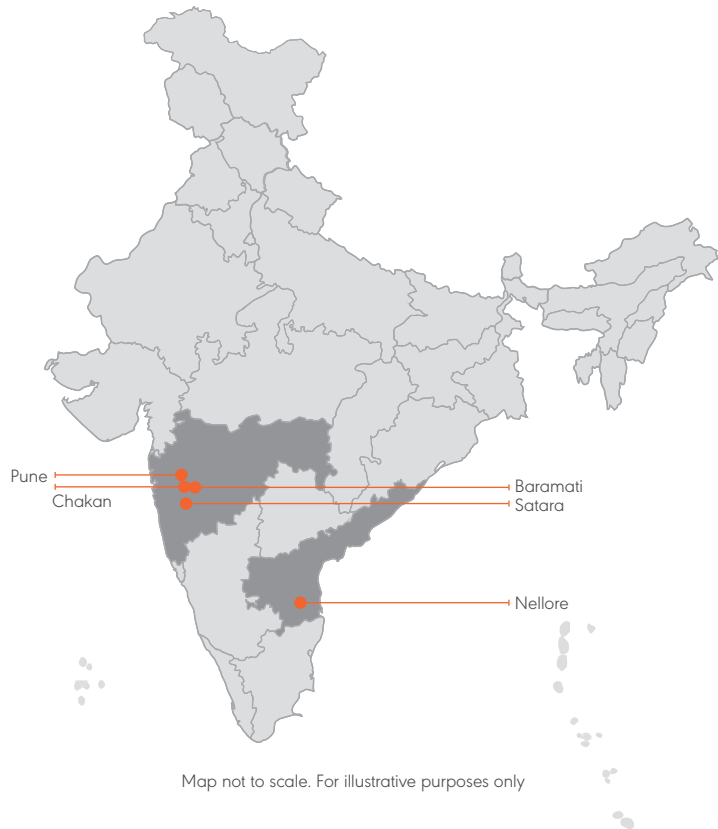
- 2023** Indo Shell Mould Limited ("ISML") SIPCOT, Erode has been acquired by J S Auto Cast Foundry India Private Limited ("JS Auto") a subsidiary of BFL.
- 2024**
- Inauguration of AI (Artificial Intelligence) & ML (Machine Learning) Lab.
 - Kalyani Steel Limited has proposed to invest ₹ 26,000 crore to set up a titanium metal and aerospace components manufacturing and integrated advanced specialty steel and automotive components manufacturing complex.
 - BFL announces the acquisition of Zorya Mashproekt India.

Operational Portfolio

BFL is a top manufacturer of high-performance and safety-critical components for various industries. It operates the world's largest single-location forging facility, equipped with automated press lines and advanced machining technology.

The Baramati Center specializes in precision components for sectors like Automotive, Railways, Aerospace, Marine, Power, and Heavy Engineering, and also produces large ring and gear blanks for marine and wind industries. The Satara facility focuses on precision machining for wind, oil & gas, and power sectors, ensuring high quality and reliability.

The company's commitment to excellence is reflected in state-of-the-art facilities across Pune, Baramati, Chakan, Nellore, and Satara, meeting the highest industry standards and shaping the future of manufacturing.



Membership and Associations

Name of the trade and industry chambers/associations

- | | | |
|---|--|--|
| 1 Confederation of Indian Industries [CII] | 8 Indo French Chamber of Commerce in India [IFCCI] | 14 British Business Group Membership |
| 2 Automotive Components Manufacturers' Association [ACMA] | 9 Federation of Indian Chambers of Commerce & Industry [FICCI] | 15 International Chamber of Commerce |
| 3 Society of Indian Defence Manufacturers | 10 Mahratta Chamber of Commerce Industry & Agriculture [MCCIA] | 16 Ananta Aspen Center |
| 4 Association of Indian Forging Industry [AIFI] | 11 The Employers' Federation of India | 17 Maharashtra Economic Development Council [MEDC] |
| 5 Indo German Chamber of Commerce [IGCC] | 12 All India Management Association [AIMA] | 18 Dual VET [German-Swiss-Austrian Advisory Firm] |
| 6 Swedish Chamber of Commerce in India [SCCI] | 13 Indo-Australian Chamber of Commerce | 19 Bombay Chamber of Commerce & Industry |
| 7 Indo American Chamber of Commerce [IACC] | | |

Awards and Accolades

AWARDS RECEIVED IN FY2024

BFL has been recognized as the "Asia-Pacific Climate Leader 2023" by Financial Times and Statista

BFL is proud and delighted to be recognized as "EXCELLENT-Y2024"

BFL Received 'Master' Award from DAF Trucks NV

BFL Ltd. has been awarded the prestigious IGBC Green (1 village with Platinum, 4 villages with Gold and 1 village with Silver Rating)



Certifications

ISO 9001:2015
(QMS Certification for Non-Automotive Parts)

API-20B & API-Q1
(American Petroleum Institute certification for Petroleum product)

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

ISO 14001:2015
(Environment Management System Certification)

IATF 16949:2016
(QMS Certification for Automotive Parts)

NABL:ISO/IEC 17025:2017
(National Accreditation Board for Testing and Calibration Laboratories)

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

ISO 45001:2018
(Safety Management System Certification)

AS 9100 Rev D
(QMS Certification for Aviation Parts)

Lloyd's Register
(Approved for Closed Die C/S Forgings surface induction hardening of C/S)

ISO 27001:2013
(Data Security Management System)

ISO 50001: 2018
(Energy Management System Certification)

Operational Excellence

BFL achieves operational excellence through continuous process improvement, advanced technology integration, and focused employee development. The company emphasizes robust risk management, strong customer and supplier relationships, and sustainability. By leveraging data-driven decision-making, BFL ensures high efficiency, adaptability, and exceptional value for stakeholders.



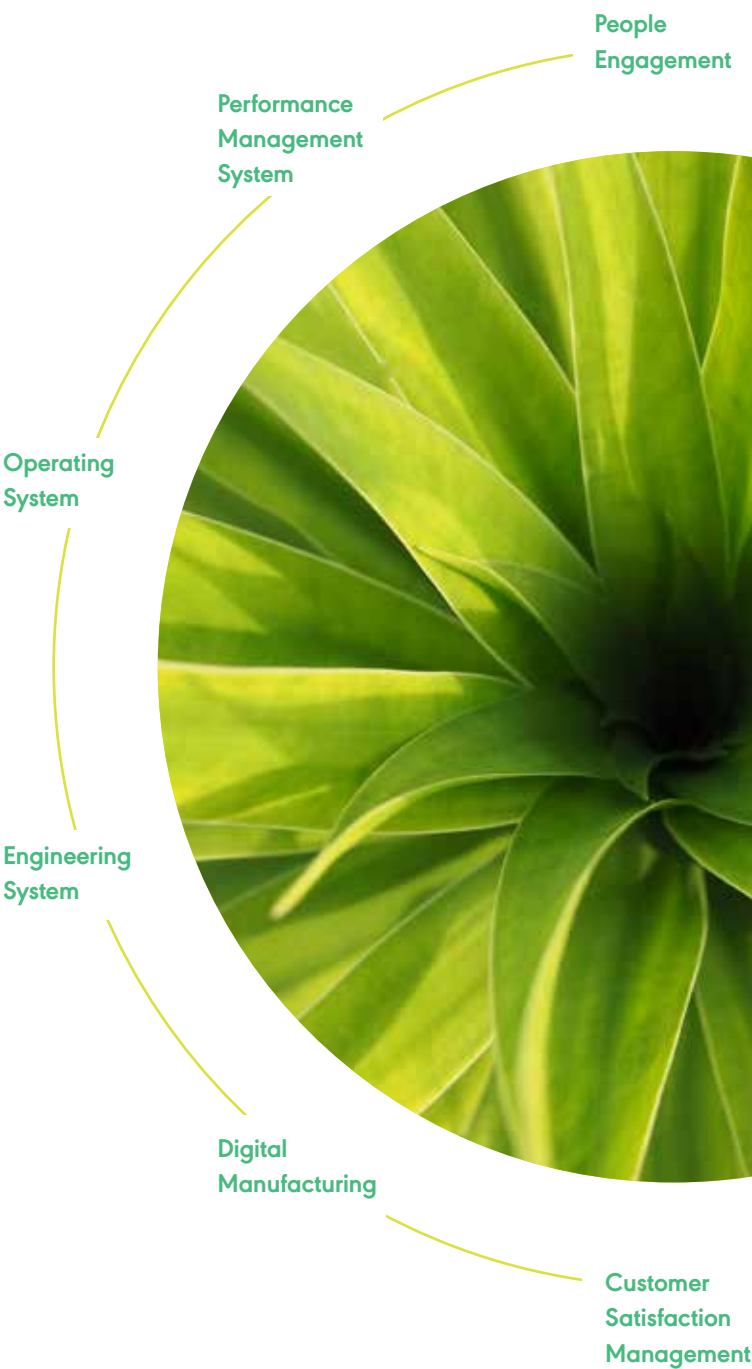
GOALS AND TARGETS

To achieve superior efficiency through streamlined processes, advanced technologies, and continuous improvement, which drives productivity, enhances quality, and maximizes value for stakeholders.



BFL EXCELLENCE SYSTEM

BFL's excellence framework is built on six fundamental pillars that enhance the company's customer-centric approach, uphold high-quality standards, and streamline manufacturing processes. BFL aligns its operations with top industry standards, ensuring sustained success and exceptional value for stakeholders which drives productivity, enhances quality, and maximizes value for stakeholders.





People Engagement

Guiding Principles: DMAIC (Define, Measure, Analyze, Improve, Control) Kaizen & Continuous Improvement Structured Ideation Process

Core Competency Empowerment: Leveraging employee expertise to foster continuous learning and innovation.

Upskilling Initiatives: Regular training to enhance skills for risk assessment, informed decision-making, and role fulfillment.

Operational Excellence: Cultivating a collaborative, innovative environment to unlock workforce potential.

Ongoing Engagement Focus: Continuous employee engagement to drive productivity and profitability.



Operating Systems

Interconnected Framework: Automates decision-making, procurement, quality assurance, and budgeting for seamless operations.

Consistency and Reliability: Ensures a cohesive and reliable approach across all business functions.

Efficiency Enhancement: Automation enables employees to focus on core competencies while maintaining high standards.

High-Quality Delivery: Integrates processes to consistently deliver high-quality products and services that meet customer expectations.



Performance Management System

Business Success Driver: Core to driving company success and operational excellence.

Operational Excellence Commitment: This approach reinforces BFL's commitment to upholding operational excellence.

Continuous Monitoring: Ongoing performance assessments to enhance efficiency, productivity, and continuous improvement.

Comprehensive Evaluation: Utilizes tools and frameworks to assess performance, pinpoint areas for improvement, and implement corrective measures.

Target Achievement: Empowers teams to meet and exceed goals, delivering exceptional value to stakeholders.

As a part of BFL's performance management system, annual appraisal, performance improvement plans (PIPs) and smart goals implementation are included.

The Performance Management System, based on a Balanced Scorecard approach, cascades KPIs throughout all hierarchical levels. Appraisals are conducted through both annual and mid-year

reviews. Employees are assessed using a five-point rating scale: EO (Extraordinary), EE (Exceeds Expectations), SP (Solid Performance), NI (Needs Improvement), and NE (Not Meeting Expectations). This scale blends objective metrics with qualitative performance evaluations.

1. Performance improvement plans are created for all employees with NE and NI ratings, covering a 3-month review period. Confidentiality in discussions and increment allocation is a fundamental standard.
2. Smart goals implementation: BFL has implemented smart goals to drive focused and efficient performance across its operations. By setting clear and actionable objectives, the company ensures that each department and individual aligns with its strategic vision. This approach enhances accountability, tracks progress effectively, and ensures that goals are both realistic and impactful.



Engineering System

High Standards of Quality: Ensures the delivery of reliable, high-quality solutions that meet customer expectations.

Crucial Role in Production: Key to driving end-to-end production and fostering innovative technology development.

Information & Knowledge Management: Organizes and leverages data to empower employees in managing and directing planning systems.

Adaptability & Technological Advancement: Streamlines workflows and enhances coordination, allowing adaptation to changing needs and embracing new technologies.

Lifecycle Enhancement: Optimizes every phase of the project lifecycle, ensuring efficiency from concept to delivery.



Customer Satisfaction

Customer-Centric System: Tailored systems to meet evolving customer needs while maximizing organizational potential.

Cutting-Edge Methodologies: Use of innovative approaches to satisfy and build lasting relationships with an expanding clientele.

Confidence in Commitment: Customized approaches instill customer confidence, demonstrating dedication to their success.

Transparent Communication: Prioritizing open, ongoing engagement with customers on sustainability performance and progress.

Data Security Integrity: No customer complaints regarding data breaches during the reporting period.

Supplier Engagement: Strong, collaborative partnerships with suppliers based on trust, integrity, and shared social/environmental responsibility.

Sustainable Supply Chain: Ensuring strategic alignment and quality through feedback, creating a resilient and innovative supply chain.

Exceeding Expectations: Providing long-term, sustainable solutions that surpass customer expectations.



Digital Manufacturing

Embracing the Digital Era: Integration of advanced technologies to boost operational efficiency and productivity.

Digital Automation Focus: Automation throughout the value chain, fostering innovation and enhancing competitive advantage.

Industry 4.0 Training: Comprehensive employee training in areas such as Hydraulics, Pneumatics, Sensor Technology, Human-Machine Interface, PLC, AR/VR, Big Data, and IoT.

Future-Ready Organization: Commitment to digital transformation, positioning BFL as adaptable and resilient in the evolving business landscape.

Product Stewardship

GRI 416-1, 416-2, 417-1, 417-2, 417-3



22

Sustainability Report 2023-24

Product stewardship at BFL encompasses the commitment to ensuring that every stage of a product's lifecycle, from design and manufacturing to distribution, use, and end-of-life disposal, adheres to the highest standards of environmental and social responsibility. BFL prioritizes sustainable practices, innovation, and continuous improvement to minimize ecological footprint and enhance the value provided to their customers and communities. The approach integrates safety, quality, and sustainability, reflecting dedication to responsible production and long-term success.

SDG Alignment

8



9



11



12



13



Strategic Approach

Product stewardship is a critical aspect of corporate responsibility that involves managing a product's entire lifecycle, from design and production to use and disposal, to minimize its environmental impact and ensure its safety for consumers and the planet. BFL, a leading global manufacturer of forged and machined components for the automotive, power, oil and gas, construction, mining, rail, marine, and aerospace sectors, has embraced product stewardship as a core principle of its business strategy. This section outlines the comprehensive approach BFL takes to product stewardship, ensuring

that its products are sustainable, safe, and contribute positively to the environment and society.

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

Material Mix

Category	Unit of Measurement	Value
Renewable Material	MT	6373
Non-renewable Material	MT	368107

Value Creation Stories

CASE STUDY 1

Automotive Components

Product: Forged aluminum components for automotive applications.

Stewardship Practices:

- Design: Lightweight design to reduce vehicle weight and improve fuel efficiency.
- Production: Use of energy-efficient forging processes and recycling of scrap materials.
- Use: Components contribute to overall vehicle efficiency and safety.
- End-of-Life: Components are designed for easy disassembly and recycling.

CASE STUDY 2

Power Sector Components

Product: Forged steel components for power generation equipment.

Stewardship Practices:

- Design: Durable design to extend product life and reduce the need for replacement.
- Production: Implementation of emissions control technologies and waste reduction strategies.
- Use: Components are energy-efficient, contributing to the overall efficiency of power generation.
- End-of-Life: Recycling programs for steel components to minimize waste.

Customer Satisfaction

BFL is committed to customer satisfaction by ensuring its products comply with stringent quality standards and regulatory requirements. The company frequently evaluates and addresses potential risks associated with its products and services and reports any incidents of non-compliance without delay. To

enhance customer satisfaction, BFL actively seeks feedback, resolves complaints, and implements improvements based on customer insights. The company is committed to delivering safe and high-quality products while maintaining high levels of customer satisfaction.

Marketing and Communication

BFL addresses marketing and communication by providing comprehensive product and service information, including details on composition, safe usage, and environmental impact. The company ensures compliance with labeling regulations and reports any incidents of non-compliance, along with corrective actions taken. Additionally, BFL monitors and addresses any non-compliance issues related to marketing communications, ensuring adherence to relevant regulations and voluntary codes. There were zero incidents of non-compliance with labeling, marketing communication (including advertising, promotion, and sponsorship), regulations, and voluntary codes concerning the health and safety impacts of products and services recorded in the current reporting year. This approach underscores the company's commitment to transparency and accountability in its marketing practices.

BFL's comprehensive approach to product stewardship ensures that its products are sustainable, safe, and contribute positively to the environment and society. By integrating environmental and social considerations into every stage of the product lifecycle, BFL not only minimizes its environmental impact but also enhances its reputation as a responsible and innovative manufacturer. This commitment to product stewardship is a key driver of BFL's success and its continued leadership in the global manufacturing industry.

Sustainability Performance Highlights



ENVIRONMENTAL

Reduced oil consumption by 2,015 KL,
electricity consumption by 5,630 MWh/
Annum & emissions by 3,997 tCO₂e

10.20%

increase in energy sourced from
renewable sources

21.05%

reduction in Scope 2 emissions
from FY2023

552,233 GJ

of electricity consumed from renewable
sources (Solar + Wind)

107,222.79 metric tons

of waste recovered through recycling

253.78 metric tons

of waste disposed by Incineration

40%

of Raw Material reused as input
material in production

4.80%

of Capex spent on technologies to
improve environmental impact of the
products and processes



SOCIAL

70%

training on human rights to employees and workers

0.45 LTIFR

for employees and 1.14 for workers
(Lost Time Injury Frequency Rate)

91.73%

materials were sourced locally

Over 257,759 lives

were positively impacted across 100+ villages

900 women

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

7,063 students

benefited from Skill Development & Education Project

171 million

spent on various CSR projects



GOVERNANCE

19-No.

of affiliations with trade and industry chambers and associations

100%

BoD and KMPs underwent training on Sustainability and ESG-related aspects

316

R&D Employee Strength

76.29%

value chain partners covered under Business Ethics and Sustainability awareness and assessment programs

Value Creation Model

Led by a sustainable value-creation model

INPUTS



Financial Capital

• Total capital employed	₹151,876 Million
• Debt to equity ratio (Net)	0.22
• Capex	₹5,089 Million



Manufactured Capital

• Number of manufacturing plants	5*
• Material cost	₹38,301 Million
• Manufacturing costs	₹12,245 Million
• Total capacity	403,750 TPA



Intellectual Capital

• R&D spending	₹582 Million
• R&D spends as a % of revenue	0.65%
• Patents granted till date	97
• R&D team strength	242



Human Capital

• Total employees	4,114
• Employee benefit expense	₹6,014 Million
• Training hours per employee	25.98



Natural Capital

• Renewable energy	85.11 MW
• % of energy consumed from renewable sources	39%
• No. of trees planted	106,000



Social and Relationship Capital

• CSR spending	₹171 Million
• Employee volunteers	3,000
• CSR focus areas - Village Development, Education, Health, Community Development, Skill Development	

* Operations carried out in Lonikand was carved out from Mundhwa and hence not reported separately. It is planned to be reported separately from FY2025.

SOURCES THAT ENABLE OUR VALUE CREATION

- Deep culture of innovation for technology and product differentiation
- Robust forging competence supported by Industry 4.0 excellence
- Deep and nurtured relationships
- Technical know-how of people
- Vertically-integrated model with end-to-end capabilities

VALUE CREATION MODEL AND PRINCIPAL ACTIVITIES



OUTPUTS

272,242 tons

Total tonnage

KEY SEGMENTS

Automotive



Commercial vehicles



Passenger vehicles

Industrial



Capital Goods,
Oil & Gas



Wind,
Nuclear



Rail



Marine



Aerospace



Construction
and Mining



Defence



Agriculture

OUTCOMES

Financial Capital

• Total income	₹89,686 Million
• EBITDA	₹24,687 Million
• PAT	₹14,250 Million
• Total Dividend per share (interim + proposed final dividend)	₹9
• RoCE (net of cash)	20%

Manufactured Capital

• Tonnage shipped	272,242 MT
• Automotive segment revenue	55%
• Industrial segment revenue	45%

Intellectual Capital

• Process improvement	13
• Product improvement	16
• Technical papers published and presented	8

Human Capital

• Employee productivity (revenue per employee)	₹21.8 Million
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Natural Capital

• Waste water recycled	100%
• GHG emissions avoided by use of RE (tCO ₂ e)	108,913
• Reduction in waste intensity (MT/MT of production)	10.8%

Social and Relationship Capital

• Lives touched through CSR	257,759
• Women empowered	900
• Students benefited from Skill Development & Education Project	7,063

SDGs IMPACTED



Economic Performance

GRI 201-1

BFL, a leading Indian multinational engineering company, has shown robust economic performance, reflecting its strong position in the global market. The company has benefited from diversified revenue streams, strategic partnerships, and a focus on innovation, contributing to steady growth in revenues and profitability. Our performance is further supported by a strong order book and expansion into new markets and product lines.

SDG Alignment

8



9



Strategic Approach

At BFL, transparency is not just a principle – it is a foundational element of the company’s business model, essential for maintaining a strong financial position and ensuring long-term value creation for stakeholders. The Company is dedicated to maintaining a sound capital structure, characterized by low debt levels and robust cash flows. This approach not only drives substantial economic value but also ensures financial resilience in an ever-changing market environment.

BFL places a high priority on the strategic allocation of funds, carefully directing resources into key growth areas to maximize the impact of investments and secure financial stability. This disciplined approach to financial management is supported by a reliable supplier network and a resilient business model, both of which contribute to the Company’s overall success.

The diversity of BFL’s product portfolio further enhances its market competitiveness, allowing the organization to meet a broad range of customer needs and adapt to shifting market demands. By optimizing resource utilization through efficient financial management, BFL reinforces its financial performance, ensuring that resources are used effectively and sustainably.

Through its commitment to transparent business practices, diligent financial management, and strategic resource allocation, BFL consistently delivers value to its stakeholders. This approach not only earns the trust of investors, customers, and partners but also drives sustained growth, positioning BFL as a leader in its industry.

Economic Value Generated (In ₹ million)	FY2024
Revenue from operations	89,686.34
Other income	1,623.41
Total income	91,309.75

Economic Value Distributed (In ₹ million)	FY2024
Operating costs	63,314.41
Employee benefits and wages	6,014.47
Payment to providers of capital	2,874.12
Payments to governments	4,702.74
Community investments	171



Corporate Governance

GRI 2-10, 2-11,2-12,2-14,2-15,2-17,2-18,2-19,2-20,2-23,2-26,2-27, 205-1,205-2,205-3,415-1

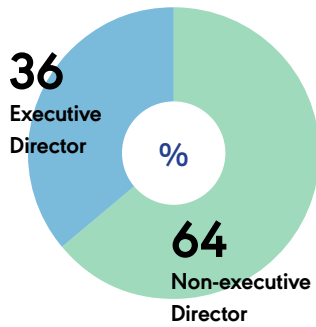
BFL's governance is characterized by a strong commitment to ethical business practices and regulatory compliance. BFL ensures that all employees are trained in business ethics and maintains full adherence to relevant laws and regulations, as evidenced by its 100% compliance rate. This approach underscores BFL's dedication to maintain high standards of corporate governance.

SDG Alignment



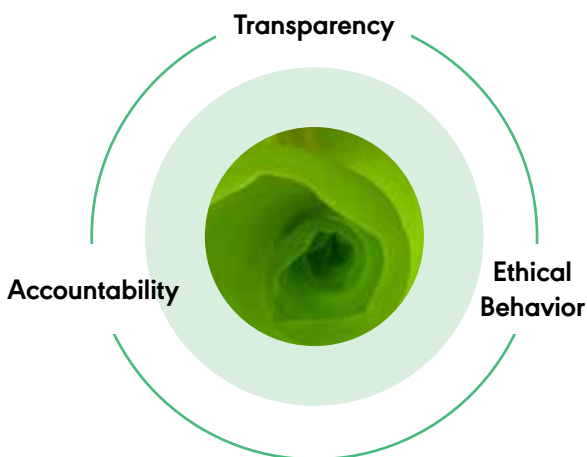
Key Highlights

Board Diversity



Strategic Approach

BFL upholds robust governance practices as a fundamental aspect of its commitment to ethical and transparent business operations. Its governance framework ensures accountability, integrity, and compliance throughout the organization. With a well-structured board providing strategic oversight and risk management, BFL maintains strong governance at all levels. The company conducts regular audits, ensures transparent reporting, and strictly adheres to legal and regulatory standards, reinforcing its commitment to stakeholders. By cultivating a culture of ethical conduct and continuous improvement, BFL safeguards its reputation and drives long-term value creation, fostering trust and confidence in its operations.



Key Initiatives undertaken during FY2024

- Business ethics: All employees have been trained in business ethics
- Compliance: The company has achieved 100% regulatory compliance
- Awareness on Cybersecurity to 100% of the employees
- Human Rights Due diligence review by 3rd party for all the operational sites
- Materiality Assessment (Double Materiality) carried out involving all the related stakeholders
- Business Responsibility and Sustainability Report submitted to SEBI

Governance Philosophy

BFL's governance philosophy is centered on creating a fair and ethical business system, guided by transparency, accountability, and ethical behavior. BFL has a robust corporate governance structure built on well-structured policies and procedures, forming the backbone of governance philosophy. The company's policies are designed to ensure business continuity and uphold high ethical standards throughout its operations.

Governance Framework and Structure

BFL's framework includes corporate governance principles, policies, and charters, addressing key areas such as risk management, ethical business practices, legal and regulatory compliance, transparency and disclosure, performance monitoring, and effective communication.

The company's Code of Conduct and business policies, including the Whistle-blower Policy, Anti-Corruption & Anti-Bribery Policy, Human Rights Policy, and Supplier Code of Conduct, act as a foundational pillar of this framework. These policies highlight BFL's commitment to sustainable development and set clear standards for organizational behavior.

Company's Vision, Value and Culture

Board of Directors

Corporate Policies

Risk Management

BFL is resolute in its commitment to corporate governance, with its Board of Directors serving as the company's entrepreneurial leaders. Tasked with representing the stakeholders, the Board maintains its oversight on the company's operations and ensures diligent monitoring and decision-making concerning its economic, environmental, and social aspects.

The Board and its committees encourage a culture of accountability, openness, and ethical conduct, which contributes to the sustained and balanced growth. With their extensive industry experience, diverse business skills, and commitment to stakeholder interests, the Board members are essential to the company's success.

The governance structure at BFL emphasizes diversity, acknowledging its role in attracting top talent, engaging customers, and boosting global competitiveness, which in turn enhances long-term stakeholder value.

Furthermore, BFL prioritizes transparent communication with stakeholders through interactive platforms that provide updates on the company's performance and progress. This inclusive approach not only collects valuable feedback but also supports future planning, thereby increasing stakeholder value and trust in the company's processes.

Board of Directors

BFL is overseen by a distinguished Board composed of members with a broad range of expertise and extensive industry experience. This Board's entrepreneurial leadership is fundamental to the company's corporate governance framework, driving efforts to meet the company's objectives. With a strategic focus, the Board continually seeks to improve business practices, aiming not only for financial growth but also for deeper decarbonization in line with sustainability goals.

As the top governing authority at BFL, the Board ensures rigorous adherence to all applicable regulations, reinforcing the company's status as an industry leader. To address potential risks effectively, the Board has established a comprehensive risk management framework,

Composition of the Board

At BFL, the company adheres to the unitary Board system, valuing a well-balanced composition of executive, non-executive, and independent directors. Emphasizing strong, independent, and diverse Board leadership is fundamental to effective governance across its operations. The Chair of BFL's highest governance body is also the Managing Director of the company. To mitigate potential conflicts of interest, the Chair's role is subject to oversight by the Board of Directors, and independent directors are appointed to provide additional perspectives and ensure transparency. Regular reviews and assessments are conducted to evaluate the effectiveness of this arrangement and address any potential conflicts.

BFL has also implemented a Board Diversity Policy that ensures a strategic mix of executive, non-executive, and independent directors. This policy fosters a robust governance framework and promotes a dynamic and effective Board environment. By following this policy, the company enhances the Board's overall effectiveness and meets the standards set by Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 149 of the Companies Act, 2013.



Sitting (Left to Right)

1. **Mr. Vimal Bhandari**

Independent Director

1 4 5

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

Independent Director

3. **Ms. Sonia Singh**

Independent Director

4. **Mr. P. G. Pawar**

Independent Director

1 2 3 4

5. **Mr. B. N. Kalyani**

Chairman & Managing Director

5 2 3

6. **Mrs. Lalita D. Gupte**

Independent Director

3

7. **Mr. P. H. Ravikumar**

Independent Director

1

Standing (Right to Left)

8. **Mr. B. P. Kalyani**

Executive Director

9. **Mr. G. K. Agarwal**

Deputy Managing Director

10. **Mr. Murali Sivaraman**

Independent Director

1 4

11. **Mr. Amit Kalyani**

Joint Managing Director

6 2 5

12. **Mr. Dipak Mane**

Independent Director

4 6

13. **Mr. S. E. Tandale**

Executive Director

14. **Mr. Kishore Saleatore**

Executive Director

Board Committee

1. Audit Committee

2. CSR Committee

3. Stakeholder Relationship Committee

4. Nomination & Remuneration Committee

5. Finance & Risk Management Committee

6. ESG Committee

● Chairperson of the Committee

● Member of the Committee

Board Committees

To ensure effective corporate governance, BFL's Board has established various committees responsible for making timely decisions. These committees are crucial in overseeing the performance of key managerial personnel, offering valuable feedback and recommendations for improvement.

The Company Secretary at BFL acts as the secretary for all Board Committees, enhancing communication and coordination between the committees and Board members. This role ensures seamless information flow, facilitates collaboration, and promotes efficient decision-making processes within the organization.

List of Board Committees



Audit Committee



Corporate Social Responsibility Committee



Finance and Risk Management Committee



Nomination and Remuneration Committee



Stakeholder Relationship Committee



Environmental, Social and Governance Committee

For more details on Board Committees, refer to the Annual Report 2023-24 Page Number 95 to 99

Chair and Role of the Highest Governance Body

BFL has established a Nomination and Remuneration Committee within its Board of Directors, tasked with strategically selecting and nominating candidates for Board roles. The committee rigorously assesses candidates based on their expertise in strategy, planning, marketing, finance, governance, and risk management, ensuring a diverse and experienced Board.

The aim is to bring a broad spectrum of perspectives and insights to the Company, as demonstrated by the Board Skills Matrix, which provides a detailed overview of the collective skills and competencies of its members.

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

Name of Directors	Area of Expertise					
	 Strategy and Planning	 Business Operations	 Technology	 Sales and Marketing	 Finance Acumen	 Governance and Risk Management
Mr. B. N. Kalyani	✓	✓	✓	✓	✓	✓
Mr. P. G. Pawar	✓	✓	✓	-	✓	✓
Mr. Vimal Bhandari	✓	✓	✓	✓	✓	✓
Mr. P. H. Ravikumar	✓	✓	✓	✓	✓	✓
Mrs. Lalita D. Gupte	✓	✓	-	✓	✓	✓
Mr. Dipak Mane	✓	✓	✓	✓	✓	-
Mr. Murali Sivaraman	✓	✓	-	✓	✓	✓
Mr. K. B. S. Anand	✓	✓	-	✓	-	✓
Ms. Sonia Singh	✓	✓	-	✓	-	-
Mr. G. K. Agarwal	✓	✓	✓	✓	✓	✓
Mr. Amit Kalyani	✓	✓	✓	✓	✓	✓
Mr. B. P. Kalyani	✓	✓	✓	-	-	✓
Mr. S. E. Tandale	✓	✓	✓	✓	✓	✓
Mr. Kishore Saletore	✓	✓	-	-	✓	✓

For more details on Board Committees, refer to the Annual Report 2023-24 Page Number 95 to 99.

Performance review of Board members

The Board of Directors, individual Directors, and Committees underwent their annual evaluation as per the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations). The Board assessed its performance based on inputs from all Directors, focusing on composition, structure, process effectiveness, and functionality. Committee performance was reviewed by the Board based on member inputs, considering composition and meeting effectiveness. Independent Directors evaluated the performance of Non-Independent Directors, the Chairperson, and the Board, using criteria aligned with the SEBI Guidance Note on Board Evaluation According to SEBI LODR, the NRC holds the primary responsibility for formulating these criteria. The evaluation criteria across different categories are based on the role of the individual or group within the organization. These criteria may vary by level, depending on functions, responsibilities, required competencies, and the nature of the business.

Selection / election / re-election of Board members

Nomination and Remuneration Committee sets the criteria for appointing Directors and Senior Management, including their remuneration, as per Section 178 of the Companies Act and Listing

Regulations. Details of the remuneration paid to Executive and Non-Executive Directors are included in the Corporate Governance Report of the Integrated Annual Report.

Terms of Reference

The primary roles/responsibilities of the Nomination and Remuneration Committee are:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a remuneration policy, for the Directors, Key Managerial Personnel and other employees;
- To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and to carry out evaluation of every Director's performance;
- To extend or continue the term of appointment of the Independent Director based on the performance report of Independent Director;
- To formulate criteria for evaluation of performance of the Independent Directors and Board of Directors; and
- To devise a policy on diversity of Board of Directors.

The Nomination and Remuneration Policy of the Company along with the terms of reference of the committee is available on Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/NOMINATION_AND_REMUNERATION_POLICY.PDF

The average Board tenure refers to the typical length of time that members of a company's board of directors serve in their roles. A balanced Board tenure is essential for maintaining a mix of fresh perspectives and experienced leadership. Companies often strive for a diverse mix of tenures to ensure effective governance, adaptability, and continuity in leadership. The average tenure of the Board is determined as 4.29 years. This is calculated basis the number of directors and respective tenure. (Considering 10 directors with 5 years of tenure, 3 directors with 3 years of tenure and 1 director with 1 year of tenure)

Policies

BFL upholds robust corporate policies that establish a comprehensive framework for its global operations. These guidelines govern conduct across all areas of the business, reflecting the company's commitment to maintaining the highest ethical standards. Recognizing the importance of staying current, BFL regularly reviews and updates its policies to ensure alignment with evolving global standards and best practices. This proactive approach reinforces the company's dedication to integrity, compliance, and responsible business conduct on an international scale.

The company's Corporate Policies are listed below:

- Anti-Corruption and Anti-Bribery Policy
- BFL Tax Policy
- BFL Whistle Blower Policy
- Board Diversity Policy
- Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information
- Conflict Minerals Policy
- Corporate Social Responsibility (CSR) Policy
- Data Prevention and Protection Policy
- Dividend Distribution Policy
- Employee Code of Conduct and Business Ethics
- Energy Policy
- ESG / Sustainability Policy
- Human Rights Policy
- Material Subsidiary Policy
- Nomination and Remuneration Policy of BFL
- Occupational Health, Environment & Safety Policy
- Policy for Determination of Materiality of Events & Information
- Policy for Retention and Archival of Documents
- Prevention of Sexual Harassment (POSH) Policy
- Related Party Transaction Policy of BFL
- Risk Management Policy
- Supplier Code of Conduct



Remuneration Policy

Salient aspects of the remuneration policy are as follows:

- The Nomination and Remuneration Committee is responsible for appointing Directors and Senior Management.
- Committee sets remuneration and oversees matters relating to it.
- Policy aligns with Section 178 of the Companies Act and Listing Regulations.
- Policy is available on the company website: [Policy Link](#).



Conflict of Interest

Salient aspects of the Conflict-of-Interest policy are as follows:

- Robust processes to manage and prevent conflicts of interest involving Board members.
- Board members and senior management must abstain from discussions or decisions where conflicts of interest exist.
- Directors are restricted from serving on boards of competing companies without prior Board approval.
- Ensures integrity and impartiality in decision-making, safeguarding company interests.



Anti-Corruption and Anti-Bribery

Salient aspects of the Anti-Corruption and Anti-Bribery policy are as follows:

- Commitment to integrity through codes and policies which are updated regularly.
- Zero-tolerance on bribery, corruption, money laundering, and investment fraud.
- Stakeholders (management, employees, associates) are expected to follow the highest ethical standards.
- Policy ensures professional and fair behavior in all business dealings.
- Employees responsible for identifying and reporting corrupt activities.
- Policy is well-communicated across the organization and value chain.
- During the financial year, zero significant risks were identified. There were zero incidents of corruption recorded during the reporting year.



POSH (Prevention of Sexual Harassment)

Salient aspects of the POSH policy are as follows:

- Ensures a safe and respectful work environment.
- Clear procedures for reporting, investigating, and addressing sexual harassment complaints.
- Includes training for employees and management to raise awareness and prevent incidents.
- Committed to confidentiality, fairness, and a zero-tolerance approach.
- One incident of sexual harassment was reported during the reporting year.



Whistleblower Mechanism

Salient aspects of the Whistleblower Mechanism are as follows:

- Confidential channel for reporting unethical behavior, fraud, or policy violations.
- Protects reporters from retaliation.
- Reports are thoroughly investigated and addressed by appropriate committees.
- Promotes transparency and accountability.



Public Policy Advocacy

Bharat Forge actively engages in policy advocacy and industry influence through participation in 19 trade and industry associations. The company is committed to shaping public policies that promote a balanced legal and regulatory framework, fostering a favorable business environment. By participating in industry events and maintaining membership in key associations, Bharat Forge ensures its voice is heard in shaping critical industry regulations. The senior leadership team regularly interacts with professional bodies, gaining valuable insights into the evolving business landscape and changes in government regulations, including emission standards and industry guidelines.



Political Contribution

- Bharat Forge understands the importance of engaging with the government to support laws and regulations that impact the company's operations. Managers are expected to stay informed about government initiatives that may affect the company's goals and assist, if necessary, in shaping and presenting the company's position on these initiatives. The company emphasizes proactive engagement and collaboration with the government to contribute positively to the policymaking process.
- During the reporting period, Bharat Forge adhered to a policy of not making financial contributions to political parties or individuals, ensuring the independence and impartiality of its operations. The company is committed to upholding ethical standards and maintaining transparency in all interactions. Additionally, Bharat Forge did not receive any financial assistance from government agencies during the financial reporting period, operating independently and relying on its own resources to support its activities and drive business objectives.

For further details please refer to the Company's Annual Report 2023-2024.

Code of Conduct

The Code of Conduct is a crucial document communicated annually to all company personnel. It guides them in the adherence to company's principles, practices, and policies, ensuring integrity and morality across the operations. During their induction, all employees receive training on the Code of Conduct to ensure they are well-versed in demonstrating professional and ethical behavior in every aspect of their work.

Business Ethics

BFL has well-defined corporate policies to uphold the highest ethical standards in management practices and seamlessly integrate compliance into its corporate strategy. The policies including Employee Code of Conduct, Supplier Code of Conduct, and Risk Management Policy, serve as a guiding compass, steering operations with a commitment to compliance and ethics. The policy framework establishes a zero-tolerance stance against unethical behavior in the company. Violations or breaches are taken seriously, with appropriate measures enacted. BFL is dedicated to maintaining transparency, accountability, and adherence to national and international laws.

Compliance

BFL demonstrates a robust compliance framework, ensuring adherence to all relevant laws and regulations. The company prioritizes ethical business practices, achieving 100% compliance across its operations. This commitment highlights BFL's dedication to upholding high standards of corporate integrity and governance.

The company's strong track record in compliance is evidenced by the absence of fines or penalties for non-compliance with laws and regulations, product labeling, marketing communications, unfair trade practices, and health and safety impacts of products during the reporting period. Continuous monitoring and proactive identification of areas for improvement are key to sustaining this commitment to ethical practices.

During FY2024, no incidents were recorded on anti-competitive behavior, anti-trust, and monopoly practices.

Risk Management

At BFL, a vigilant approach to risk management is essential to safeguarding the company's long-term success. The company continuously monitors both internal and external environments to identify, assess, and mitigate potential and emerging risks. This proactive stance ensures that BFL stays ahead of potential challenges while capitalizing on growth opportunities.

BFL's risk management methodology is designed to be systematic and consistent, effectively identifying both

opportunities and threats. The methodology enhances the company's adaptability and resilience, addressing a wide range of risks across the entire value chain, including price volatility, regulatory changes, resource availability, supply chain sustainability, and community-related aspects.

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

A key component of BFL's risk management strategy is the integration of risk management into the company's key result areas (KRAs). The variable remuneration of the senior leadership team is tied to the achievement of goals, including addressing critical safety and environmental risks, particularly those related to climate change. This integration emphasizes the importance of prioritizing safety, environmental sustainability, and resilience within the leadership team.

The Risk Management Committee and the Board of Directors play an active role in overseeing risk management procedures. Their oversight ensures that all relevant risk variables are considered, and they take the following actions:

Framework Development: Providing a framework that enables future activities to be in a consistent and controlled manner.

Decision-Making: Improving decision-making, planning, and prioritization.

Risk Response: Developing responses to either prevent risks from occurring or manage and minimize their effects if they do.

Compliance Assurance: Ensuring compliance with applicable laws.

Action Plan Implementation: Identifying unavoidable risks and creating action plans to resolve them.

The Board periodically reviews the risk assessment and determines the company's risk tolerance. To implement and monitor the risk management plan, the Board has established a Finance and Risk Management Committee, which is responsible for reviewing the effectiveness of the plan. Additionally, financial risk is monitored by the Audit Committee, ensuring that BFL remains resilient and sustainable in an ever-changing business landscape.

The Board of Directors have established a Finance and Risk Management Committee to develop, implement, and oversee the company's risk management plan wherein the Audit Committee plays a pivotal role in ensuring the integrity and transparency of Bharat Forge's financial practices.

The key responsibilities of the committee include Oversight of Financial Reporting, Auditor Appointments, Approval of Auditor Services, Review of Financial Statements, Monitoring Fund Utilization, Related Party Transactions.

These responsibilities ensure that Bharat Forge upholds strong financial governance, mitigating risks and safeguarding the interests of all stakeholders.

Additionally, the Audit Committee provides oversight on financial risks and controls, while the Internal Audit function offers independent assurance of the effectiveness of risk management and compliance processes.

Cybersecurity

BFL recognizes that its investments in digitalization have significantly enhanced employee experience and data-driven decision-making. However, these advancements have also increased the company's exposure to cybersecurity risks. To safeguard client data and maintain the integrity, BFL places a strong emphasis on regular assessment of IT-related risks to protect the organization against cyberattacks and unauthorized access.

Board Risk Management committee oversees the Cybersecurity aspect of the company and provides its direction to the management team in ensuring the same. Senior Management member at the level of Chief Information Officer takes care of the implementation of those initiatives.

Cybersecurity Mitigation Strategy

- **Priority in Corporate Sustainability:** Cybersecurity is regarded as a key concern in the company's sustainability efforts, making it a top priority across all operations.
- **Adherence to International Standards:** BFL adheres to ISO 27001:2013 Information Security Management System certification, ensuring that all IT services, design processes, and defence departments meet stringent security standards.
- **Multi-Layered Security Strategy:** The company employs a robust, multi-layered security strategy that leverages next-generation solutions to ensure real-time threat prevention, enhancing the resilience of its digital infrastructure.
- **Third-Party Validation:** BFL voluntarily engages in Vulnerability Assessment and Penetration Testing (VAPT) and independent third-party validations to continually evaluate and strengthen its cybersecurity measures.

Emergency response mechanism for cybersecurity threats



1. Incident Detection

Incidents can be detected via:

- User Reports
- System Monitoring
- Audits
- Whistleblowers
- Periodic Reviews
- External Notification (e.g., CERT-In)



2. Initial Notification

User reports the incidents through:

- Helpdesk Call/Portal/Email
- Direct contact with the Incident Management Team (IMT)



3. Validation & Classification

Incident Management Team validates if the event is a security incident:

- Impact: High, Medium, Low
- Urgency: High, Medium, Low
- Priority: Critical, High, Medium, Low



4. Escalation

If unresolved, escalate according to Escalation Matrix:

- L1: Team Leader
- L2: ITS Head
- L3: CISO & Steering Committee



5. Immediate Actions

- Take emergency actions to control and recover from the incident:
- Document all actions and secure audit trails and evidence



6. Investigation and Analysis

- Collect and preserve evidence
- Analyze root causes, affected systems, and business impact
- Involve external parties (law enforcement, CERT-In) if necessary



7. Resolution & Recovery

- Implement corrective and preventive actions
- Restore services and mitigate future risks



8. Post-Incident Review

- Analyze the incident response process
- Identify lessons learned and areas for improvement



9. Closure & Documentation

- Close the incident after full recovery
- Document findings, including a Post Incident Review (PIR) report

Training and Awareness

- **Comprehensive Protection:** The company's cybersecurity strategy is deeply integrated with advanced technologies designed to protect critical assets, including endpoints, perimeters, data centers, communications, and data in transit and at rest.
- **Cross-Departmental Commitment:** All departments at BFL, including Human Resources, Legal, Physical Security, and Environmental, Health, and Safety, are committed to implementing and upholding effective security practices.
- **Employee Training:** BFL prioritizes ongoing training and awareness programs for its employees in information security, ensuring that the entire workforce is well-equipped to protect sensitive data and maintain compliance with security protocols.

Through these proactive measures, BFL aims to create a secure digital environment that supports its business objectives while protecting the interests of its clients and stakeholders.

Sustainability Strategy

BFL recognizes sustainability as a core component of the company's corporate values, believing that integrating sustainable business practices is crucial for creating long-term value for stakeholders and meeting society's evolving needs. The Company's unwavering pursuit for a competitive advantage has allowed it to deliver exceptional results and achieve profitability while adhering to sustainable business principles. BFL understands that being a responsible corporate citizen involves actively contributing to societal betterment through various social initiatives. Additionally, the Company's commitment to quality management has enabled it to enhance customer value and satisfaction.

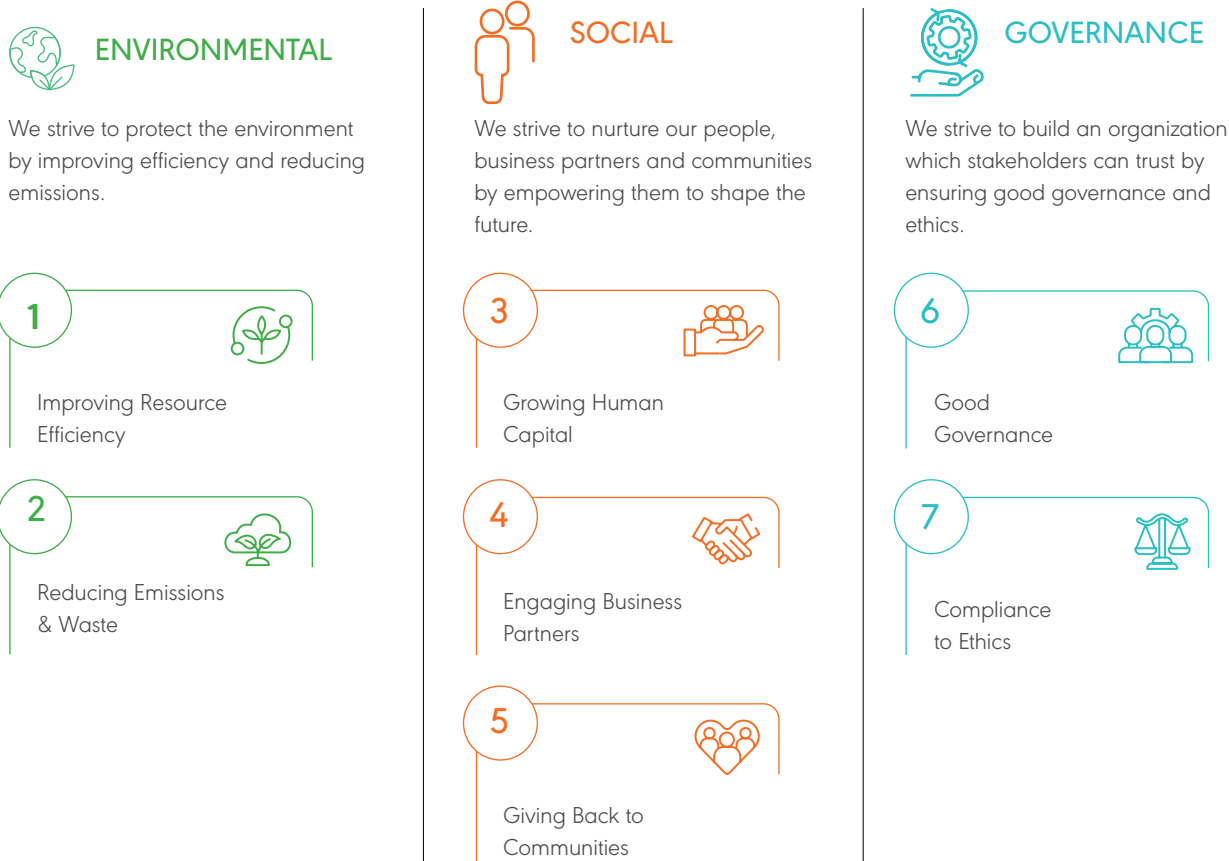
BFL is committed to minimizing impacts, maximizing value, and ensuring a planet-positive approach. Through its sustainability strategy, the Company aims to balance economic prosperity, social well-being, and environmental stewardship. To advance its sustainability agenda, the Company has established three key pillars that form the foundation for its strategic goals. These pillars guide the company's efforts to continuously enhance its sustainability practices and drive positive change within the organization. By concentrating on these pillars, BFL demonstrates its progress and dedication to a sustainable future.



Sustainability Framework

BFL operates under core principles that guide the company in navigating risks and opportunities impacting customers, investors, employees, value chain partners, and communities. These principles are central to BFL’s sustainability approach, rooted in the belief that sustainable business practices require strong corporate governance. The company prioritizes ethical conduct and transparency, recognizing that a sustainable future is essential for all stakeholders. BFL. The company continuously adapts and refines its practices to meet the growing demand for sustainable solutions, ensuring the provision of viable alternatives. Committed to translating its strategic vision into concrete actions, the Company strives for effective management and enhanced transparency across all its initiatives.

Our Sustainability Roadmap



11 of 17 SDGs favorably impacted through our roadmap



At BFL, sustainability is not just a strategic priority but a fundamental value that underpins the entire organization. The company firmly believes that the decisions made today have far-reaching impacts on a wide range of stakeholders, including customers, investors, employees, value chain partners, and the communities where it operates. This deep understanding of interconnectedness forms the bedrock of BFL's sustainability framework, guiding the company as it navigates material risks and seizes opportunities. By embedding sustainability into the core of its business strategy, BFL ensures that it is well-positioned to meet the challenges and demands of a rapidly changing world.

BFL's approach to sustainability is both intentional and dynamic, reflecting the company's commitment to continuous improvement. The company recognizes that sustainability is an ongoing journey rather than a one-time goal. Therefore, it is determined to embrace industry-leading innovations and methodologies that foster long-lasting, sustainable solutions. This evolution is driven by a top-down commitment to sustainability, ensuring that these values permeate every level of the organization, from the boardroom to the shop floor. Through this approach, BFL not only meets the immediate needs of its stakeholders but also contributes to the broader goal of sustainable development.

Looking ahead of FY2024, BFL has set its ambition to become a leader in Environmental, Social, and Governance (ESG) within the manufacturing sector. This ambition is fueled by a profound purpose: to act as a catalyst for positive change through strategic ESG initiatives and investments. For BFL, this purpose goes beyond rhetoric; it is a central pillar of the company's sustainability journey. The company understands that achieving leadership in ESG requires more than just good intentions – it demands concrete actions, clear targets, and unwavering commitment. To this end, BFL has established a set of ambitious ESG goals that align with its long-term vision of sustainability.

A key component of BFL's ESG strategy is its comprehensive roadmap for decarbonization. As the world moves towards a low-carbon future, BFL is determined to play a leading role in reducing greenhouse gas emissions across its operations. This roadmap outlines a clear path toward decarbonization, incorporating innovative technologies and best practices that will enable BFL to minimize its environmental footprint while maintaining operational excellence. Furthermore, BFL's commitment to ESG is holistic, encompassing not only environmental sustainability but also social responsibility and excellence in governance. The company is dedicated to integrating ESG principles into every aspect of its operations, ensuring that sustainability is embedded in its corporate DNA.

7 Objectives and 25 Measures : Aligned with UN SDGs

ENVIRONMENTAL

1



Improving Resource Efficiency

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

Alignment with SDGs

6



7



12



13



2



Reducing Emissions & Waste

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

SOCIAL

3



Growing Human Capital

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

4



Engaging Business Partners

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

5



Giving Back to Communities

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

Alignment with SDGs



GOVERNANCE

6



Good Governance

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

7



Compliance to Ethics

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

Alignment with SDGs



Stakeholder Engagement and Materiality Assessment

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



Approach to Stakeholder Engagement

Stakeholder engagement is central to BFL's commitment to sustainability and responsible business practices. Recognizing the importance of diverse stakeholders, BFL actively engages with them to understand and address their needs, concerns, and expectations. This proactive approach ensures that the company integrates both the internal and external risks and opportunities into its strategic planning, thereby future-proofing its operations.

Understanding and Addressing Stakeholder Needs:

BFL acknowledges that stakeholders – including employees, customers, suppliers, investors, regulatory bodies, and local communities – play a crucial role in its business ecosystem. By actively listening to and engaging with these groups, the company gains valuable insights into their perspectives. This helps BFL align its business practices with stakeholder expectations and fosters a sense of trust and collaboration.

Integrating Risks and Opportunities: Engaging with stakeholders allows BFL to identify potential risks and opportunities from various sources. This comprehensive understanding enables the company to incorporate these factors into its strategy formulation. By anticipating challenges and leveraging opportunities, BFL enhances its ability to navigate the dynamic business landscape and maintain a competitive edge.

Future-Proofing Operations: BFL's commitment to stakeholder engagement goes beyond immediate concerns. By fostering ongoing dialogue and collaboration, the company aims to build resilient relationships that support long-term sustainability. This approach not only addresses current issues but also prepares the company for future challenges and opportunities, ensuring sustainable growth.

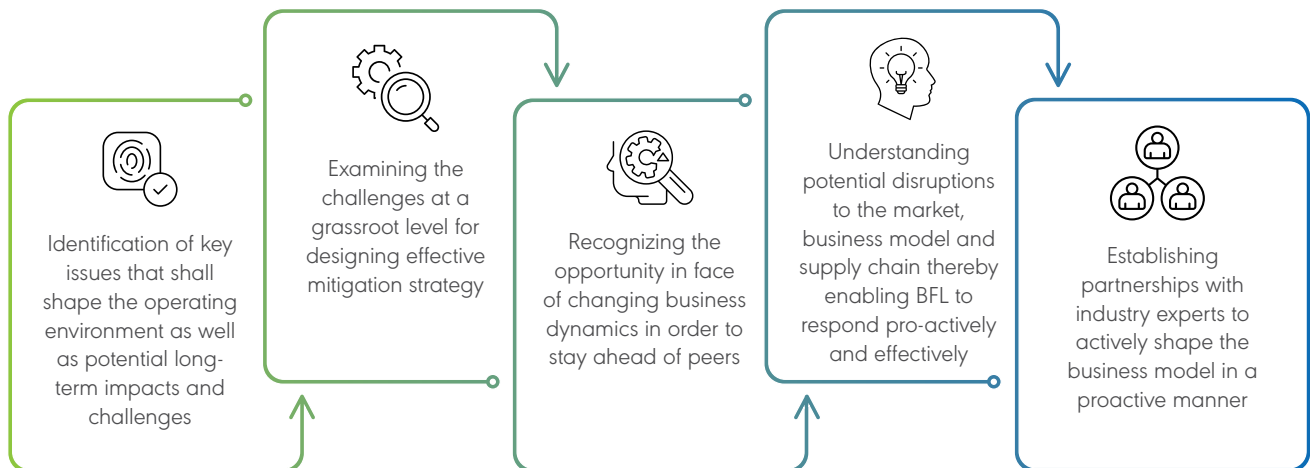
Commitment to Responsible Business Practices: BFL's stakeholder engagement efforts reflect its dedication to responsible business conduct. The company recognizes that its success is intertwined with the well-being of its stakeholders and the broader community. By prioritizing transparency, ethical practices, and mutual respect, BFL demonstrates its commitment to being a responsible corporate citizen.

Examples of Engagement Initiatives:

- **Employee Engagement:** Regular surveys, feedback mechanisms, and open forums to understand employee needs and improve workplace conditions.
- **Customer Interaction:** Ongoing communication channels and feedback loops to ensure product and service offerings meet customer expectations.
- **Supplier Collaboration:** Partnering with suppliers to enhance supply chain sustainability and ethical sourcing practices.
- **Community Involvement:** Community outreach programs and initiatives to address local concerns and contribute to social development.

Through continuous dialogue and collaboration with its stakeholders, BFL aims to create a positive impact on the environment, society, and the economy. This holistic approach not only supports sustainable growth but also strengthens the company's reputation as a leader in responsible business practices.

Stakeholder Engagement Process



For details on list of stakeholder groups identified as key for BFL and the frequency of engagement with each stakeholder group please refer to our [Annual Report 2023-2024 Page No. 141](#)

The Company has a grievance redressal mechanism for all of its stakeholders and for further information refer the following link - <https://www.bharatforge.com/sustainability/social/#top>

Materiality Assessment

In fiscal year 2024, BFL Limited (BFL) conducted a comprehensive assessment to evaluate and prioritize its environmental, social, and governance (ESG) factors after a gap of 3 years. Previous Materiality assessment was conducted in the fiscal year 2020-21. BFL understands the critical need to consider both financial and non-financial aspects in its materiality assessment. By adopting the concept of double materiality, BFL ensures that it addresses the impacts of its operations on the environment and society, as well as how environmental and social factors influence its financial performance.

Adherence to leading standards and frameworks:

To conduct this materiality assessment, BFL followed leading standards and frameworks, including:

- The EU's Corporate Sustainability Reporting Directive (CSRD) Guidelines
- The Global Reporting Initiative (GRI) Standards 2021
- The Sustainability Accounting Standards Board (SASB) standards

For the current reporting year, the concept of double materiality has been adopted for BFL. Double materiality is the principle that defines the ESG topics important to both BFL's business (financial materiality) and its stakeholders (impact materiality). It represents the union of these two perspectives, meaning a topic is considered material if it is relevant from either an impact standpoint or financial standpoint, or both.

- **Impact materiality:** How the company's activities affect the environment and society (pollution, human rights, labor practices).
- **Financial materiality:** How environmental and social issues impact the company's financial performance (climate risks, regulatory changes).

Materiality assessments guide strategy alignment, going beyond sustainability reporting to address key business and stakeholder concerns, in line with EU's CSRD directive and GRI Standards (2021).

Companies under the EU's CSRD must disclose both impact and financial materiality on sustainability matters. As BFL caters to EU market, the Company has ensured its materiality assessment to be in line with CSRD requirements and hence, conducted the Double Materiality assessment.



Materiality Assessment Process

1. Understanding the organization's context: BFL initiated its materiality assessment by creating a high-level overview of its activities and business relationships. This initial step involved analyzing the sustainability context in which the company operates and identifying its stakeholders.

BFL's materiality assessment involves engaging with a diverse range of stakeholders including internal stakeholders like Board of Directors, Senior Management, employees, and external stakeholders like regulatory authorities, suppliers, customers, and community. Materiality survey was conducted via online google form for employees / suppliers / customers / community representatives / Regulatory authorities, one-on-one sessions for Board of Directors / Senior Management and in person responses were taken in case of workers.

This comprehensive understanding provided critical insights into BFL's actual and potential impacts, forming a foundation for the assessment process.

2. Identifying actual and potential impacts: The next step involved identifying BFL's actual and potential impacts on the economy, environment, and people, including human rights considerations. This encompassed a thorough

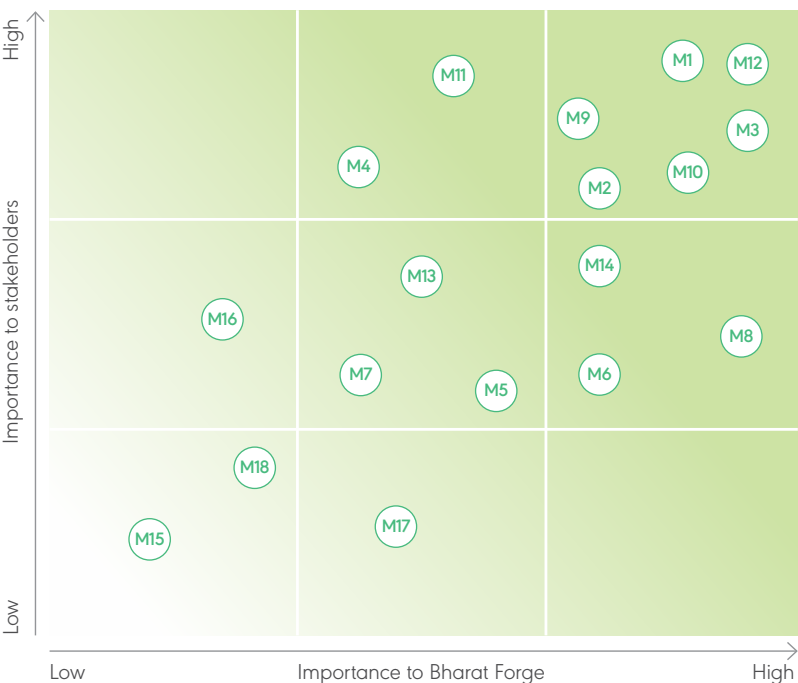
examination of the company's operations and business relationships to recognize where and how these impacts occur. This step is crucial for understanding the breadth and depth of BFL's influence across various dimensions.

3. Assessing the significance of the impacts: With identified impacts in hand, BFL assessed their significance to prioritize them effectively. This assessment combined quantitative and qualitative analyses to determine which impacts were most significant. The significance of each impact was evaluated based on various factors, including the sectors in which BFL operates and its business relationships. This step sometimes required subjective judgment to accurately reflect the importance of each impact.

4. Prioritizing the most significant impacts for reporting: The final step involved organizing the impacts from most to least significant. BFL prioritized the most critical issues for reporting, ensuring that the most relevant and impactful topics were highlighted in its sustainability strategy. This prioritization ensures that BFL addresses the areas of greatest concern and influence, aligning its efforts with stakeholder expectations and sustainability goals.

Materiality Matrix

- M1 Sustained performance & quality
- M2 Health, safety & environment
- M3 Climate change
- M4 Intellectual property
- M5 Innovation
- M6 IT, data center & farsight disaster recovery
- M7 Human capital development
- M8 Maintenance
- M9 Data protection
- M10 Brand risk/reputation
- M11 Customer satisfaction
- M12 Disaster recovery
- M13 Supply chain management
- M14 Corporate governance & business ethics
- M15 Local communities
- M16 Diversity, inclusion and equity
- M17 Biodiversity
- M18 Public policy advocacy



Material Topics and its description:

M1: Sustained performance & quality

Sustained performance and quality mean consistently achieving high standards in products and operations, ensuring reliability, strengthening competitive positioning, and fostering lasting stakeholder trust.

M2: Health, safety & environment

Health, safety, and environment encompass the commitment to protecting employee well-being, ensuring safe working conditions, and minimizing environmental impact through sustainable practices.

M3: Climate change

In view of the changing climate scenario, Climate strategy focuses on identifying the risks associated with climate change and their management, which might potentially have financial, reputational, and legal impacts on the company.

M4: Intellectual property

Intellectual Property Rights (IPR) encompass legal protections for creative works and innovations, including copyrights, patents, trademarks, and trade secrets. Inadequate IP protection can lead to counterfeiting, information leakage, and licensing disputes, with the costs of protection and evolving regulations adding complexity.

M5: Innovation

Innovation refers to the dynamic process of integrating cutting-edge technological advancements to enhance the reliability, efficiency, and longevity of assets.

M6: IT, Data center & farsight disaster recovery

IT, Data Center, and Farsight Disaster Recovery focus on ensuring data security, business continuity, and rapid response to disruptions by safeguarding critical information, maintaining resilient infrastructure, and implementing proactive disaster recovery solutions.

M7: Human capital development

Human Capital Development reaps benefits with respect to an agile and productive workforce leading to overall business objectives promoting growth.

M8: Maintenance

Maintenance involves regular monitoring and optimization of energy systems to enhance efficiency, reduce consumption, and ensure the sustainability and reliability of operations.

M9: Data protection

Data Privacy and Security is the process of implementing measures and systems designed to securely protect and safeguard information and also implies that businesses should use private data only for the intended purposes.

M10: Brand risk/reputation

Brand risk/reputation refers to the potential impact on a company's image and public perception due to factors such as product quality, customer experience, ethical practices, or external events, which can influence customer trust and business success.

M11: Customer satisfaction

Customer satisfaction is a core priority, with a focus on consistently meeting and exceeding expectations to build trust and create lasting value.

M12: Disaster recovery

Disaster recovery refers to the strategies and processes implemented to restore critical systems, data, and operations following a disruptive event, ensuring minimal downtime and business continuity.

M13: Supply chain management

Supply chain sustainability involves managing the supply chain to mitigate risks through supplier sustainability evaluation, adherence to a supplier code of conduct, and promoting responsible procurement to harness opportunities.

M14: Corporate governance & business ethics

Corporate governance guides a company's operations by balancing stakeholder interests – such as those of shareholders – with principles of accountability, transparency, responsibility, and fair competition, while business ethics establishes policies and processes that align with organizational goals and uphold human, cultural, economic, political, and social rights.

M15: Local communities

Supporting community development programs shall uphold the company's brand image while promoting better quality of life for the beneficiaries.

M16: Diversity, inclusion and equity

Diversity and inclusion are two interconnected concepts – but they are far from interchangeable. Diversity is about the representation or the make-up of an entity. Inclusion is about how well the contributions, presence, and perspectives of different groups of people are valued and integrated into an environment. This issue refers to the diversity and inclusion practices of BFL and its value chain partners.

M17: Biodiversity

Biodiversity management involves monitoring and mitigating business impacts in protected or high-biodiversity areas near operations, aiming to prevent and remediate biodiversity loss.

M18: Public policy advocacy

This refers to both public and private partnerships between governments, the private sector and civil society for a shared vision, and shared goals to address social and environmental matters of the sector.

To make the materiality matrix simpler and understandable to different stakeholders, results of materiality assessment are moderated. Moderation is a process of combining similar material topics. Optimum number of material topics helps organization to channelize efforts on identified material topics and maintain a sharper focus. Identified high-high material topics will be considered while revising ESG roadmap and framing ESG strategy. Various material issues are combined as mentioned in the table below:

Topic	Clubbed Topics	Materiality Topics
M1	Sustained performance & quality	Economic performance
M2	Health, safety & environment	Health and Safety Waste Management Effluents and Water Management
M3	Climate change	Climate Change Emissions and Air Quality Clean Technology
M4	Intellectual property	Intellectual Property Rights
M5	Innovation	Technological Innovation
M6	It, data center & farsight disaster recovery	Disaster Recovery & Product Stewardship
M7	Human capital development	Human Rights & Labor Management Talent Attraction and Retention Human Capital Development
M8	Maintenance	Energy Management
M9	Data protection	Data Protection
M10	Brand risk/reputation	Risk Management Marketing and Communications Local Communities
M11	Customer satisfaction	Customer Relationship Management
M12	Disaster recovery	Asset Management
M13	Supply chain management	Supply Chain Management Sustainable raw materials
M14	Corporate governance & business ethics	Corporate Governance Business Ethics Compliance
M15	Local communities	Local communities
M16	Diversity, inclusion and equity	Diversity, inclusion and equity
M17	Land degradation & biodiversity	Biodiversity
M18	Public policy advocacy	Public policy advocacy

In the context of Enterprise Value Creation, material topics are those that significantly influence a company's ability to generate long-term value. For BFL, these include Sustained performance & quality, Intellectual Property, Innovation, IT, Data Center & Farsight Disaster Recovery, Human Capital Development, Maintenance, Data Protection and Supply Chain Management. By addressing these topics, the company not only mitigates risks but also enhances its resilience, competitive advantage, and reputation in the market. Aligning with double materiality ensures that BFL's sustainability initiatives are directly tied to both its financial performance and its broader impact on stakeholders, driving sustained value creation.

Material topics that are significant for external stakeholders are those that reflect the company's broader environmental and social impact. Key areas for BFL include Climate Change, Health, Safety & Environment, Corporate Governance & Business Ethics, Disaster Recovery, Customer Satisfaction, Brand Risk/Reputation. By focusing on these areas, BFL builds

trust and strengthens relationships with customers, investors, regulatory bodies, and local communities, reinforcing its commitment to positive societal impact and long-term sustainability. Material topics such as Local Communities, Diversity, Inclusion & Equity, Biodiversity and Public Policy Advocacy, though rated as low unanimously by the stakeholders, is part of the materiality matrix. Reason being, they will be given focus by the organization in the coming years.

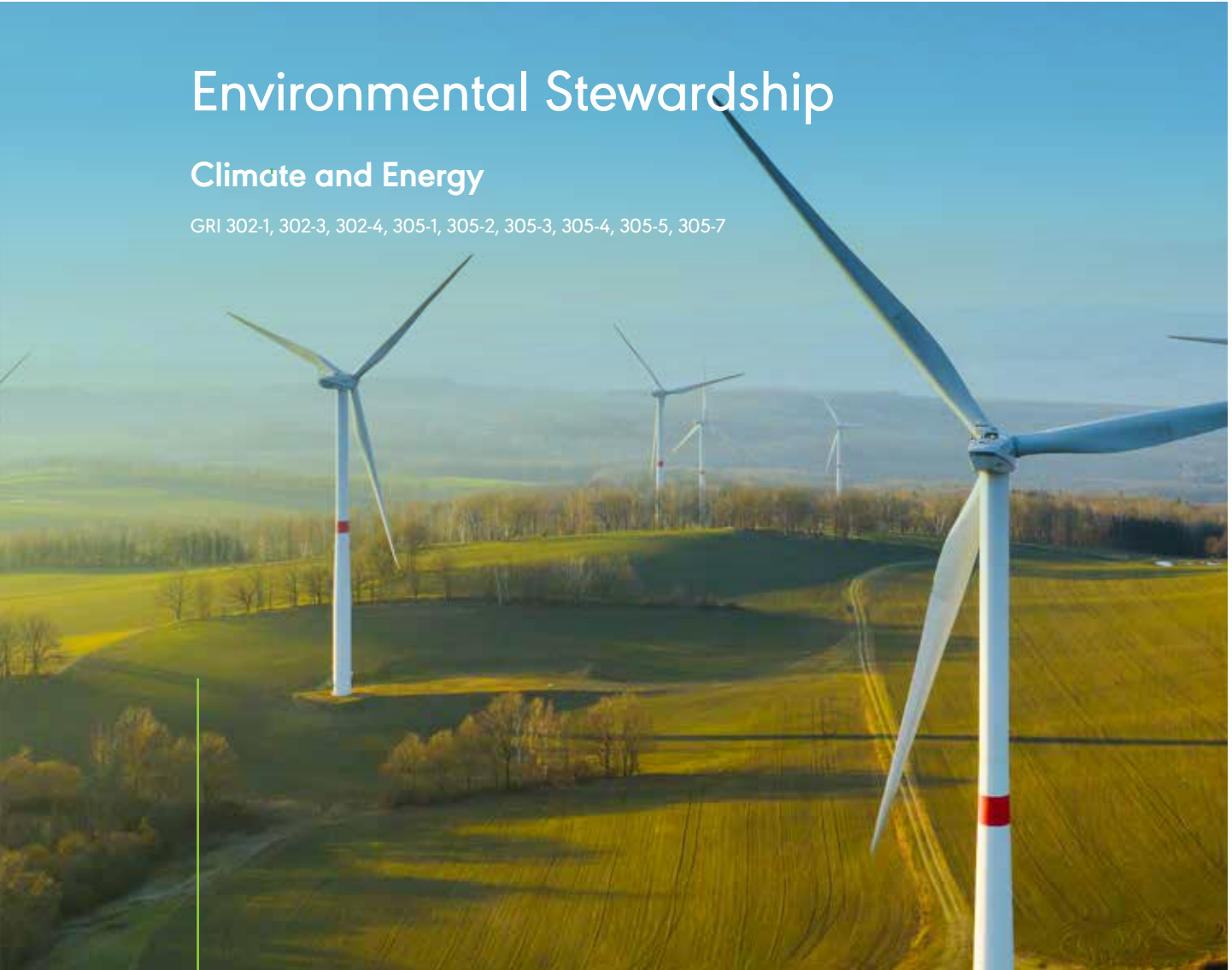
The results of the materiality assessment were formally reviewed and signed off by the Board ESG Committee and the Board of Directors, underscoring BFL's commitment to transparency, accountability, and alignment with stakeholder expectations in its sustainability initiatives. For further details on material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to BFL, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications please refer to [Annual Report 2023-2024 Page No. 121](#)



Environmental Stewardship

Climate and Energy

GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7



“BFL’s approach to energy management and emission reduction involves adopting sustainable practices and advanced technologies to enhance energy efficiency and reduce greenhouse gas emissions. BFL focuses on utilizing renewable energy sources like solar and wind power, replacing fossil fuels with cleaner alternatives, and optimizing manufacturing processes. By deploying energy-efficient equipment, upgrading the existing systems, and continuously monitoring and improving operations, BFL aims to minimize its environmental footprint and contribute to a low-carbon future.

SDG Alignment

6



7



12



13



15



Key Highlights

- 108,913 (tCO₂e) GHG emissions avoided by use of RE
- Reduced Scope 1 & 2 emission intensity by 19.67% against last year
- Operational Carbon Footprint verification and certification for 2023-24
- SBTi approval for near-term emission reduction targets
- ISO 50001:2018 - Energy Management System Certification

Key Initiatives undertaken during FY 2023-24

- Carbon Footprint Mapping by DQS for Last 3 Consecutive Years:
 - Comprehensive carbon footprint mapping verified and assured by DQS
 - Annual carbon footprint reports prepared for the past two years, highlighting emissions and reduction progress
 - Data utilized for strategic planning and sustainability reporting
- Product Level Carbon Footprint Mapping for Mainstream Products:
 - Ongoing detailed analysis of carbon emissions at the product level
- Focus on mainstream products to identify key areas for improvement
- Integration of findings into product design and supply chain management to achieve low carbon products
- ISO 50001:2018 Energy Management System Certification Obtained:
 - Achieved certification for adherence to ISO 50001:2018 Energy Management system standards
 - Demonstrates the commitment towards continuous improvement in energy performance
 - Framework in place for systematic energy management and reduction of carbon footprint
- Near Term-Emission Reduction Targets Approved by SBTi:
 - Science-Based Targets initiative (SBTi) approval of near-term emission reduction targets
 - Targets aligned with the latest climate science to limit global warming
 - Clear roadmap for achieving significant emissions reductions in the short term

Strategic Approach

BFL is dedicated to energy management as a fundamental aspect of its sustainability initiatives. The company's strategy is anchored on three primary pillars: cleaner fuels, green energy, and energy efficiency.



1. Cleaner Fuels

A transition from traditional fuels to cleaner, greener energy sources

- Actively shifting away from traditional fossil fuels.
- Exploring alternative fuel sources to lower emissions.
- Investing in technologies to reduce carbon footprint.



2. Green Energy

Solar panels and wind turbines

- Adopting renewable energy sources like solar and wind power.
- Reducing reliance on non-renewable resources for energy consumption.
- Supporting a low-carbon future and global climate change efforts.



3. Energy Efficiency

A gear and an energy-saving light bulb

- Optimizing processes to save energy and reduce waste.
- Implementing energy-efficient technologies across operations.
- Enhancing operational efficiency while minimizing environmental impact.

Board ESG Committee oversees the initiatives to mitigate the climate change. The Committee meets a minimum of twice in a year to review the progress and advises the management on further course of actions. Head-ESG at the level of Vice President takes the direction from ESG committee and ensures its implementation through a management-level committee.

Goals for 2030

Purpose	Measures Undertaken	Progress Achieved against base year 2019-20	Status
To protect the environment by improving efficiency and reducing emissions	80% renewable energy consumption by 2030	39.45% Renewable Energy	In Progress
	60% reduction in Energy Intensity (in terms of production) by 2030	20.55% Reduction in energy intensity	In Progress
	50% lesser Scope 1&2 emissions by 2030	17% Reduction in Scope 1&2 emission	In Progress
	30% lesser Scope 3 emissions by 2030	-37% Reduction in Scope 3 emission	In Progress
	Carbon Neutral by 2030	Implementation of initiatives to achieve Carbon neutrality is in progress	In Progress

Energy Management System

BFL has taken significant strides in energy management by implementing an Energy Management System (EnMS) certification under ISO 50001:2018 across its facilities. Initiated in the fiscal year 2022-23, this certification was successfully achieved at four out of five sites by FY2024. The EnMS framework has revolutionized BFL's energy management practices, improved data collection accuracy and enabled comprehensive analysis of energy consumption patterns. By conducting detailed energy reviews and identifying significant energy use (SEU) areas, the company has been able to implement targeted energy efficiency actions.

Aligned with its ESG Roadmap, BFL has set ambitious

goals to reduce energy intensity by 60% and increase the renewable energy use to 80% by 2030, using FY2020 as the baseline. The EnMS certification process involves setting location-specific energy efficiency targets, with regular reviews to ensure progress. Additionally, investments in R&D projects are being made to further reduce energy consumption in operations. In FY2024, extensive awareness training was provided to energy users across all sites, reinforcing the company's commitment to sustainable energy practices.

Energy Audits are being carried out at the system level in all the certified sites on a regular basis and the actions identified during the audits are being addressed in a systematic manner.

Energy Consumption Pattern

Parameter	FY2024	FY2023
From renewable sources (GJ) (A)		
Total electricity consumption - Solar + Wind	5,52,233	3,81,214
Total energy consumed from renewable sources	5,52,233	3,81,214
From non-renewable sources (GJ) (B)		
Total electricity consumption	8,47,582	9,22,150
Total fuel consumption	13,17,478	12,51,303
Total energy consumed from non-renewable sources	21,65,060	21,73,453
Total Energy Consumed (A+B)	27,17,293	25,54,667

Table: Energy Consumption Pattern

Energy Intensities

Parameter (GJ)	FY2024	FY2023
Total electricity consumption	13,99,815	13,03,364
Total fuel consumption	13,17,478	12,51,303
Total energy consumption	27,17,293	25,54,667
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	30.30	33.74
Energy intensity (GJ / MT Production)	9.98	10.36

Table: Energy Intensity

Energy Efficiency Actions

Focus in achieving energy efficiency in the operations is maintained all through the year. Improved energy performance, reduced energy consumption thereby lesser greenhouse gas emissions are achieved through adoption of latest technologies. Conversion to cleaner fuels in the systems such as furnaces is a classic example. We would like to share few of these energy efficiency actions here.

1. Heaters in the raw material heating application

1a. Conversion of fuel-fired heaters to electrical heaters

Raw material is heated as part of the process. Use of fossil fuels such as SKO, LPG, PNG for this heating application contributed to excessive greenhouse gas emissions in addition to higher operational and maintenance costs. To address this, these heaters have been identified for conversion to electrically operated systems.

Electromagnetic Induction billet heaters deployed as part of this conversion uses latest technologies and provides a precise control over the temperature for heating operation along with consistent heating profiles, reduced waste generation and lesser operating space.

Conversion of these systems are being done in phased manner across the operations. Systems converted this year yielded a reduction in energy consumption to the tune of 588.24 MWh and emission reduction to the extent of 417.24 tCO₂e.

1b. Change in the fuel used in heaters

In few of the fuel-fired systems where we have operational challenges in converting them to electrical systems, fuels such as SKO (Superior Kerosene Oil) and LPG (Liquified Petroleum Gas) have been replaced with PNG to reduce the quantum of GHG emissions. This helped in reducing the emission to the tune of 280.78 tCO₂e. Conversion of these type of systems are also being done in phased manner across the operations.

1c. Optimization of the heater size

Electromagnetic induction heaters heat the materials directly, without requiring physical contact between the heating element and the material. Size of the heater is adjusted based on the maximum product diameter. Energy consumption depends on the size of the heater and wastage of energy occurs when there is a mismatch in size. Reduced billet heater size contributes to lower electricity consumption leading to reduction in energy consumption. Implementation of this initiative resulted in the energy savings to the extent of 1,097.65 MWh and emission by 779.33 tCO₂e.



2. Natural draft to closed loop cooling towers

Natural draft cooling systems are replaced with the closed loop as they help in efficient heat transfer by maintaining stable fluid temperatures, reduced evaporation loss thereby lesser makeup water requirement. Elimination of a cooling stage in the system reduces the capacity of motors required for the operation. This initiative helps in ensuring reduced water footprint along with enhanced operational reliability.

Replacement of cooling systems are being done in phased manner across the operations. Systems converted this year yielded a reduction in energy consumption to the tune of 388 MWh and emission reduction to the extent of 275.65 tCO₂e per annum on an average. Also, this helped us in reducing the water consumption by 2,700 KL / year.



3. Energy optimization in Air compressor operations

3a. Air delivery nozzle modification to regulate air pressure

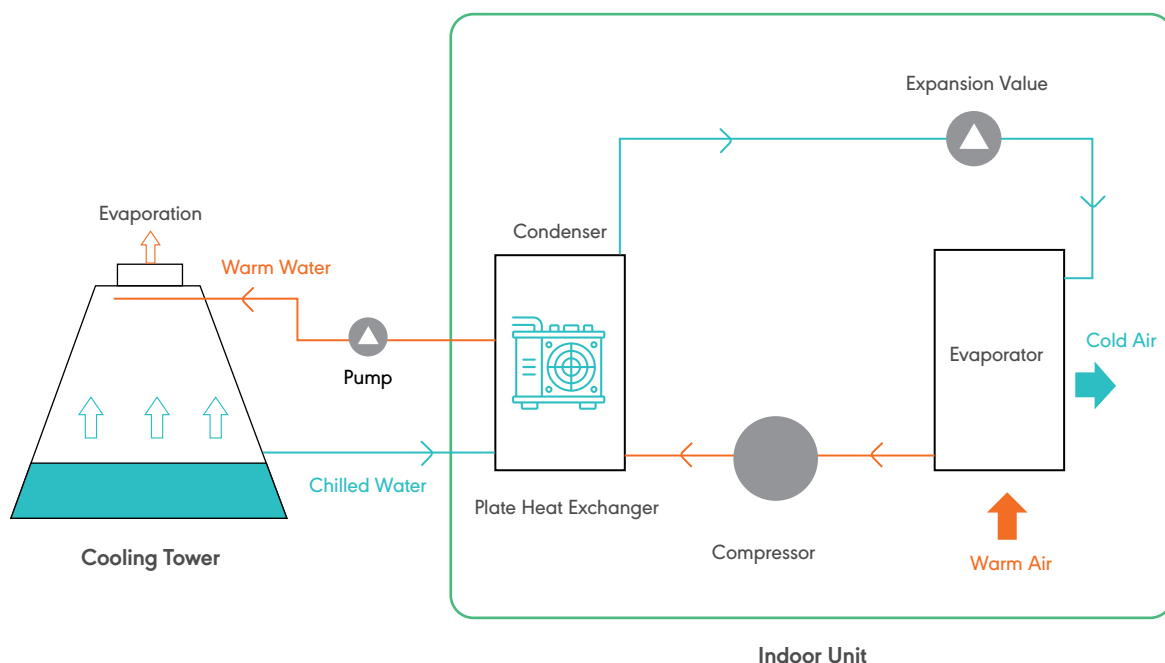
Compressed air used in the machine operations have been regulated by replacing the existing air discharge nozzles with a smaller ones. Also, the modification done in the design of these nozzles provide opportunity for air savings. These air saving nozzles suck air from the atmosphere and delivers it with the air from the compressor system, increasing overall output of the air nozzles. Replacement of existing air delivery nozzles are being done in phased manner across the operations. Systems converted this year yielded a reduction in energy consumption to the tune of 46.8 MWh and emission reduction to the extent of 33.50 tCO₂e per annum on an average.



3b. Replacement of cooling media in condensers

Air is used as the cooling medium in the condensers of air compressors. Since the heat transfer capacity, thermal conductivity and convection coefficient of water is higher than that of air, air-cooled systems have been replaced with water-cooled systems. Water-cooled systems are more efficient and can maintain stable operating temperatures for compressor condensers, improving the overall system performance and reliability.

Replacement of cooling media is being done in phased manner across the operations. Systems converted this year yielded a reduction in energy consumption to the tune of 105.88 MWh and emission reduction to the extent of 75.81 tCO₂e per annum on an average.



3c. Installation of VFDs (Variable frequency drive)

Fans are used to circulate air in cooling towers and motors are used for the same. Installation of variable frequency drives (VFD) for these motors helps in regulating the electrical energy consumption based on the load for the fan motor, thereby the temperature of the output water. Also, as VFD allows the fan to run at a lower speed, reducing the mechanical stress and extends the life span of the equipment.

Installation of VFDs is being done in phased manner across the operations. Systems converted this year yielded a reduction in energy consumption to the tune of 30 MWh and emission reduction to the extent of 21.48 tCO₂e per annum on an average.

4. Installation of APFC panel for PF correction

Fluctuation in power factor is observed in the devices such as motors, transformers, and inductors as they consume reactive power. Current lag behind the voltage and this could be corrected by using capacitors. An Automatic Power Factor Correction (APFC) panel is a device used to improve the power factor to unity or above 0.95 of electrical systems. A good power factor is crucial for efficient power usage and can help reduce electricity costs and avoid penalties from utility companies.

Installation of APFCs, wherever required, is being done in phased manner across the operations. Systems installed this year yielded a reduction in energy consumption to the tune of 1,534 MWh and emission reduction to the extent of 1,098.43 tCO₂e per annum on an average.



5. Automation in human intervention areas

Auxiliary devices such as blowers, conveyors, motors and chillers are operated when they are required for their primary equipment to operate. However, they consume constant amount of energy when they are in the idle mode or not required to operate their primary equipment. Such devices are operated or controlled manually by the operating personnel present in the respective areas. Implementation of logic controllers to these devices helps in reducing the energy consumption based on the requirement from the primary equipment.

Installation of logic controllers are being done in phased manner across the operations. Systems installed this year yielded a reduction in energy consumption to the tune of 247.02 kWh and emission reduction to the extent of 176.86 tCO₂e per annum on an average.

Going Green

Use of renewable energy in the operations is ensured as part of our decarbonization strategy and consistent efforts are being made every fiscal year to increase the share of renewable energy from different sources that includes wind and solar.

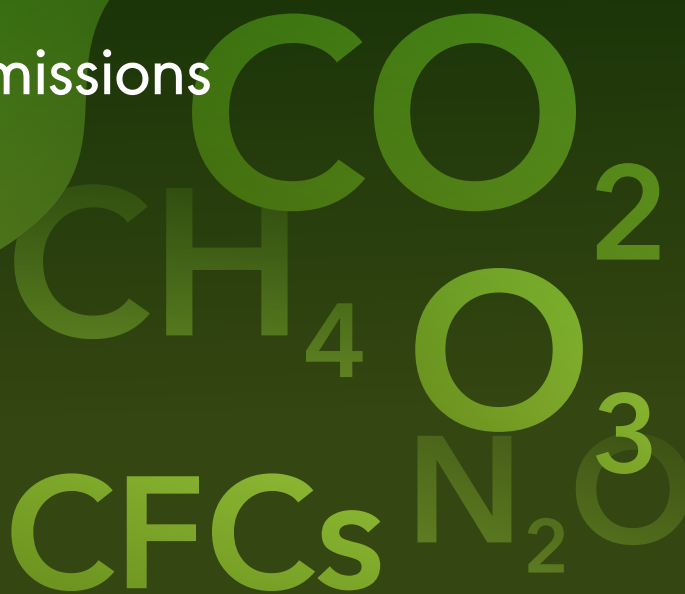
6. Other energy efficiency actions taken up in the operations

- Replacement of Mercury vapor lamps with energy-efficient LEDs.
- Replacement of water pumps.
- Replacement of old compressor with new compressors.
- Conversion of conventional furnaces with regenerative furnaces.
- Elimination of air leakages in various shops.
- Provision of separate compressor based on the requirements.

Implementation of above projects lead to a reduction in energy consumption to the tune of 4,677.95 MWh per annum and emission reduction to the extent of 3,349.40 tCO₂e per annum on an average.

Our present installed capacity of renewable energy is 85 MW which includes 25 MW of Wind Energy and 60 MW of Solar Energy. Sourcing of this renewable energy is done from the wind farm owned by the Company and also through multiple Power Purchase Agreements with the 3rd party developers.

GHG Emissions

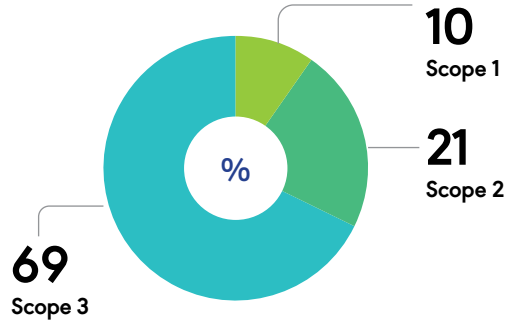


BFL is aware of the environmental impact of its energy-intensive operations, which involve the on-site combustion of non-renewable fuels that contribute to the direct emissions and use of electricity that contribute to the indirect emissions. As a major player in the manufacturing sector and a significant emitter of GHG emissions, the Company is committed to mitigate its carbon footprint.

BFL is adopting sustainable practices and cleaner technologies aimed at reducing its carbon footprint. The Company's strategy centers on three main areas: enhancing energy efficiency, exploring alternative energy sources, and minimizing emissions from purchased electricity. By investing in renewable energy, optimizing processes, and implementing energy-saving measures, BFL is actively working to lower its carbon impact.

Recognizing the importance of proactive measures to combat climate change, BFL is dedicated to foster a more environmentally responsible manufacturing industry. The Company views these efforts as essential for sustainable development and is committed to leading by example in the pursuit of a greener future.

GHG Emissions (tCO₂e) for FY2024



Carbon footprint is becoming a widely used measure of an organization's contribution to climate change in terms of its greenhouse gas emissions.

Goals as part of ESG Roadmap

50%

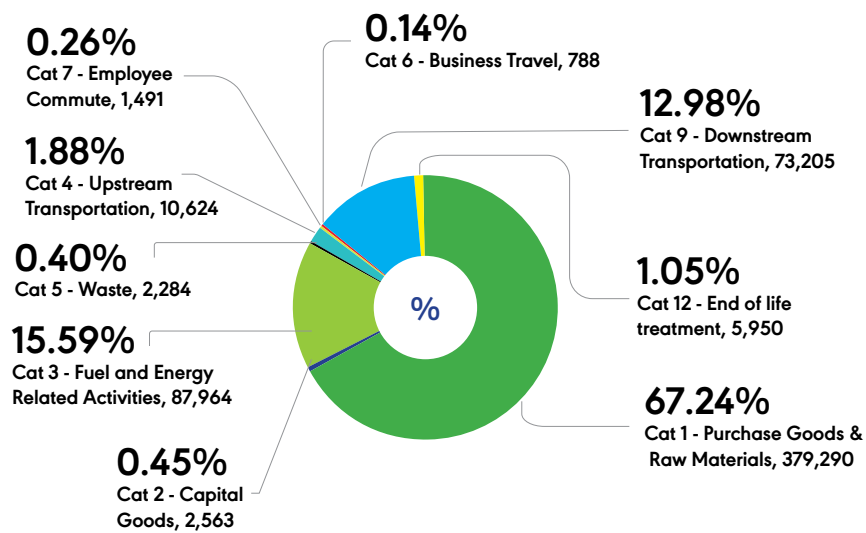
lesser Scope-1 & 2 emissions by 2030

30%

lesser Scope-3 emissions by 2030

Estimating a carbon footprint helps an organization to understand the link between what they consume as energy and its impact on the environment through carbon emissions.

Scope 3 Emissions Distribution - Categories (FY2024)



GHG emissions are estimated under various scope (Scope 1, 2 & 3) which is represented as carbon equivalent (CO₂e) and verified & assured by a third-party agency (M/s. DQS India in our case). Verification and assurance have been done for the fiscal years - FY2020 (baseline year), FY2022, and FY2024.

Comparison of estimated GHG emissions against per ton of production between FY2020 (considered as baseline year) and 2023-24 indicate a decrease of 18.48%. (Including Scope 1,2&3)

Contribution of different emission categories are represented in the attached pie charts, which give scope-wise emission as well as Scope 3 emissions split into category-wise.

Science Based Targets Initiative (SBTi) Validation of Near-Term Emission reduction targets

Near-term emission reduction targets are set by using SBTi target setting tool. Target submission form is filled and submitted to SBTi for verification along with the other required evidence. All clarifications sought after by SBTi have been provided by us.

We have committed to reducing absolute Scope 1 and 2 GHG emissions 54.6% by FY2033 from a FY2020 base year to be in line with SBTi. Also, commitment to reduce absolute Scope 3 GHG emissions 54.6% within the same timeframe. We would be having the SBTi approval in place for our Near-term emission reduction targets when this report is published in the public domain, as we have provided satisfactory response to SBTi validation team and expecting a positive feedback from them.

Scope Emissions

Parameter	Unit	FY2024	FY2023
Total Scope 1 emissions	Metric tons of CO ₂ equivalent	82,745	79,276
Total Scope 2 emissions	Metric tons of CO ₂ equivalent	1,67,163	2,02,362
Total Scope 3 emissions	Metric tons of CO ₂ equivalent	5,64,161	5,64,947

Table: Scope 1, 2 and 3 Emissions

Emission Intensities

Parameter	Unit	FY2024	FY2023
Total Scope 1+2 emission intensity	(Metric tons of CO ₂ /Metric tons of Production)	0.92	1.14
Total Scope 3 emission intensity	(Metric tons of CO ₂ /Metric tons of Production)	2.07	2.29

Table: Emission Intensities

Emission Reduction Initiatives

BFL has implemented significant emission reduction initiatives as part of its decarbonization plan. The company utilized 1,18,234 MWh of solar electricity and 35,165 MWh from wind turbines to reduce its reliance on non-renewable energy sources. Additionally, BFL replaced traditional oils such as furnace oil, LDO, biodiesel, and SKO with cleaner fuels like PNG and LPG in its furnace operations. These efforts collectively reduced oil consumption by 2,015 KL and lowered emissions by 1,09,075 tCO₂e.

Air Emissions

BFL is committed to optimizing the operational efficiency and reducing air emissions from its operations. By implementing industry best practices, the company targets a significant reduction in pollutants such as SO_x, NO_x, particulate matter, and other emissions resulting from fossil fuel combustion.

To comply with the National Ambient Air Quality Standards (NAAQS 2009) and local regulations, BFL has established robust monitoring systems. These systems ensure that emissions remain well within permissible limits, reflecting the company's dedication to environmental health and community well-being.

In alignment with its environmental stewardship goals, BFL has made substantial improvements in its manufacturing processes. Guided by international

agreements like the Montreal Protocol and local regulations, the company has transitioned to zero-ODP refrigerants, demonstrating its commitment to protecting the ozone layer.

Responsible environmental management is integral to BFL's growth strategy. The company focuses on reducing its environmental impact while delivering value to stakeholders, underscoring its dedication to sustainability and long-term success.

Parameter	Unit	FY2024	FY2023
Particulate matter (PM) (Less than 2.5 Micron)	Mg/Nm ³	22.08	20.11
SO _x	Mg/Nm ³	11.48	9.28
NO _x	Mg/Nm ³	16.35	11.98

Nominal increase in the values is attributed to the increase in overall production volumes and the product mix during the reporting year. However, the emission levels are well within the limits prescribed by the State Pollution Control Board.

Water Stewardship

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



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Sustainability Report 2023-24

BFL recognizes the critical importance of water as a vital resource for the operations and the well-being of the communities. BFL adopts sustainable water management practices, focusing on reducing water consumption, enhancing water efficiency, and implementing innovative conservation measures. Through these initiatives, the Company aims to contribute positively to environmental stewardship and resource sustainability.

SDG Alignment

6



14



Key Highlights

33.17%

of water is recycled in FY2024

11,28,679 KL

total consumption of water in FY2024

2.81%

decrease of specific water consumption from FY2023 to FY2024

Key Initiatives undertaken during FY2024

Water Management System strengthened with Industry 4.0

Water risk assessment: The Company during FY2023 undertook water risk assessment for all of its operational sites. The detailed report provides a roadmap for effective water risk management and sustainable practices. Further details can be accessed at [BFL Water Risk Assessment](#)

Strategic Approach

BFL’s approach to water stewardship involves comprehensive assessment and monitoring of water usage, enhancing efficiency, and engaging stakeholders in water management. The company aims to reduce water consumption and treat wastewater before discharge. Rigorous measures are undertaken to regulate water outflow, optimize usage, and explore alternative and recycled sources. Significant progress towards reusing and recycling

water has been made. Stakeholder engagement includes water-positivity training to promote collective commitment to conservation. The focus is on minimizing water requirements and wastewater volumes while ensuring compliance with quality standards. Specialized water treatment technologies enable water recovery and reuse, with regular site audits and awareness sessions to enhance the operations team’s expertise in water management.

Goals by 2030:

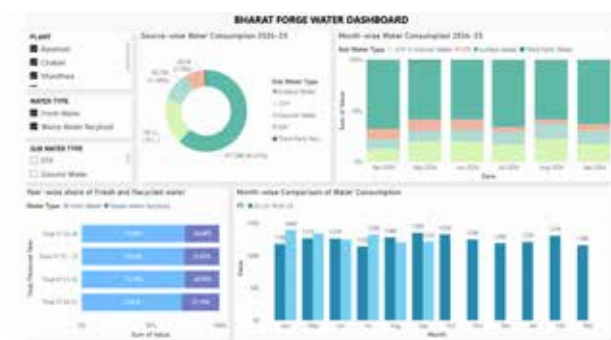
Purpose	Measures Undertaken	Progress Achieved against base year 2019-20	Status
To protect the environment by improving efficiency and reducing emissions	40% Lesser freshwater by 2030	24.86% Reduction in water intensity	In Progress
	60% Recycled water by 2030	33.17% Recycled water	In Progress
	Water Positive by 2030	-	Will start working towards the goal in upcoming years

Our Progress and Approach:

Measuring and Monitoring

We continuously monitor the water usage across all our facilities, track the consumption rates, identify areas of inefficiency, and implement strategies to optimize its usage. We strive to understand our water footprint comprehensively. Single line diagrams of water distribution networks were prepared which was followed by the installation of digital meters at various critical consumption points. Dashboards were prepared for monitoring and conducting data analytics of the water consumption.

Water management practices and performance is being reported at periodical intervals to different stakeholders. Our annual sustainability reports



provide the stakeholders with detailed insights into our water-related initiatives, including metrics on usage, water efficiency, and progress made towards our sustainability goals. The Company seek constant feedback from our stakeholders and work on the identified opportunities for improvement. Snapshots of the water management dashboards are provided here for reference:

Water Withdrawal

BFL views water stewardship as a fundamental responsibility of our organization and an integral part of sustainability agenda. Through ongoing innovation, collaboration, and commitment, the Company is dedicated to minimizing our water footprint, protecting this vital resource for future generations, and creating shared value for all stakeholders.

Water consumption across the operations and the intensity is being tracked. These details are being reported on a regular basis. Overall water consumption, quantity of surface & third-party water has been restated for previous year, to be in line with the definition given in the SEBI guidance note.

Sources of withdrawal	FY2024	FY2023
Surface water	639,830	572,572*
Groundwater	195,098	184,317
Seawater	0	0
Third-party water	293,751	295,716*
Total	1,128,679	1,052,605

*The values of water withdrawal by source for FY2023 has been restated. The municipal water and private supplied water have been classified as 'third party water' while in previous year, it was reported as 'surface water'. The values of water consumption for FY2023 have been restated due to change in the reporting approach.

Table: Water Withdrawal

Water Intensity

Sr. no.	Year	Intensity (KL/Ton)	Percentage decrease
1.	FY2021	5.70	-
2.	FY2022	4.81	15.61%
3.	FY2023	4.27	11.22%
4.	FY2024	4.15	2.81%

Table: Water Intensity

Water Discharge

BFL prioritizes the recycling and reuse of water wherever possible. Using wastewater treatment systems, the Company reclaims and recycles the wastewater received from various processes. Wastewater from industrial and domestic activities are being treated separately. This reduces our reliance on the sources of freshwater. All the operational sites of BFL are Zero Liquid Discharge (ZLD) facilities and hence, the Company do not discharge water out of our sites. Thus, the Company contributes to the conservation of this precious resource and alleviate pressure on local ecosystems.

Sr. no.	Year	Freshwater	Recycled water	Recycle water in (%)
1.	FY2021	937, 830	283,671	30.25%
2.	FY2022	1,065,628	296,595	27.83%
3.	FY2023	1,052,605	363,193	34.50%
4.	FY2024	1,128,679	374,332	33.17%

Table: Freshwater and Recycled water for last four consecutive years

Effluent Treatment Plant

Industrial wastewater is treated at the effluent treatment plants, ensuring the parameters of the treated water remains well within the prescribed limits. Our treatment process is meticulously designed to address various components typically found in industrial wastewater, such as suspended particles, scaling compounds, oil & grease, and dissolved organic matter. BFL handles sludge disposal with utmost care, adhering strictly to environmental regulations.

Our treatment process facilitates a smooth flow for wastewater processing. This includes equalization to balance incoming wastewater, flocculation for

effective particle aggregation, and methods to minimize sludge volume. Rigorous filtration techniques are employed to eliminate impurities, and the Company ensures responsible disposal of solids.

Treated water is contained and reused within our industrial facilities to prevent any unintended discharge. Our primary focus is on delivering outstanding products and services while responsibly managing our wastewater. By employing this advanced treatment system, the Company demonstrates its dedication to environmental sustainability, efficient resource utilization, and compliance with regulatory standards.





Sewage Treatment Plant

To enhance the management and treatment of wastewater from domestic activities, we have installed sewage treatment plants with a capacity of 750 m³ per day. Our facility utilizes a sequence of processes designed to achieve efficient treatment and reduce the environmental impact due to sewage.

The treatment process includes clarification of wastewater, aeration to facilitate biological degradation, settling of mixed liquor, and removal of suspended solids. Ongoing monitoring of solids concentration ensures treatment efficiency. The clarified effluent undergoes final filtration to produce treated water suitable for industrial use and gardening purpose, thereby advancing sustainable water management practices.

Water Consumption

BFL views water stewardship as a fundamental responsibility and a core component of its sustainability agenda. Through continuous innovation, collaboration, and unwavering commitment, the organization is dedicated to minimizing its water footprint and protecting this vital resource for future generations while creating shared value for all stakeholders.

The company meticulously tracks water consumption across its operations, monitoring usage intensity and reporting these details regularly. To ensure transparency and compliance, BFL has restated its overall water consumption figures, including quantities of surface and third-party water, in alignment with the definitions provided in the SEBI guidance note. This proactive approach underscores BFL's commitment to responsible water management and sustainable practices.

Particulars (Unit) (KL)	FY2024	FY2023
Surface water	6,39,830	5,72,572
Groundwater	1,95,098	1,84,317
Third-party water	2,93,751	2,95,716
Total water withdrawal	1,128,679	10,52,605
Total water discharge	0	0
Total water consumption*	1,128,679	10,52,605

*The values of water withdrawal by source for FY2023 has been restated. The municipal water and private supplied water have been classified as 'third party water' while in previous year, it was reported as 'surface water'. The values of water consumption for FY2023 have been restated due to change in approach.

Table: Water consumption data for two consecutive years

Water Quality Compliance

Our compliance record at BFL, demonstrates our commitment to maintaining water quality standards. The water recycled at our premises is tested as per Pollution Control Board Norms by a third party. This regular monitoring and testing of water quality are conducted at various points within our facilities and surrounding areas. BFL employs advanced analytical techniques and equipment to assess the chemical, physical, and biological characteristics of water samples. These standards encompass parameters such as pH, dissolved oxygen levels, turbidity, and concentrations of pollutants. As the Company is committed to keeping the basic wastewater quality parameters within the control limits. All the tested parameters are in compliance with the values specified by the monitoring authorities.

Way Forward

Moving ahead, BFL remains committed to upholding the highest standards of water quality and environmental responsibility. It will continue to invest in innovative technologies, enhance monitoring and reporting mechanisms, and collaborate with stakeholders to safeguard water resources for future generations. Initiatives such as rainwater harvesting and rerouting STP wastewater for domestic and industrial use are part of its ongoing efforts.



Waste Management and Circular Economy

GRI 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5



"At BFL, waste management is integral to its commitment to sustainability and environmental responsibility. BFL has developed a robust waste management strategy focused on reducing waste generation, enhancing opportunities for reuse, and facilitating recycling initiatives. By adhering to the principles of the circular economy, BFL strives to reduce its ecological footprint by generating value from surplus materials produced during the forging process."

SDG Alignment



Key Highlights

99.76%

of the total waste is recycled in FY2024

0.39 MT

waste intensity in FY2024

98.90%

of total waste generated is non-hazardous waste

11.21%

decrease in non-hazardous waste generation from FY2023 to FY2024

Key Initiatives undertaken during FY2024

Waste-related audits:

Audits have been carried out across 9 recycler sites.

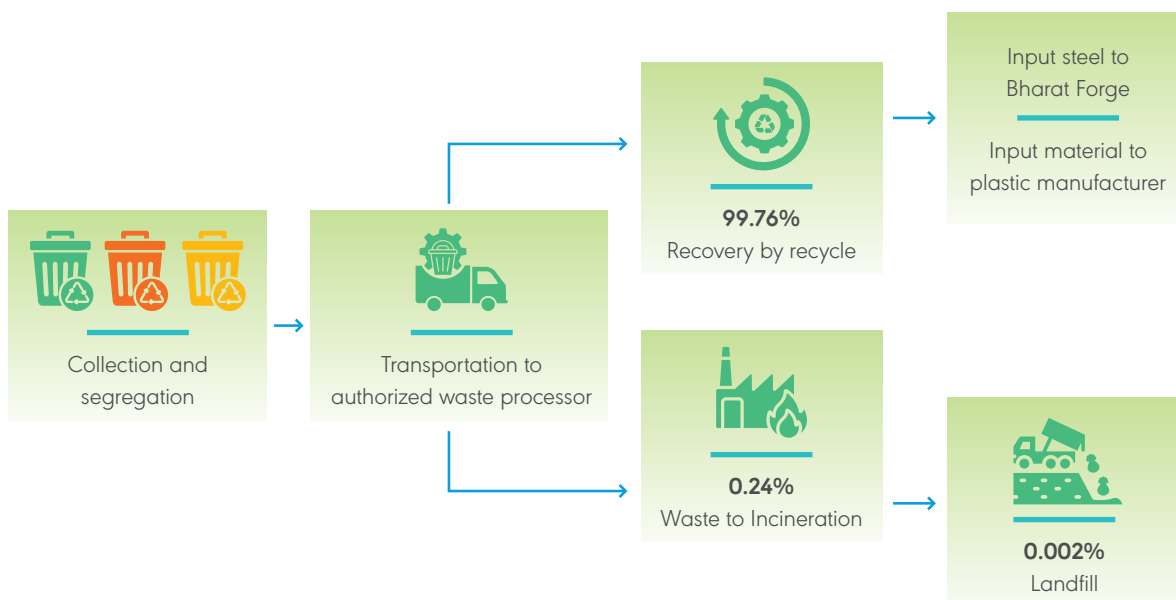
Strategic Approach

BFL prioritizes waste management by incorporating the 3R principles (Reduce, Reuse, Recycle) into its decision-making process. The company focuses on reducing both hazardous and non-hazardous waste at its manufacturing sites. Initiatives include recycling waste oil and ETP sludge, reducing hazardous waste quantity, and minimizing waste sent to landfill.

To enhance understanding of its waste profile, BFL mapped waste generation and disposal methods at its sites and incorporated waste volumes into its monthly environmental dashboard. This approach identifies key barriers to waste diversion, such as cost, regulatory challenges, and resource limitations.

Hazardous waste is meticulously managed, with a waste registry maintained and waste transported to authorized agencies in compliance with the State Pollution Control Board regulations and international standards. For non-hazardous waste, the company focuses on reducing waste at the source by carefully managing procurement and inventory.

Innovative solutions, such as using recycled cardboard boxes, biodegradable plastics, reusable pallets, and recycling initiatives for paper and plastic, demonstrate BFL's commitment to sustainable practices. The company audited the hazardous waste recyclers' sites to ensure compliance and maintained a contract for proper waste processing.



Goals by 2030:

Purpose	Measures Undertaken	Progress Achieved against base year 2019-20	Status
To protect the environment by improving efficiency and reducing emissions	Zero Waste to Landfill by 2030	0.002% waste landfill	In Progress
	50% Waste Intensity reduced by 2030	8.32% reduction in waste intensity	In Progress

Waste Generation and Disposal

BFL demonstrates its commitment to environmental stewardship through strategies aimed at continuous improvement in waste management and resource efficiency. The company generates various types of waste across its operations, including hazardous waste from core industrial activities like forging, machining, heat treatment, and processing. Non-Hazardous waste primarily consists of metal waste, with additional non-hazardous waste generated in activities like packaging, logistics, and transportation. E-Waste is generated in office spaces, while Bio-Medical Waste is specific to the health centre, and Food Waste is generated in the canteen.

Total waste diverted from disposal / recovered through recycling, reusing or other recovery operations (metric tons)

	Parameter (Unit) (MT)	FY2024	FY2023
Hazardous	Cotton Waste (Qty.) kg Chemical Sludge from ETP, Paint Sludge/ Residues, Spent Bath Sludge	253.78	166
	Used /Spent Oil (Liquid)-HW	282.78	191.42
	Discarded Containers/Barrels (Solid)-HW	185.43	141.2
	Waste & Residues Containing Oil (Liquid)-HW	454.04	341.702
	Asbestos Sheet**	1.93	0
Non-hazardous*	MS Scrap/Scale/Bur/Flash (Solid)	104,185.81	100,246.72
	Aluminium Scrap	491.61	7,376.48
	Titanium Scrap	6.03	25.68
	Paper & Corrugated boxes	256.60	123.61
	Rubber	53.06	48.45
	Wood	892.30	826.35
Other	E-waste	1.74	8.57
	Bio-medical waste	0.0085	0.013
	Battery waste	0.23	5.74
	Food Waste Generated	221.735	211.47
	Plastic waste	191.43	145
All	Total	107,478.505	109,858.40

Table: All types of waste generated in BFL

*The values for FY2023 have been restated with the inclusion of new categories of non-hazardous waste in the above disclosure.

** Due to replacement of old asbestos roof in the shop floor.

Total waste diverted from disposal / recovered through recycling, reusing or other recovery operations (metric tons)

	FY2024	FY2023
Recycled	107, 222.79	109,692.39
Reused	-	-
Other recovery operations	-	-
Total	107,222.79	109,692.39

Table: Waste Diverted from Disposal

Total waste disposed by nature of disposal method (metric tons)

	FY2024	FY2023
Incineration	253.788	166.013
Landfilling	1.93**	0
Other disposal operations	-	-
Total	255.718	166.013

Table: Waste Diverted to Disposal

** Due to replacement of old asbestos roof in the shop floor.

Hazardous Waste Monitoring

BFL adheres to stringent protocols for handling hazardous waste, ensuring compliance with all regulatory requirements and standards. A comprehensive waste registry is meticulously maintained, and the transportation of hazardous waste to authorized facilities is managed with precision to guarantee proper disposal.

The company fully complies with the regulations set by the State Pollution Control Board regarding the storage, handling, transportation, and recycling of hazardous substances, thereby minimizing potential environmental impacts. Additionally, BFL upholds relevant international standards across all its operational locations, reinforcing its commitment to global best practices.

In the reporting year, BFL achieved a significant reduction in waste intensity through enhanced waste management practices. Saarloha processes the metal scrap as part of its steel manufacturing process and returns it in the form of steel ingots, which are used in BFL's forgings. These assessments were guided by a detailed checklist covering environmental legal compliance, environmental key risks, governance, management systems, and health & safety risks.

Government-authorized recyclers are exclusively used for the safe disposal of hazardous waste. Each hazardous waste processing facility was thoroughly assessed during the reporting year to confirm its suitability for handling BFL's waste. The assessments also identified areas for improvement, which were promptly communicated to the recyclers, along with support to enhance their sustainability efforts. Recyclers provided regular updates on the status of the identified actions.

At the end of the reporting period, waste recyclers issued certificates confirming the quantity of waste recycled and detailed the reuse or disposal methods employed. These efforts underline BFL's dedication to responsible waste management and its commitment to environmental sustainability.



Zero waste to landfill

BFL is dedicated to operating under several key principles, including its commitment to achieving zero waste to landfill. The key approach centers on rerouting waste from landfills to recyclable processes. Currently, waste to landfill at BFL constitutes less than 0.002% of the total waste. The Company remains steadfast in its goal to reduce the percentage of waste sent to landfill to zero. For

the safe disposal of hazardous waste, BFL utilizes licensed facilities authorized by the government for landfilling. All hazardous waste facilities undergo rigorous assessment and are carefully selected based on their suitability for handling the Company's hazardous materials. This ensures compliance with regulatory standards and supports environmental sustainability objectives.

Sr. no.	Year	Total Waste (MT)	Waste to Recycling (MT)
1.	FY2024	107,479	107,223 (99.76%)
2.	FY2023	109,858	109,692 (99.85%)
3.	FY2022	82,176	81,946 (99.72%)

Table: Total waste generated and waste to recycling

Non-hazardous waste monitoring

At BFL, over 99% of the waste generated is Non-Hazardous (Non-Hz). The company is deeply committed to minimizing its environmental footprint through comprehensive waste reduction strategies implemented across all its operations. Through proactive measures and continuous improvement initiatives, BFL aims to decrease waste generation, enhance resource efficiency, promote waste segregation and sorting, and foster a circular economy.

Employees at BFL, are equipped with the necessary knowledge and skills to support these waste reduction efforts. The company conducts training programs, awareness campaigns, and incentivization schemes to cultivate a culture of sustainability and encourage active participation in waste management initiatives.

Other Waste

BFL maintains separate contracts with authorized recyclers for both hazardous and non-hazardous waste categories. Each waste type is carefully documented and safety measures are strictly adhered to before contract extensions are considered.

Office e-waste and used batteries are sent to authorized recyclers. Bio-medical waste is safely incinerated, while leftover food waste is sent to piggeries and actions such as awareness promotion / display of the total food waste generated every day are taken to prevent food wastage.

These measures ensure responsible waste management practices across BFL, promoting environmental stewardship and compliance with regulatory standards.



Implementing Circularity

BFL has steadily improved its recycling rates through dedicated recycling and resource recovery initiatives. Committed to adopting a more sustainable and circular approach in manufacturing, the company views the circular economy as encompassing more than just effective industrial waste management. It also includes optimizing resources through recycling and reuse processes.

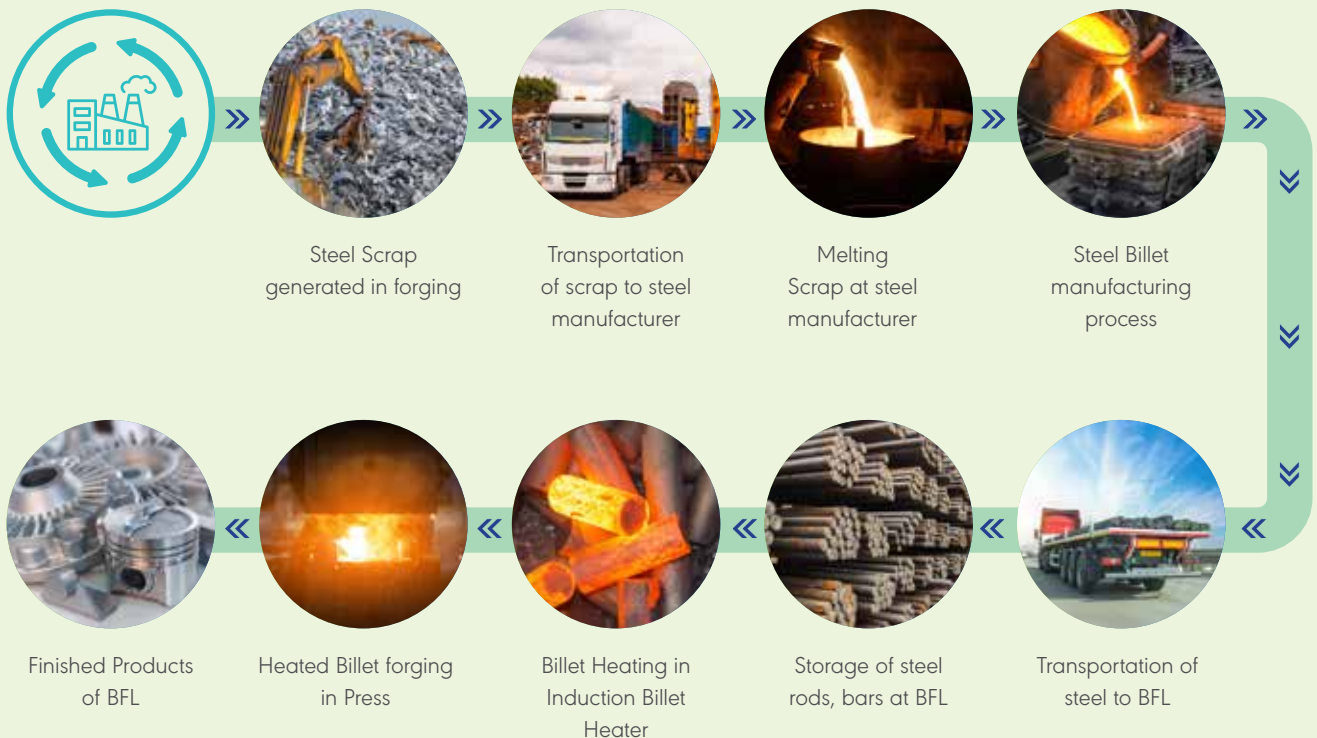
The waste generated in BFL's operations consists of 96.94% metal scrap. Effective recycling of this metal scrap enables the company to reuse it as raw material. To facilitate this, BFL entered into an agreement with steel producer Saarloha Advanced Materials. Through this partnership, Saarloha processes the metal scrap as part of its steel manufacturing process and returns it in the form of steel ingots, which are used in BFL's forgings and machining processes. This closed-loop system allows the company to recycle the entire metal waste and repurpose it as raw material.

Using recycled steel in manufacturing optimizes resource consumption, reduces greenhouse gas emissions, and achieves cost savings. Recycled steel

now constitutes 30-40% of BFL's overall raw material consumption, significantly reducing the need for virgin steel. The cost of recycled steel is lower than that of virgin steel due to the absence of mining and extraction processes. As a result, BFL has achieved a 35% cost savings in raw material procurement.

By integrating these practices, BFL not only enhances its sustainability but also demonstrates its commitment to the principles of circular economy, paving the way for a more environmentally responsible future in manufacturing.

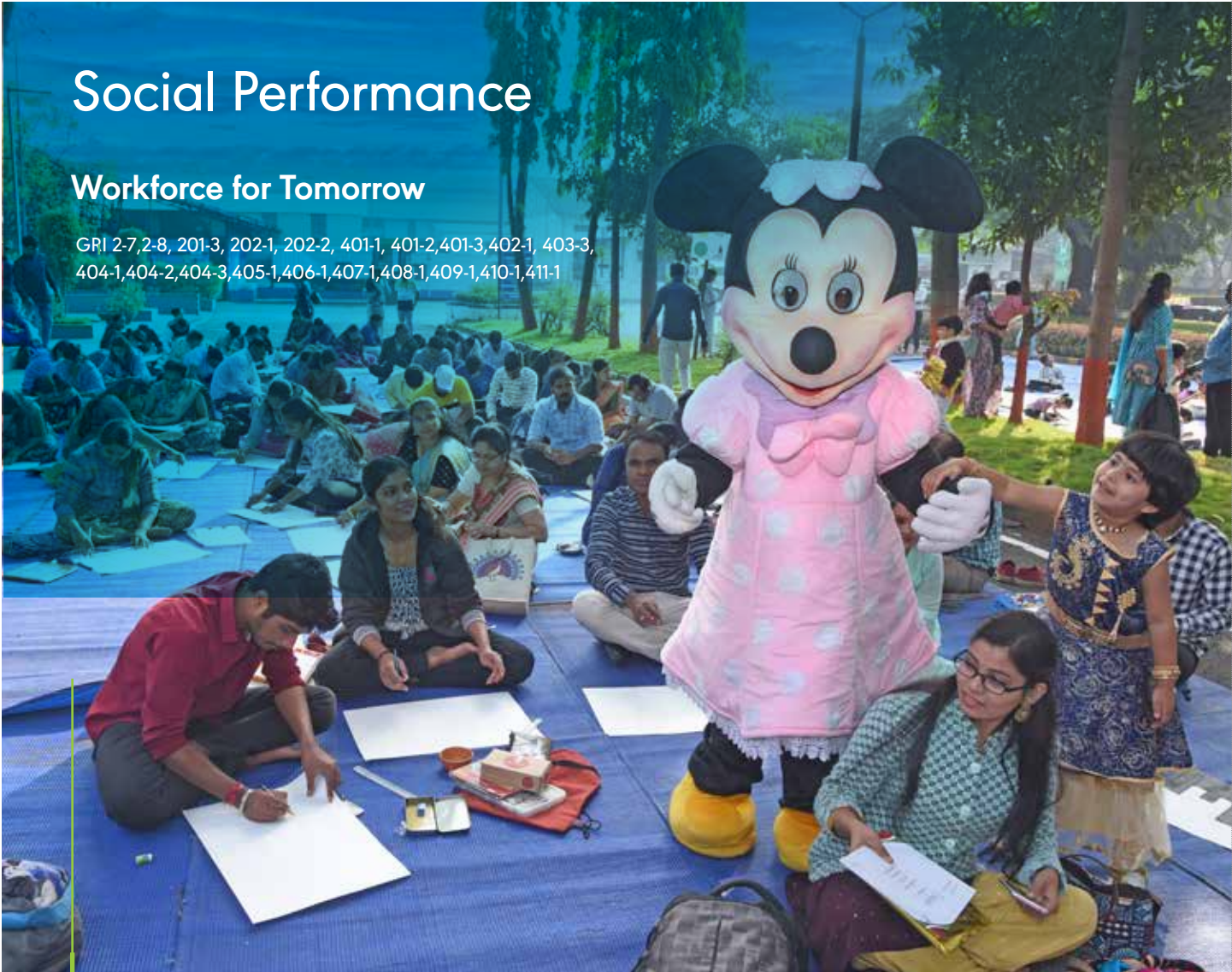
Use of recycled steel in manufacturing helps in optimizing the resource consumption, reduced GHG emissions and cost savings. Recycled steel constitutes 30-40% of overall raw material consumption eliminating the use of virgin steel. Since the products are supplied directly to OEMs, the Company has limited ability to reclaim them at the end of their life cycle.



Social Performance

Workforce for Tomorrow

GRI 2-7,2-8, 201-3, 202-1, 202-2, 401-1, 401-2,401-3,402-1, 403-3, 404-1,404-2,404-3,405-1,406-1,407-1,408-1,409-1,410-1,411-1



"BFL aims to positively impact the community and empower its workforce with essential skills. The company prioritizes hiring based on competence, capability, and experience while promoting diversity to drive innovation and growth. BFL fosters open communication, collaboration, respect, and continuous learning to develop its human capital. Through efforts in social development, workforce nurturing, diversity promotion, and open communication, BFL aims to create a positive and progressive impact on the organization and its employees."

SDG Alignment

3



5



10



8



Key Highlights

25.98

total average training hours

100%

of Security Personnel were provided training on Human rights

2

work-related fatalities

Key Initiatives Undertaken during FY2024

Health and Safety audits: 5 External and 183 internal /cross-functional safety audits were conducted across all the plants

25 Mock drills were conducted across all the plants

Strategic Approach

BFL employs a strategic approach to its workforce, focusing on attracting and retaining top talent, embracing diversity, and fostering continuous learning and development. The Company actively recruits professionals from diverse domains, including prominent Indian, global, and emerging organizations, to meet the demands of rapid growth and scalability.

BFL priority is to become a learning and talent development organization by offering comprehensive on-the-job training and career progression opportunities. This approach ensures that, employees acquire the necessary competencies for advancement and supports overall strategic objective of the Company.

Goals

Purpose	Measures Undertaken	Progress Achieved
Growing Human Capital for shaping a better future	>75% in Employee Engagement by 2030	52% employee engaged
	75% reduction in Lost Time Incidence Frequency Rate by 2030 (Baseline 0.34)	170% increase in LTIFR (Present 0.92)
	20% women in managerial & leadership positions by 2030	2.03% achieved

Diversity, Equality and Inclusion

BFL is committed to fostering a diverse and inclusive culture that values individuals from all backgrounds and ensures equitable treatment for all. The company believes that diversity, equity, and inclusion are fundamental to innovation and sustainable growth. By valuing the unique attributes of individuals, including age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion, BFL gains valuable market insights, sparks innovative ideas, and positively impacts society. The company

ensures equal opportunities for personal and professional development, actively leveraging diverse perspectives to meet evolving customer needs and drive sustainable growth.

To promote diversity and inclusion, the Company has robust policies, such as the Diversity, Equity, and Inclusion policy and Human Rights policy. Policies are accessible at <https://www.bharatforge.com/sustainability/social/#top>

Other important HR policies are as follows:

**Equal Opportunity
for Persons with
Disabilities**

**Human Rights
Policy**

**Policy on Prevention
and Redressal of
Sexual Harassment
at Workplace**

**Policy on Training
& Development**

**Code of Conduct
& Ethics for
Employee**

The company also has internal policies like relocation policy, leave policy, separation policy, performance appraisal policy.

BFL is committed to cultivating an inclusive workplace where every employee can bring their authentic selves to work, driving value for all stakeholders. The Company ensures accessibility at its locations with features like ramps, lifts, and handrails, accommodating individuals with disabilities. BFL actively promotes diversity through initiatives such as employee resource groups, mentoring programs, and targeted training opportunities. These efforts not only embrace diverse perspectives but also foster

collaboration, empowering employees to contribute meaningfully. By nurturing a vibrant and inclusive work environment, BFL strengthens its capacity for innovation, ultimately fueling sustainable growth.

The Company values equality and strives to ensure that every individual can participate and have their voice heard. The goal is to create an environment where every individual feels valued, respected, and empowered to contribute their best. By embracing diversity, promoting equality, and fostering inclusion, BFL aims to benefit employees, customers, and society. During the reporting period, there were zero instances of discrimination reported across operational units.

Employee Diversity by Age, Category and Gender (GRI 2-7, 2-8, 405-1) as on March 31, 2024

Employee Category	FY2024		FY2023	
	Male	Female	Male	Female
Employees				
Senior Management	128	5	138	02
Middle Management	566	10	604	11
Junior Management	1,935	55	2,035	40
Workers				
Permanent Workers	1,414	1	1,434	1

Management Level	Male			Female			Total
	< 30	30-50	>50	< 30	30-50	>50	
Employees							
Senior Management (AVP and above)	0	35	93	0	3	2	133
Middle Management (Manager and Senior Manager)	0	343	223	1	8	1	576
Junior Management (Up to Deputy Manager)	488	1,324	123	32	20	3	1,990
Workers							
Permanent Workers	0	1,332	82	0	1	0	1,415

- Employee categorization at BFL: Permanent Employees including AVP and above (Senior Management), manager & senior manager (Middle Management) & up to deputy manager (Junior Management)
- Permanent workers do not include contractual workers (which are not directly controlled by BFL)
- All employees and workers are from within India

At BFL, diversity and inclusion are integral to the company's growth strategy. With comprehensive policies like the Diversity, Equity, and Inclusion Policy and the Human Rights Policy, accessible to all employees, the company fosters an environment where individuals can be their authentic selves. BFL ensures its facilities are fully accessible, with ramps, lifts, and handrails, reinforcing its commitment to inclusivity.

The company's dedication to diversity and inclusion ensures employees feel valued, respected, and empowered, driving innovation and enhancing productivity. BFL upholds the principle of equal

pay for equal work, regularly assessing and addressing any gender pay gaps to ensure fairness in compensation.

BFL also prioritizes nurturing local talent, with 100% of senior management roles held by locals, demonstrating its commitment to community empowerment. The company believes in inclusive growth, creating opportunities that contribute to the well-being of both the community and the organization. Through these efforts, BFL enriches its culture with diverse perspectives and strengthens its commitment to building stronger, more inclusive communities.

Ratios of standard entry level wage by gender compared to local minimum wage (GRI 202-1)

	Entry level wage	Minimum wage
Male	17,969	15,200
Female	17,969	15,200
Ratio (Male to Female)	1:1	1:1

**All operational locations adhere to a consistent minimum wage rule, ensuring 100% compliance with local wage standards.*



Talent Management

BFL has successfully navigated the competitive talent market by attracting and retaining top professionals from diverse fields. The Company meets the demands of rapid growth and scalability by embracing diversity in hiring, welcoming talent from prominent Indian, global, and emerging organizations.

BFL is committed to becoming a learning and talent development organization. The Company goes beyond campus hiring, offering comprehensive on-the-job training to help individuals progress and

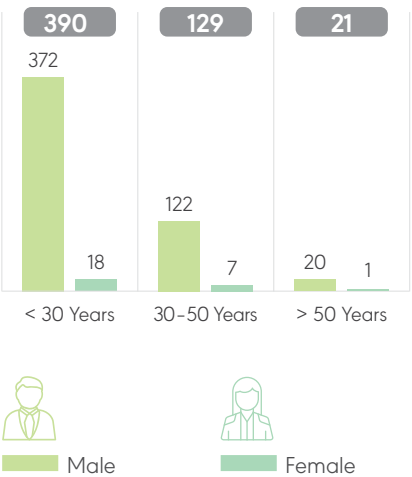
acquire necessary competencies for advancement.

Open positions were prioritized for internal resources, reflecting the Company's commitment to nurturing in-house talent. This strategy not only supports employees' career growth but also strengthens the talent pool for key roles

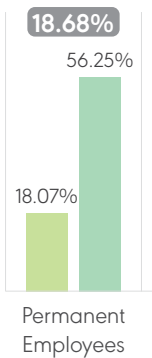
- Under the internal hiring category, 7 open positions were created out of which 3 are filled.

Employees Hired and Left by age and gender (GRI 401-1) as on 31-03-2024

New Employees Hired FY2023*

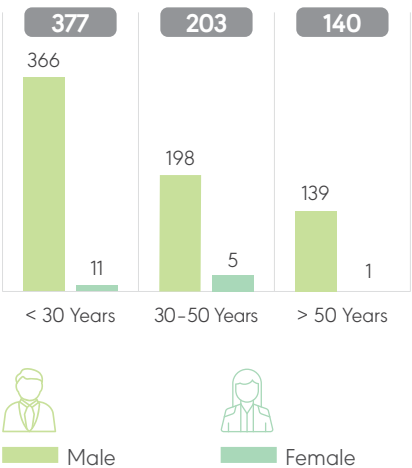


Hiring Rate FY2023

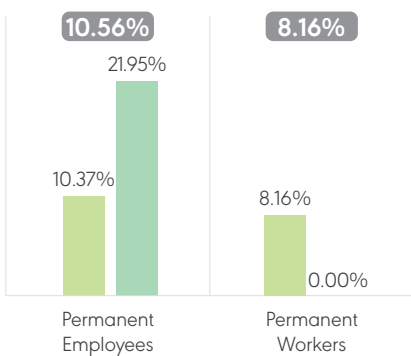


*Indicated figure includes trainees hired under GET Management Programme, Apprentice etc.

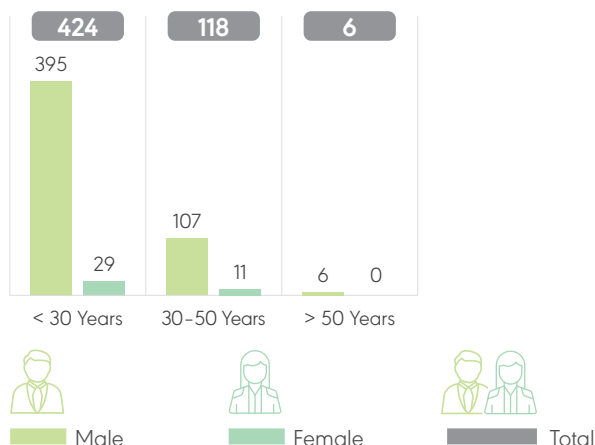
Employees Left FY2023



Turnover Rate FY2023

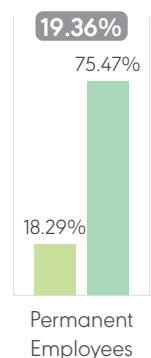


New Employees Hired FY2024*

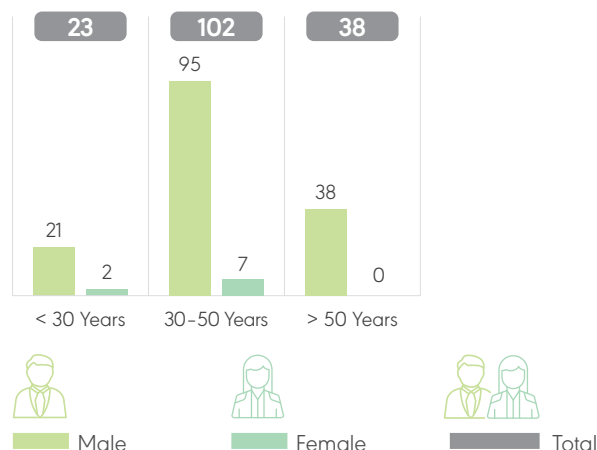


*Indicated figure includes trainees hired under GET Management Programme, Apprentice etc.

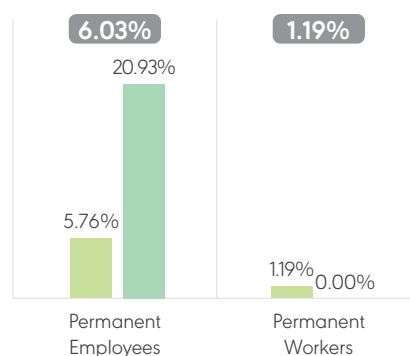
Hiring Rate FY2024



Employees Left FY2024



Turnover Rate FY2024



Learning and Career Development

At BFL, continuous learning is key to enhancing employee skills and supporting their professional growth. The company has developed comprehensive learning programs with a wide range of tools and resources for holistic development. BFL pioneers the transition to digitization while maintaining job stability by modernizing its facilities.

A major focus is grooming middle-level managers for leadership roles via rigorous training and a diligent calibration process using the normalized bell curve method. HR business partners and leaders engage in open discussions to calibrate performance, with multiple validation levels ensuring accuracy and objectivity.

People managers undergo training sessions to enhance their performance dialogue and feedback skills. Transparent performance and mentoring initiatives are emphasized. In the reporting year 2023-24, BFL spent 72,926.15 manhours on skill enhancement training, demonstrating a strong

commitment to workforce empowerment with the latest industry knowledge.

The company fosters a culture of continuous learning, equipping employees with the necessary skills to thrive in a constantly evolving business environment. This approach ensures an agile, adaptable workforce prepared to meet future challenges and opportunities.

BFL is committed to the professional development of its employees and actively sponsors the M. Tech (Material Engineering) program for interested staff members. This initiative empowers employees to deepen their technical expertise in material engineering, enabling them to drive innovation and enhance the quality of work within the company. By investing in the education of its workforce, BFL aims to cultivate a culture of continuous learning and excellence, ensuring that employees are well-equipped to contribute to the company's growth and the advancement of industry standards.

DOJO Center and Incubation Center: Driving Innovation and Skill Development

DOJO Center:

The DOJO Center at BFL Mundhwa is a dedicated space for collaboration, innovation, and skill development, promoting continuous improvement and operational excellence. Equipped with modern facilities, it allows employees to engage in hands-on learning, workshops, and projects. Focused on agility and practical application, the center has conducted 282 training sessions for over 3,050 participants on key topics like 5S, electrical systems, and TPM principles. As a hub for enhancing competencies and fostering teamwork, the DOJO Center plays a crucial role in driving BFL's commitment to efficiency and reducing waste.



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Sustainability Report 2023-24

Incubation Centre:

The AI Digital Lab at BFL is a key initiative driving innovation, collaboration, and productivity by integrating technology into existing processes and new business models. It focuses on leveraging talent from educational institutions and startups for business benefits. The lab includes sections for idea pitching, incubation, and prototype showcasing, along with a VR lab for immersive design reviews. Equipped with state-of-the-art facilities for rapid prototyping and collaboration, it also offers dedicated spaces for meetings and informal gatherings. A steering committee oversees operations, ensuring alignment with strategic goals. The AI Digital Lab plays a vital role in advancing BFL's growth and competitiveness by fostering innovation and staying ahead of industry trends.

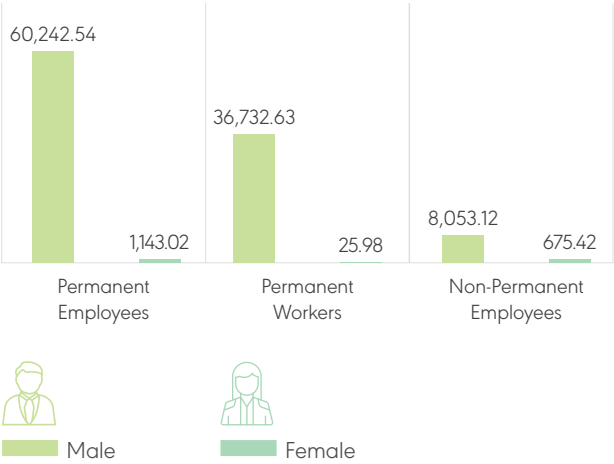


Table on Learning and Development KPIs

Age group & gender-wise training Manhours for FY2024:

Age group: under 30 years old, 30-50 years old, over 50 years old;	Male			Female		
	< 30	30-50	>50	< 30	30-50	>50
Permanent Employees	4,624.05	4,4214.24	11,404.26	181.84	805.31	155.87
Permanent Workers	NA	34,602.44	2,130.18	NA	25.98	NA
Other than Permanent Employees	8,053.12	NA	NA	675.42	NA	NA

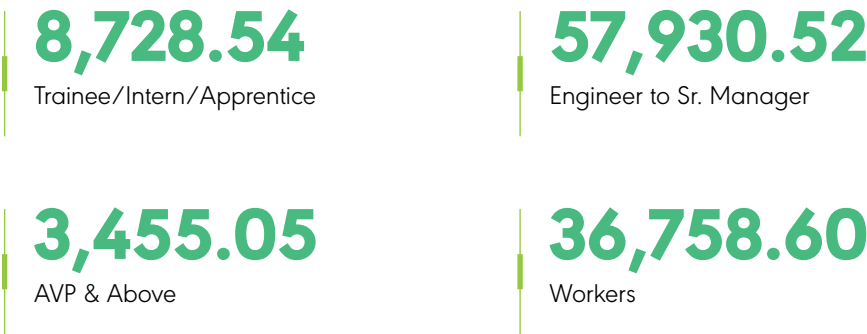
Gender and Category-Wise Bifurcation of Training Manhours for FY2024



Type- Wise Bifurcation of Training Manhours



Employee Category-Wise Training Manhours for FY2024



Average hours of training (GRI 404-1)



Employees receiving performance development reviews (GRI 404-3)

Category	FY2024		
	Total (A)	No. (B)	% (B / A)
Male	2,319	2,319	100%
Female	44	44	100%
Total	2,363	2,363	100%
Male	1,414	1,414	100%
Female	1	1	100%
Total	1,415	1,415	100%



Employee Welfare

BFL is committed to fostering employee well-being by creating a safe and healthy working environment. The Company prioritizes workforce welfare and has implemented initiatives to support health and wellness. Benefits like health and accident insurance are provided for employees and their immediate families, promoting financial security.

The Company promotes employee well-being through a robust hazard identification and risk management system to improve occupational health

and safety. BFL conducts wellness seminars on stress management, diet, lifestyle, and meditation to empower employees to lead balanced lives.

BFL supports well-being with designated yoga areas and nutritious meals in canteens. The Company offers a detailed healthcare plan covering permanent and temporary employees and workers, ensuring prompt medical care and continually strives to provide a healthy and safe working environment that supports overall health and happiness.

Employee Benefits (GRI 401-2)



Life Insurance



Health Care



Parental Leave



Retirement Benefits



Others

In addition, BFL offers coverage for dependent parents, periodic health checks, wellness programmes, as well as nutritious and subsidized food.



Employee Wellbeing and Transition Assistance Program

BFL places great importance on its employees, actively supporting them during career transitions and significant life changes. BFL provides a comprehensive career counseling program to guide employees in making informed career decisions. The Company offers training and development opportunities to help employees enhance their skills and adapt to evolving trends.

BFL recognizes diverse workforce needs and has established a voluntary retirement scheme (VRS) that offers financial and other benefits to employees choosing early retirement. The Company ensures employees feel valued and empowered through robust support programs and termination benefits.

1. Provident Fund

The company provides financial security and retirement benefits through the employee provident fund as per the government regulations under which the company operates. The Company deducts the employee's contribution from their salary while bearing the employer's contribution as an additional expense. A portion of the contributions is allocated to the Staff Provident Fund Trust of BFL Company Limited.

2. Gratuity

The Company offers gratuity as a token of appreciation for employees' services. BFL provides two defined benefit plans: gratuity and special gratuity, recognizing employees' contributions and dedication.

3. Superannuation

BFL contributes 15% of the employee's basic salary towards a superannuation pension fund. Upon retirement, employees can withdraw the accumulated amount and enjoy the benefits.

4. Privilege Leave Benefit

The Company offers Privilege Leaves (Earned Leaves) to all employees, subject to approval from their department heads. BFL allocates earned leaves at the beginning of the financial year.

5. Creche facility

BFL is making a remarkable commitment to fostering an inclusive and supportive workplace by partnering with Dew Drops Day Care and Playschool in Magarpatta. This collaboration highlights the company's dedication to enhancing employee well-being, particularly for working mothers.

The new creche facility is designed to meet the needs of BFL's employees, offering comprehensive childcare services for children aged 6 months to 6 years. Dew Drops ensures a structured environment with well-organized schedules for meals, activities, and rest, prioritizing cleanliness and hygiene. The ideal caregiver-to-child ratio allows for personalized attention, creating a nurturing atmosphere for children.

With the creche at Dew Drops, employees can focus on their professional responsibilities, knowing their children are cared for in a safe and enriching environment. This initiative is expected to significantly empower women within BFL and the Kalyani Group, enabling them to thrive both personally and professionally.



Health and Wellness Benefits

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

Rewards & Recognition

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

Leave Benefits

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

Communication

- Mobile Handset
- Corporate SIM Data Card

Financial Benefits

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

Family wellness benefits

- Insurance coverage for dependent members
- Employee Death Relief Policy

Health Programs for Employees:

Physical Well-being

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

Emotional Well-being

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

Building strong work relationships

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

Improving mental and physical well-being

- Regular yoga sessions
- Well-equipped gym with trainers

Encouraging healthy habits

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

Fostering a culture of wellness

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

Employee Well-being Initiatives

Health Awareness Sessions

BFL regularly conducts health awareness sessions for employees, covering topics like kidney and heart care, cancer prevention, lifestyle diseases, healthy eating, mental health, and stress management.

>507 No. of participants



International Yoga Day

On June 21, 2023, BFL celebrated International Yoga Day to promote physical and mental well-being among employees. The theme, "Vasudhaiva Kutumbakam" (One Earth, One Family, One Future), was marked with sessions on meditation, yoga, and workplace ergonomics.

251 No. of participants



Teacher's Day

Teacher's Day was celebrated with enthusiasm on September 5, 2023. Over 80 trainers and teachers were honored for their dedication to skill development with certificates and gifts. A street play on the Green Revolution captivated all participants.

298 No. of participants

Employee Day

As part of employee engagement, we organized a cultural festival on December 23 and 24, 2023, for employees and their families, with winners receiving certificates and trophies. A fun fair added to the festivities, boosting morale and uplifting the spirits of everyone involved.

>3,822 No. of participants



In-house magazine - 'Pariwar'

BFL's quarterly in-house magazine "Pariwar" showcases company events, employee and family contributions, and real-life experiences. It highlights achievements, offers inspiration, and shares creative ideas.

Ganesh Idol Making Competition

During the celebration of Ganesh Utsav, employees were trained to craft Ganesha idols using eco-friendly materials as an alternative to plaster of Paris.

250 No. of participants



Cricket Tournament

The BFL Inter Department Cricket Tournament 2023-24, featuring 18 teams, took place at Pune Institute of Cricket Grounds from December 3, 2023, to January 28, 2024. The BFL Cricket team then joined the Industrial Cricket Tournament on January 23, 2024.

> 867 No. of participants



Carrom Tournament

BFL held carrom tournaments from October 2 to 12, 2023, with 77 employees participating. Additionally, BFL teams competed in the 6th ACMA Indoor Games on January 11, 2024, at Silver Solaris Sports World, Pune, securing 1st, 2nd, and 3rd positions in carrom.

198 No. of participants

Swedish Corporate Championship

As part of the Swedish Corporate Championship, the BFL team participated in cricket, carrom, and chess tournaments in November 2023, with indoor games held at Symbiosis School, Prabhat Road.

90 No. of participants

Promoting EVs

An interest-free loan scheme was introduced for employees to purchase electric two-wheelers from our group company, Tork Motors, as part of our PLANET POSITIVE initiative. The Tork Electric Motorcycle, Kratos, is the first electric motorcycle manufactured in India.

418 No. of participants



Blood Donation Camp

On January 9, 2024, a blood donation camp was organized at all BFL plants in celebration of our beloved CMD's birthday.

1,390 No. of participants

Road Safety Week

Roadshows were conducted for all employees and drivers, in collaboration with logistics partners, to enhance road safety awareness under the theme "Re Think Mobility".

545 No. of participants



Diwali Exhibition

The Kalyani Group's Community Development Center held a "Diwali Exhibition cum Sale" on November 2-3, 2023, with 58 women showcasing handmade products across 20 stalls. Over 1,300 employees attended, supporting the initiative.

>1,300 No. of participants



National Fire Service Week

National Fire Services Week was observed from April 14 to April 20, 2023, with the theme "Awareness in Fire Safety for Growth of National Infrastructure (AGNI)."

>840 No. of participants



National Safety Week

The 53rd National Safety Week was celebrated at all sites from March 4 to March 11, 2023, with the theme "Focus on Safety Leadership for ESG Excellence."

>2,707 No. of participants



Environment Day

World Environment Day was celebrated on June 5, 2023, with the theme "Solution to Plastic Pollution", featuring sapling plantations and awareness sessions at all sites.

> 300 No. of participants

World Water Day

World Water Day, celebrated on March 22, 2023, raised employee awareness on water conservation, highlighting its essential role in the ecosystem. The campaign, themed "Accelerating Change - Be the Change You Want to See in the World," promoted responsible water use.



BFL Cycling Competition

The BFL Cycling Competition was held at Mundhwa on March 17, 2024, with 10 participants in the 5 km race for the above 40 category and 10 cyclists in the 10 km race for up to 40 category.

20 No. of participants

Other initiatives includes the celebrations of Independence Day, Republic Day, Shiv Jayanti, Yantra Pooja, Lakshmi Pujan. Also, circulation of daily HSE message to all the employees was introduced in this year.

Table on health benefits

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	2,319	2,319	100%	2,319	100%	NA	NA	-	-	-	-
Female	44	44	100%	44	100%	44	100%	NA	NA	44	100%
Total	2,363	2,363	100%	2,363	100%	44	100%	-	-	44	100%
Other than Permanent employees											
Male	310	310	100%	310	100%	NA	NA	-	-	-	-
Female	26	26	100%	26	100%	26	100%	NA	NA	26	100%
Total	336	336	100%	336	100%	26	100%	-	-	26	100%

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	1,414	1,414	100%	1,414	100%	NA	NA	-	-	-	-
Female	1	1	100%	1	100%	1	100%	NA	NA	1	100%
Total	1,415	1,415	100%	1,415	100%	1	100%	-	-	1	100%
Other than Permanent workers											
Male	4,597	4,597	100%	4,597	100%	NA	NA	-	-	-	-
Female	30	30	100%	30	100%	30	100%	NA	NA	-	-
Total	4,627	4,627	100%	4,627	100%	30	100%	-	-	-	-

Table on Parental Leave (GRI 401-3)

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

Note:

The Company does not provide paternity benefits to male employees and male workers.

No female in worker category has taken maternity leave

Human Rights

BFL places the utmost importance on safeguarding and promoting human rights, as outlined in its comprehensive Human Rights Policy. This policy applies to all individuals within the organization, including employees, contract workers, and business partners across supply chains and vendors. Guided by internationally recognized principles such as the Universal Declaration of Human Rights, the ILO's Fundamental Conventions, and the United Nations Global Compact, BFL is committed to upholding human rights both within the organization and beyond.

The company stands firmly against slavery, sexual harassment, and forced labor, actively working to prevent and address such issues. BFL encourages employees and stakeholders to report concerns through established channels, ensuring that there is no retaliation or reprisal against anyone who raises a concern.

To address reported issues, BFL forms or delegates a committee responsible for investigating and resolving concerns in collaboration with Senior Management. The company ensures a peaceful and respectful environment for complainants, with strict confidentiality maintained throughout

the grievance process. Any disrespectful behavior during proceedings is met with zero tolerance and disciplinary action under company policies.

During the reporting period, 100% of Security personnel were trained in Human Rights.

BFL recognizes its responsibility to comply with applicable laws and regulations. To ensure this, the company conducted third-party assurance review on Human Rights compliance across all its plants, covering areas such as child labor, forced labor, occupational health and safety, discrimination, harassment, and working conditions. All applicable regulations are observed to be effectively implemented.

BFL has established a comprehensive Human Rights Policy applicable to all employees, including contractors, with strict prohibitions against child labor and forced labor. The company adheres to minimum wage laws and enforces a no-discrimination and no-harassment policy in the workplace. Additionally, BFL provides health and safety training for all employees, and these practices are validated through both internal and external audits.



Freedom of Association

BFL prioritize maintaining transparency and trust with all the employees and union members. Upholding ethical business practices is central to the company's commitment to safeguarding the rights of all employees, including contract workers, who contribute significantly to the organization. BFL strongly advocates for freedom of association and collective bargaining, fostering constructive dialogue to address their rights and advance shared organizational interests peacefully. The company actively collaborates with the BFL Works Council (Union) members. Together, BFL and the union identify and implement necessary business improvements, facilitating meaningful discussions on critical operational aspects. This collaborative approach helps maintain a harmonious work environment and reduces the risk of disruptive situations that could adversely impact the business.

BFL is proud to report Zero violations related to employees' and workers (operations and suppliers) rights to freedom of association or collective bargaining during the reporting period. The company ensures that their employees' concerns are heard. 100% of BFL workers (excluding permanent employees) are covered under collective bargaining agreements highlighting the commitment to fair and inclusive labor practices. Recent agreements were signed on May 12, 2023, covering the period from July 1, 2022, to June 30, 2025.

Company policies and standard employment contracts detail the notice period requirements for changes in employment conditions, including operational changes. Minimum notice periods regarding operational changes are 3 weeks/21 days.



- There were Zero incidents of discrimination recorded during the reporting period.
- None of the operations and suppliers considered to have significant risk for incidents of child labor, forced labor and young workers exposed to hazardous work
- Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:
 - Type of operation (such as manufacturing plant) and supplier: Nil
 - Countries or geographic areas with operations and suppliers considered at risk: Nil
 - Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period were recorded as Zero

Trainings on Human Rights

Category	FY2024			FY2023		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent Employees	2,363	1,908	80.74%	2,478	1,148	46.33%
Other than Permanent	336	336	100%	352	352	100%
Total	2,699	2,244	83.14%	2,830	1,500	53%
Workers						
Permanent Workers	1,415	411	29%	1,435	400	28%

Health and Safety

GRI 403-1,403-2, 403-3,403-5,403-6,403-8,403-9,403-10



BFL is dedicated to fostering a safe and healthy workplace by developing and implementing a comprehensive occupational health, safety, and environmental management system that aligns with international standards.

The Company has implemented the ISO 45001:2018 Occupational Health & Safety Management system in all our manufacturing sites and got it certified by M/s DQS. All the activities of the manufacturing operations and all employees' (including contract workers) safety measures are covered as part of the OHS management system. Daily safety walks, regular safety training, periodical safety audits, implementation of permit to work (PTW) system, Energy isolation (LOTO), Safety committee meetings, Behaviour based safety (BBS) and contractor safety management are the critical elements of this management system.

Management Control System	Measurement and Control System	Fire Control System	Workplace Implementation
○ Work Permit System ○ Isolation Procedures ○ Equipment Controls ○ Hazardous Substance Control ○ PPE and ○ Ergonomics	○ Reporting Systems ○ Investigation Processes ○ Proactive Monitoring and ○ Performance Monitoring	○ Fire detection & Alarm system ○ Fire Hydrant systems ○ Manual call points ○ Portable Fire extinguishers ○ Dedicated fire station with team	○ Adequate illumination & ventilation ○ Emergency assembly points ○ Safety signages ○ Color coding ○ Safety huddle points

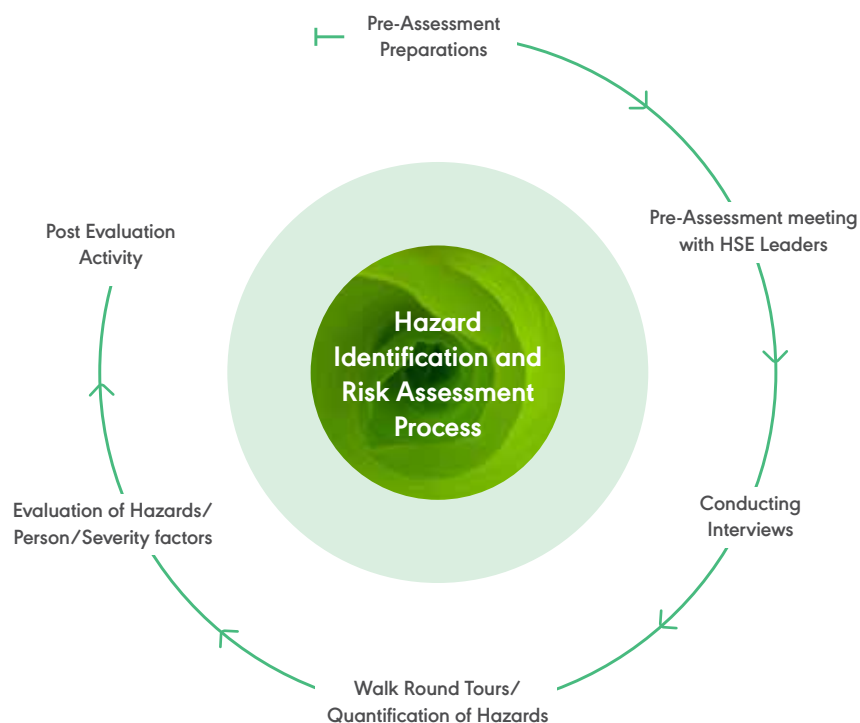
Hazard Identification and Risk Assessment

BFL employs a structured Hazard Identification and Risk Assessment (HIRA) process, aligned with ISO 45001:2018, to proactively identify and mitigate potential risks, ensuring a safe working environment.

Hazard Identification and Risk Assessment (HIRA) process is adopted by us to identify the hazards and assess the risks for routine/non-routine activities. Trainings are conducted on the process of carrying out HIRA. In addition, safety walkthroughs/audits are being carried out regularly by plant leadership, line managers, supervisors, safety coordinators and safety officers. HIRA of all activities are reviewed periodically and updated, whenever changes are made in the system. Also, observations made during

external audits by regulatory authorities, customers and other stakeholders are considered for HIRA review. Other hazard identification techniques such as Job Safety Analysis (JSA), Hazard and Operability Study (HAZOP) and Maximum Credible Loss Scenario (MCLS) are also used wherever applicable.

The Company regularly updates its mitigation plans to improve workplace safety, considering new risks and industry best practices. A dedicated team of skilled process owners and qualified coordinators oversees the HIRA process at all organizational levels and ensures thorough assessments and the development of accurate preventive action plans based on investigation findings.



1. Emergency Response System

BFL has established a comprehensive emergency response system to ensure the safety of the employees and to maintain supply chain efficiency. This system aims to minimize risks and reduce damages during emergency. The Company employs trained personnel who are responsible for coordinating response efforts and ensuring quick action. The emergency response system covers a wide range of areas, including evacuation procedures, communication protocols, first aid, medical support, and coordination with authorities to minimize emergency impacts, protect lives, and ensure operational continuity. BFL consistently enhances preparedness by adopting industry best practices and insights. 25 mock drills and simulations were conducted to assess the effectiveness of the company's emergency response system, identifying areas for improvement and ensuring employee readiness.

2. Safety Reporting Mechanism

BFL has defined a process to report work-related hazards as part of ISO 45001:2018 Occupational Health & Safety Management System. In addition, employees are encouraged to utilize the existing safety observations reporting system, near-miss reporting process, safety committee meetings, toolbox talks and safety suggestion schemes to report the hazards. Employees are trained/re-trained on hazard identification and reporting at periodical intervals. Also, in addition to the existing safety

control systems, all the employees are provided with appropriate personal protective equipment (PPE) to safeguard themselves from hazards.

3. Safety Control System

BFL has a robust safety control system to minimize risks caused by external factors and ensure a safe and secure working environment. The Company adheres to stringent safety regulations and guidelines to protect its workforce and assets. The Company's safety control system is structured to identify and mitigate potential hazards and risks. To prevent accidents and injuries, the Company conducts regular audits to ensure compliance with safety standards and the implementation of all necessary measures. BFL takes appropriate action by imposing penalties when safety norm violations occur repeatedly.

Number of Safety Audits Conducted (External & Internal/Cross-functional)

188
in FY2024

65
in FY2023

Number of Safety Mock Drills Conducted

25
in FY2024

27
in FY2023



BFL put emphasis on assessing third-party or external entities to ensure their competence and adherence to safety protocols. The Company meticulously verifies government-issued certificates to confirm the capabilities and qualifications of these entities. This approach enables BFL to collaborate with trusted partners who share its commitment to safety. The Company enhances its safety measures and remains updated with the updated industry standards and best practices. Apex Safety Meetings and Departmental Safety Meetings are conducted on a quarterly and monthly basis in respective manner to discuss matters concerning Safety, Health & Environment those are common to all divisions.

BFL communicates relevant information on OHS to workers Conferences, Workshops, Publications, newsletters & reports, online portals, employee surveys, idea management, internal media and one-on-one interactions. 100% of all employees and

workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited, audited or certified by external agency.

4. Incident Analysis

BFL regularly monitor safety incidents and accident rates across all business operations. To achieve Zero Reportable/Lost Time Incidents, the company ensures to take necessary measures to prevent work-related fatalities. Employee feedback on health and safety matters is actively sought and incorporated to enhance safety management. Comprehensive safety measures include a clear health and safety policy, a meticulous work permit system, and robust accident investigation and analysis to effectively mitigate hazards. First aid facilities, safety training, and regular audits are provided to uphold stringent safety standards and create a secure work environment.

Category	Category	FY2024	FY2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.45	0.97
	Workers	1.14	0.50
Total recordable work-related injuries	Employees	3	7
	Workers	17	6
No. of fatalities (safety incident)	Employees	0	0
	Workers	2	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	3

Contract workers (other than permanent workers) are included in workers category.

BFL conducts comprehensive risk assessments to identify potential hazards and implement preventive measures. The Company aims to prevent workplace incidents and safeguard the well-being of all involved in its operations. 2 work-related fatalities were recorded during the reporting period. BFL monitors accident rates at all its locations. The drop in health and safety incidents is attributed to the commitment of management and workers to a safe environment by adhering to company policies and prioritizing health and safety.

Health and Safety Training

BFL has rigorous safety regulations detailed in occupational health and safety standards apply to all the employees, temporary workers and visitors within the organization. These standards include organizational measures and specific prerequisites for implementing technological and interpersonal safety measures across all sites.

BFL has safety training calendar is in place & training delivered as per the set frequency; evaluation is done after every training. The company provides essential safety equipment to production employees and emphasizes the importance of continuous training in health and safety. Regular on-the-job training programs cover various topics such as working at

heights, confined spaces, and on-site emergency protocols. These sessions are designed to educate new hires and reinforce safety measures for all employees. BFL aim to create a safe and secure working environment by empowering the workforce with knowledge and preventive measures.

At BFL awareness sessions on various topics like mental & physical health, heart, kidney, diabetes prevention, stress management -- for workers, employees & their families. BFL also carried out the health checkup of worker's family members.

A total of 33,946.85 man hours of training have been conducted on Health & Safety in the reporting year.

Safety Control System Procedure



BFL strongly believes in building and sustaining a safety-conscious organization. To achieve this, BFL continuously strives to develop and deploy advanced safety systems at the workplace. In addition, systems such as a safety committee, training, awareness promotions, rewards and recognitions have been deployed to ensure a safe and healthy workplace.

Safety interlocks and surveillance systems for high-risk operations, anti-collision/human presence detection systems in material handling equipment (Forklifts), auto dialers for fire protection systems, Energy isolation mechanism (LOTO) are some of the controls through technology that have been made available in the workplace.

Qualified safety officers are deployed as dedicated health and safety coordinators on the shop floor. They ensure the implementation of safe work practices at their respective shop. Regular safety walkthroughs are being taken up by these coordinators along with the central safety team. Cross-functional safety audits are carried out by the leadership team, to identify unsafe acts and conditions. Checklists and schedules are defined for these cross-functional audits.

The change management process is adopted strictly for any changes/new additions in the manufacturing systems. Hazard identification and risk assessment is done as part of change management to identify and address the hazards/risks. Training and authorization for the workforce is ensured strictly. Safety trainings are provided on specific topics/related hazards before starting any non-routine activities. Emergency preparedness is ensured by a structured on-site emergency response plan. Periodical mock drills are conducted to check the adequacy and readiness on this response plan. All the incidents, near-miss and

observations are investigated thoroughly to deploy necessary mitigation measures, on a timely basis.

A few untoward incidents in this fiscal year prompted us to review and strengthen our existing safety practices. As an outcome of this review, a few areas were identified for deploying additional controls. Artificial intelligence (AI) based systems such as proximity sensors and speed control devices were deployed in the material handling operations (forklifts used on the shop floor). Re-training and authorization of the workforce was taken up for all high-risk operations. Additional surveillance systems were deployed on the shop floor to spot and rectify all kinds of unsafe acts/conditions. Machine guarding system was strengthened with additional controls such as optical sensors and limit switches, wherever required. The design of safety tools used in the manufacturing operations was reviewed and enhanced. Visual representation was improved in the operating procedures that are displayed on the shop floor. With all these additional controls in place, the Company ensured the risks were maintained at the ALARP level (as low as reasonably practicable) and re-affirmed our commitment to providing a safe working environment to our employees.

Way Ahead

BFL is dedicated to advancing social sustainability through inclusive practices, community engagement, and fostering a supportive workplace culture. The Company aims to enhance the well-being of its employees, empower local communities, and promote diversity and inclusion across operations. BFL's forward-looking initiatives are designed to generate positive social impacts, fostering sustainable growth and shared prosperity among all stakeholders.

Sustainable Supply Chain

(GRI 204-1, 308-1, 308-2, 414-1, 414-2)



"BFL's sustainable supply chain initiatives aims to enhance environmental stewardship, social responsibility, and economic efficiency across the value chain. By integrating eco-friendly practices, ethical sourcing, and innovative technologies, the company strives to minimize its carbon footprint and promote resource conservation. This approach ensures the well-being of communities and stakeholders while maintaining high standards of quality and competitiveness. Through continuous improvement and collaboration with partners, BFL seeks to foster a resilient and sustainable supply chain, contributing to long-term sustainability goals and supporting global efforts to combat climate change and promote sustainable development."

SDG Alignment

8



9



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12



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Key Highlights

91.73%

of Inputs Sourced Locally

100%

of New Suppliers Screened for
ESG parameters

35

Suppliers underwent Supplier
Sustainability Assessment
during FY2024

Key Initiatives Undertaken during FY2024

- **Supplier Code of Conduct:** The Supplier Code of Conduct was reviewed by the Board.
- **Revisions to General Terms and Conditions:** Appropriate revisions were made in the General Terms and Conditions document that accompanies the Purchase / Work order issued to the suppliers.
- **Supplier Capacity Building:** Three Awareness sessions covering various ESG topics viz., business ethics, code of conduct, materiality assessment, decarbonization, etc. were conducted covering 76.29% of value chain partners.
- **Supplier Sustainability Self-Assessment:** 35 Suppliers underwent self-assessment on ESG parameters as a part of Supplier sustainability assessment.

100

Sustainability Report 2023-24

Strategic Approach

BFL believes that business success and long-term value creation are driven by a resilient supply chain supported by technological advancements, innovative thinking, and sustainable collaboration. Prioritizing procurement through strong, trusted relationships is essential to promoting responsible sourcing policies. The company is dedicated to aligning its sourcing practices with its sustainability goal of achieving 100% responsible sourcing.

A robust assessment process is in place for critical suppliers, who are rigorously evaluated on Environmental, Social, and Governance (ESG) metrics. This approach has enhanced responsible business practices throughout the supply chain and mitigated various business risks, including those related to human rights.

BFL encourages its suppliers to adhere to the highest standards, thereby boosting their market competitiveness and efficiency. Through these efforts, the company ensures a sustainable, efficient, and ethical supply chain that supports its long-term business objectives.

Supply Chain Management Policies

Implementation of Policies

Policies are critical for an organization to demonstrate its commitment, ensure compliance, and manage resources effectively. They provide a structured framework that aligns with both organizational goals and external requirements. BFL has deployed the Sustainable Procurement Policy and Conflict Mineral Policy to communicate its priorities and expectations to business partners, ensuring compliance across the supply chain.

Sustainable Procurement Policy

BFL believes in contributing to a sustainable future by collaborating with its business partners. By integrating sustainability objectives into sourcing decisions, this policy establishes the foundation for a sustainable supply chain.

Conflict Mineral Policy

The extraction of tin, tungsten, tantalum, and gold (3TG) in conflict regions like the Democratic Republic of Congo funds for the illegal activities such as massacres, abductions, and use of child soldiers. To prevent supporting these inhumane activities, BFL has implemented the Conflict Mineral Policy, which prohibits the procurement and use of such conflict minerals supplied from these countries in its processes and products.

Purpose	Measures Undertaken	Progress Achieved
Engaging with Business Partners and empowering them to shape the future	Ensuring ESG practices at Suppliers by 2030	Suppliers sustainability assessments of suppliers covering 76.26% business volume are completed
	50% RE use by Top suppliers by 2030	23.72% RE used by critical suppliers
	PCF for mainstream products by 2030	Identification of critical products is completed. PCF mapping is in progress
	30% lesser CO ₂ in Freight / Unit by 2030	10.55% reduction in CO ₂ in Freight / Unit as compared to base year

Supplier Code of Conduct

BFL Limited (BFL) is steadfast in its commitment to ethical and responsible practices, ensuring full compliance with all relevant laws and regulations. Central to this commitment is a strong emphasis on human rights, fostering a work environment that values respect, dignity, and safety for all employees and vendors. Environmental stewardship is equally fundamental to BFL's values, with a focus on sustainable procurement practices and continuous improvement to uphold its legacy of promoting environmental sustainability.

BFL's Ethics and Compliance Policy is designed to uphold the core values of integrity and transparency. Suppliers, both domestic and international, are expected to adhere to these principles, avoiding corruption, extortion, fraud, bribery, or embezzlement. Suppliers are not permitted to make statements on behalf of BFL or use the BFL/Kalyani brand without explicit prior consent. Actions taken by third-party agents or representatives, including government representatives, are considered to be actions performed by the suppliers themselves.

To maintain these high standards, BFL has established a comprehensive Supplier Code of Conduct (SCoC) that applies to all major suppliers involved in manufacturing its products. This code is regularly reviewed and updated to reflect evolving regulations, customer requirements, industry practices, and the outcomes of internal and supplier audits. The code cover the various principles of business ethics and compliance, human rights incl. child labour, wages, benefits and working hours, work environment and

equal opportunities / anti-discrimination, diversity, environmental sustainability, working conditions in factory/plant/offices, etc. among many others.

In its procurement practices, BFL ensures that vendors accept and adhere to the SCoC, which outlines expectations for responsible business conduct. Suppliers are expected to comply with applicable environmental and social parameters and adhere to BFL's business code of conduct. The procurement team maintains a tracker to monitor and ensure compliance with the SCoC.

Through these comprehensive policies and practices, BFL remains dedicated to ethical business practices, environmental stewardship, and the well-being of its employees, vendors, and the broader community.



Supplier Selection and Assessment

BFL ensures rigorous due diligence before entering into business partnerships or procurement activities. The company conducts comprehensive risk assessments of both potential and existing suppliers. These assessments are grounded in BFL's materiality exercise, which evaluates country-specific and sector-specific risks. All suppliers are rigorously screened according to criteria outlined in the company's materiality matrix.

BFL establishes relationship with all the suppliers and carried out screening process. During screening, suppliers need a minimum qualification score in the

areas such as quality, safety, environmental impact, social responsibility, governance and business relevance. This meticulous vetting process helps BFL maintain high standards, safeguard its business interests, and ensure that its supply chain aligns with the company's values and sustainability goals.

BFL is in the process to establish a Supplier Sustainability Index in the coming year.

During the reporting period, 35 new suppliers were screened for both environmental and social criteria.

While screening the suppliers, country-specific, sector-specific, and commodity-specific risks are considered. The basic criteria are as follows:



Business Ethics and Compliance

- Upholds values of integrity and transparency.
- Ensures suppliers adhere to rules and regulations.
- Prevents corruption, extortion, fraud, bribery, and embezzlement.



Third Party Representation

- Suppliers require BFL's prior explicit consent to make statements or use the BFL/ Kalyani brand.
- Actions by third-party agents or representatives, including government representatives, are considered as performed by the Supplier.



Social Responsibility

- Suppliers contribute to positive social outcomes.
- Strengthens reputation and relationships with customers and stakeholders.
- Enhances long-term sustainability and profitability opportunities.



Working Conditions in Plants/Offices

- Suppliers must adhere to BFL's rules and regulations.
- Ensures employee safety and product security.



Antitrust Compliance

- Suppliers must notify BFL immediately if under investigation for antitrust violations.



Political Activities

- Suppliers, as representatives of BFL, should not engage in any political campaigns or activities.



Data Protection

- Suppliers must adhere to all regulations governing the protection and privacy of personal information and data.
- Must comply with the General Data Protection Regulation (GDPR) in accordance with EU law, when applicable.



Legal Compliance

- Suppliers are responsible for complying with the laws, rules, and regulations of their own country and the country of origin of their products and services.



Bribery

- Distorts competition and undermines fair business practices.
- Leads to inefficiencies and unfair advantages for certain parties.
- Compromises integrity and transparency of the supply chain.
- Increases costs and damages trust and reputation.
- Hampers relationships with external stakeholders.



Sustainability

- Adhere strictly to sustainability practices.
- Uphold ethical responsibilities and meet stakeholder expectations.
- Comply with regulations and mitigate risks.
- Create business opportunities and achieve long-term success in a rapidly changing environment.



Cybersecurity

- Suppliers must responsibly manage all tangible and intangible BFL assets, including supplies, consumables, equipment, and intellectual property, when given permission by BFL to use these resources



Conflict of Interest

- Suppliers must avoid conflicts of interest that could harm their reputation with BFL.
- A conflict of interest arises if a BFL employee influencing decisions related to the supplier is related to an employee of the supplier.



Communication and Enforcement

- Suppliers must comply with the guidelines in BFL's Supplier Code of Conduct to engage in business with BFL.
- BFL will establish and maintain a system to evaluate and ensure adherence to these standards.
- If breaches are identified, suppliers must provide details and corrective measures within 30 days.
- BFL retains the right to refer to the supplier's own code of conduct as necessary.



Supplier Sustainability Assessment

BFL undertook a comprehensive sustainability assessment of its critical supply chain partners to identify ESG-related risks. This assessment involved a detailed questionnaire distributed to suppliers who collectively account for 76.29% of BFL's business volumes by value. The questionnaire addressed several key aspects, including:

- Company management information
- Legal compliance
- Business ethics
- Environment
- Energy and emissions
- Health and safety
- Human rights
- Supplier management

The responses received has provided confidence in the suppliers' adherence to environmental, health, safety, legal, and human rights standards. However, the assessment revealed areas for improvement, particularly in energy and emissions, as well as business ethics.

The decarbonization survey, detailed in the following section, allowed BFL to explore necessary actions for the future. Additionally, BFL's procurement and ESG teams conducted site visits to selected suppliers to observe and gain a deeper understanding of their processes.

	FY2024	FY2023
Number of suppliers assessed for environmental and social impacts	35	51
Number of suppliers identified as having significant actual and potential negative environmental and social impacts	0	0
Significant actual and potential negative environmental and social impacts identified in the supply chain	0	0
Percentage of suppliers identified as having significant actual and potential negative environmental and social impacts with which improvements were agreed upon as a result of assessment	0	0
Percentage of suppliers identified as having significant actual and potential negative environmental and social impacts with which relationships were terminated as a result of assessment	0	0

Decarbonization Survey for Raw Material Suppliers

Recognizing that greenhouse gas (GHG) emissions from raw materials contribute significantly to Scope 3 emissions, BFL conducted a decarbonization survey among its raw material suppliers during the reporting year FY2024. The survey, which included a brief questionnaire on energy consumption and decarbonization efforts, was distributed to all 12 raw material suppliers.

The responses provided valuable insights into the suppliers' energy mix, consumption patterns, and the extent of their green energy usage. This information has enabled BFL to quantify the emissions associated with the materials procured and will be instrumental in shaping the company's future mitigation strategies aimed at reducing Scope 3 emissions.

Human Rights Due Diligence in the Supply Chain

For BFL, ensuring compliance with human rights standards is a business imperative, particularly given its diverse customer base both nationally and internationally. As part of this commitment, BFL has established a robust risk management process to identify, eliminate, or minimize the risks of human rights violations within its supply chain. During the reporting year, critical suppliers underwent a thorough human rights due diligence assessment, focusing on:

- Human Rights Policy & Training
- Prohibition of child and forced labor
- Minimum wage criteria
- Confidentiality of personal information
- Working hours and overtime requirements
- Availability of facilities such as canteens, health centers, PPEs, and first aid boxes

Inclusion of Energy Criteria in Procurement

As part of its ISO 50001:2018 Energy Management System certification, BFL has integrated energy efficiency criteria into its procurement process. This includes the evaluation of energy-consuming equipment, such as induction billet heaters, compressors, furnaces, material handling equipment, and machinery, based on their energy efficiency. The procurement process has been modified accordingly, and the procurement team has received training on these new requirements. Technical comparison statements now include energy aspects as a key consideration.

Training Supply Chain Partners

The successful adoption of ESG practices by suppliers hinges on their awareness and understanding of these concepts. BFL has trained suppliers covering 76.29% business volume on Fundamentals of ESG, and Materiality Assessment. BFL is planning to conduct training sessions for its supply chain partners in the next fiscal year on topics such as Introduction to ESG/ Sustainability, Social and Governance aspects, Decarbonization and Energy Efficiency, and Environment Management, as ESG/Sustainability basics, Materiality Assessment, and Code of Conduct & Business Ethics. The training will target suppliers responsible for 76-80% of BFL's business volume, ensuring a broad impact across the supply chain. Building competency in procurement team is needed for effective implementation ESG in supply chain. Buyers are trained on various topics of ESG which includes Fundamentals of ESG, Supplier Code of Conduct, Materiality Assessment, Implementation of Carbon Border Adjustment Mechanism and ISO 50001:2018 requirements in procurement.



Local Procurement for Sustainable Growth

BFL is deeply committed to supporting the growth and prosperity of the regional economy through sustainable procurement practices. A key aspect of this commitment is the active utilization of local suppliers for raw materials and essential supplies. In the reporting year, 2.86% of raw materials were sourced from Micro, Small, and Medium Enterprises (MSMEs), supporting local businesses and promoting economic development. An example of BFL's commitment to community empowerment and social impact is the sourcing of boiler suits and aprons required as uniforms from Self Help Groups at community centers.

Centralized Purchasing with a Local Focus

While BFL's centralized purchasing operations are based in India, the company prioritizes collaboration with local vendors to meet the specific needs of each region. This approach is particularly significant in Maharashtra, where BFL's manufacturing facilities are located in Mundhwa (Pune), Chakan, Baramati, and Satara.

Economic Impact in Maharashtra

By engaging with local suppliers, BFL enhances the economic ecosystem within Maharashtra. Approximately, 91.73% of BFL's raw material needs are sourced from suppliers based in Maharashtra. This strategic partnership not only ensures a reliable supply chain but also promotes regional economic development and fosters long-term sustainability.

Benefits of Local Procurement

Commitment to Community

BFL believes that actively engaging with local suppliers contributes significantly to the growth and success of the regional economy. Through these collaborative efforts, the company reinforces its commitment to the communities in which it operates, striving to create a positive impact on the local business landscape.

By prioritizing local procurement, BFL not only secures its supply chain but also champions the economic vitality of Maharashtra, underscoring its dedication to sustainable and responsible business practices.

The Way Ahead

BFL is committed to advancing responsible procurement practices to ensure sustainable growth. Moving forward, the company will intensify efforts to engage local suppliers, prioritize environmental, social and governance (ESG) criteria, and promote ethical sourcing. By leveraging innovative technologies and fostering transparent supplier relationships, BFL aims to enhance supply chain resilience and reduce carbon footprints. Continuous monitoring and improvement initiatives will be implemented to uphold high standards. This strategic approach reinforces BFL's dedication to sustainability, community development, and ethical business practices, ensuring long-term value creation for stakeholders.

Community Development

[GRI 204-1, 308-1, 308-2, 414-1, 414-2]

"BFL acknowledges the significance of social responsibility and is deeply committed to positively impacting the communities it serves. Recognizing that a strong partnership with the surrounding community is essential for mutual growth and success, BFL actively engages in initiatives aimed at community development. These efforts reflect the company's appreciation for the ongoing support of the community and its dedication to fostering a thriving and sustainable environment for all."

SDG Alignment



Strategic Approach

BFL adopts a comprehensive approach to its CSR initiatives, prioritizing infrastructure development, education, and skill enhancement as fundamental pillars for advancing communities. These focus areas are central to the Company's mission of driving sustainable development, particularly in the rural regions surrounding its Pune site. Recognizing the potential for meaningful impact, BFL has set a visionary goal to address the basic needs of 100 marginalized villages in Maharashtra. The strategy focuses on five critical areas: water accessibility, infrastructure, livelihood, education, and health.

To ensure the effective implementation of these goals, BFL has established a CSR committee at the Board level. This committee plays a pivotal role in shaping the company's CSR strategy, ensuring alignment with community needs, and maximizing the impact of initiatives.

A thorough needs assessment is conducted before initiating any project, considering the geographical requirements and unique characteristics of each area. The Company places a strong emphasis on continuous engagement with the communities it serves, ensuring that decisions are made

collaboratively and only after consulting with local residents. The mode of engagement is diverse, including regular village visits, interactions with community leaders, and direct communication between senior leadership and community representatives.

Although BFL has not received formal grievances, any issues that arise at the field level are promptly addressed by the company's NGO partners and village representatives. The Company believes in resolving concerns through open discussions with all stakeholders, ensuring that solutions are co-created and implemented effectively.

By providing essential facilities and fostering grassroots growth in these target villages, BFL aims to uplift communities, improve their quality of life, and contribute to their overall well-being. The Company is committed to embedding sustainability and inclusivity into its development efforts, aspiring to create lasting positive change for all.

For further details on the Company's CSR Committee, its roles and responsibilities and composition please refer to Annexure D of Annual Report FY2024.

For the Company's CSR Policy please click on the [link](#).

Sr. No.	CSR Project	No. of persons benefited from CSR projects (FY2024)	No. of persons benefited from CSR projects (FY2023)	% of beneficiaries from vulnerable and marginalized groups
1	Village Development in more than 100 villages in Maharashtra State	230,000+ community people from 108 villages	200,000+ people from more than 100 villages	100
2	Education Project in collaboration with Pratham Pune Education Foundation	5,000+ children from Pune	13,585 children from 8 divisions of Pune	100
3	Education Project in collaboration with Jnana Prabodhini	380+ children from 5 different communities	389 children from 5 different communities	100
4	Education Project in collaboration with Vidyarthi Sahayak Samiti	45 girl students pursuing engineering or diploma	20 girl students pursuing engineering or diploma	100
5	Women Empowerment - Community centres, vocational training and income generation activities	900 women from all community centres located in Pune	350 women from self-help groups located at 3 centres	>75
6	Skilling through CoE (Centre of Excellence) at Vidya Pratishthan, Baramati	184 students pursuing Engineering	161 students pursuing engineering	>75
7	Skill Development Project - Working with (ITIs)	1,454 students pursuing diploma	1,500 students pursuing a diploma	>75
8	Waste Management	1,090 families	500 families from the Hadapsar village	>75

Value Creation Stories



Village Development

Initiative Name:

Village Development Project

Focus/Target Area

- Community Well-being
- Water Provision
- Infrastructure Enhancement

UN SDG Alignment



Summary of Initiative

The "Village Development Project" by BFL is a comprehensive initiative designed to enhance the quality of life across 108 villages. The project focuses on key areas including skill development, education, water access, livelihood improvement, infrastructure enhancement, and healthcare. These efforts are meticulously aligned with the UN SDGs and ESG principles, driving sustainable and holistic progress within the communities served.

The project aims to boost farmers' income levels and transform the villages into environmentally sustainable and socially vibrant communities. Significant achievements include planting over 1 lakh trees with geotagging, conserving 2,625 TMC of water through harvesting structures, and generating 469 KW of renewable energy via solar systems. This initiative exemplifies BFL's commitment to creating lasting value and fostering a brighter future for these communities.



Skill Development

Initiative Name:

Center of Excellence (CoE) and Incubation Center at Vidya Pratishthan

Focus/Target Area

- High-Tech Skills Development (Robotics, IoT, AI/ML, Data Analytics)
- Women's Empowerment
- Rural Education and Mentorship
- Advanced Agricultural Training
- Technical Support and Skill Development for ITI Students

UN SDG Alignment



Summary of Initiative

BFL has established a Center of Excellence (CoE) and Incubation Center at Vidya Pratishthan in Baramati, catering to 450 students with a focus on high-tech skills such as Robotics, IoT, AI/ML, and Data Analytics. Emphasizing women's empowerment, over 60% of the students are girls. The Company also sponsors and mentors 45 rural female students pursuing engineering or diploma courses through the Student Welfare Association.

Additionally, BFL has trained 420 farmers in advanced agricultural technologies through a collaboration with ADT Baramati, which has partnered with Microsoft and Oxford for further advancements. As an industry partner with four Government ITIs, the Company provides technical support and skill development training to 1,354 students, enhancing their employability. This initiative underscores BFL's commitment to fostering education, empowerment, and sustainable growth in rural communities.



Health

Initiative Name:

Health and Sanitation Enhancement in Rural Communities

Focus/Target Area

- Sanitation Infrastructure Development
- Women's Health Screening
- Telemedicine Access

UN SDG Alignment



Summary of Initiative

BFL has significantly improved rural health and sanitation by constructing 41,729 meters of underground drainage, ensuring cleaner and more hygienic village environments. The Company also conducted eight cancer screening camps, benefiting 1,036 women this year, and a total of 5,780 women across villages. To further enhance healthcare access, BFL established seven telemedicine centers, providing doorstep medical services to 11,000 people in remote areas. This initiative highlights the Company's commitment to fostering a healthier and more sustainable rural community.



Education

Initiative Name:

Educational Upliftment and Infrastructure Development

Focus/Target Area

- Education for Underprivileged Children
- School Infrastructure Enhancement

UN SDG Alignment



Summary of Initiative

BFL's educational program is dedicated to uplifting children from underprivileged backgrounds and enhancing the infrastructure of government schools. Through partnerships with Pratham Education Foundation and Dynan Prabodhini, the Company provides non-formal education to 5,000 children across 130 slum communities. Additionally, infrastructure development was carried out for three Zilla Parishad and government schools, benefiting a total of 42 schools. This initiative demonstrates BFL's commitment to creating equitable educational opportunities and improving learning environments for disadvantaged children.



Women Empowerment

Initiative Name:

Women's Empowerment through Vocational Training and Entrepreneurship Support

Focus/Target Area

- Women's Empowerment
- Vocational Training
- Entrepreneurship Development

UN SDG Alignment



Summary of Initiative

BFL's community development program is dedicated to empowering 900 women from underprivileged sections by providing vocational training, business enterprise support, and essential resources to foster an entrepreneurial ecosystem. This initiative aims to enhance the economic independence of these women, promoting gender equality and sustainable economic growth. Through targeted training and support, BFL is helping to create a thriving environment for women entrepreneurs, driving positive change in the communities served.

Annexure

GRI Index

BFL has reported with reference to the GRI Standards for the period April 1, 2023 to March 31, 2024

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202-2	Proportion of Senior Management Hired from the Local Community	Workforce for Tomorrow - Diversity, Equality and Inclusion		79
GRI 203 – Indirect Economic Impacts				
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GRI 204 – Procurement Practices				
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204-1	Proportion of spending on local suppliers	Sustainable Supply Chain		106

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3-3	Management of Material Topics			50
205-1	Operations Assessed for Risks Related to Corruption	Corporate governance- Code of Conduct		37
205-2	Communication and Training About Anti-Corruption Policies and Procedures	Corporate governance- Code of Conduct		37
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GRI 206 – Anti-competitive Behaviour				
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GRI 207- Tax				
207-2	Tax governance, control, and risk management		https://www.bharatforge.com/assets/pdf/investor/download/BFL_Tax_Policy.pdf	
GRI 301 – Materials				
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303-2	Management of Water Discharge - Related Impacts	Water Stewardship - Water discharge		67
303-3	Water Withdrawal	Water Stewardship – Water withdrawal		66
303-4	Water Discharge	Water Stewardship – Water discharge		67
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GRI 305 – Emissions				
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GRI 306 – Waste				
306-1	Waste Generation and Significant Waste-Related Impacts	Waste Management and Circular Economy		72
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GRI 308 – Supplier Environmental Assessment				
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GRI 401 – Employment				
401-1	New Employee Hires and Employee Turnover	Workforce for Tomorrow- Talent management		80
401-2	Benefits Provided to Full-Time Employees That Are Not Provided to Temporary or Part-Time Employees	Workforce for Tomorrow- Employee Welfare		84
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GRI 402 – Labour/Management Relations				
402-1	Minimum notice periods regarding operational changes	Workforce for Tomorrow- Employee Welfare		93

Disclosure No.	Disclosure Title	Section	Remarks	Page Number
GRI 403 – Occupational Health and Safety				
3-3	Management of material topics			50
403-1	Occupational health and safety management system	Health and Safety		94
403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety – Hazard Identification and Risk Assessment		95
403-3	Occupational health services	Health and Safety		94
403-5	Worker training on occupational health and safety	Health and Safety – Health and Safety training		97
403-6	Promotion of Worker Health	Health and Safety – Health and Safety training	BRSR Principle 3 Q1	AR 132
403-8	Workers covered by an occupational health and safety management system	Health and Safety		96
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GRI 404 – Training and Education				
3-3	Management of material topics			50
404-1	Average Hours of Training Per Year Per Employee	Learning and Career Development		83
404-2	Programs For Upgrading Employee Skills and Transition Assistance Programs	Employee Wellbeing and Transition Assistance Program		85
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Learning and Career Development		83
GRI 405 – Diversity and Equal Opportunity				
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405-1	Diversity of Governance Bodies and Employees	Corporate Governance – Governance Framework and Structure	Annual Report - BRSR - Section A – Q 20	31
GRI 406 – Non-discrimination				
406-1	Incidents of Discrimination and Corrective Actions Taken	Human Rights – Freedom of Association		9
GRI 407 – Freedom of Association and Collective Bargaining				
407-1	Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining May Be at Risk	Human Rights – Freedom of Association		93
GRI 408 – Child Labor				
408-1	Operations and suppliers at significant risk for incidents of child labour	Human Rights – Freedom of Association		93
GRI 409 – Forced or Compulsory Labor				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Human Rights – Freedom of Association		93

Disclosure No.	Disclosure Title	Section	Remarks	Page Number
GRI 410 – Security Practices				
3-3	Management of material topics			50
410-1	Security Personnel Trained in Human Rights Policies or Procedures	Human Rights – Freedom of Association		77
GRI 411 – Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples	Human Rights – Freedom of Association		93
GRI 414 – Supplier Social Assessment				
414-1	New suppliers that were screened using social criteria	Sustainable supply chain – Supplier selection assessment		102
414-2	Negative social impacts in the supply chain and actions taken	Sustainable supply – Supplier Sustainability Assessment		102
GRI 415 – Public Policy				
415-1	Political Contributions	Corporate governance - Policies		38
GRI 416 – Customer Health and Safety				
416-1	Assessment of the health and safety impacts of product and service categories		Not Applicable as the products of the Company are directly supplied to the OEMs who assemble and send the end product to the general customer.	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Corporate Governance – Compliance		39
GRI 417 – Marketing and Labeling				
417-1	Requirements For Product and Service Information and Labeling	Marketing and Communication	417-1 (IV) _ Not Applicable as the products of the Company are directly supplied to the OEMs who assemble and send the end product to the general customer.	24
417-2	Incidents of Non-Compliance Concerning Product and Service Information and Labeling	Marketing and Communication		24
417-3	Incidents of Non-Compliance Concerning Market Communications	Marketing and Communication		24
GRI 418 – Customer Privacy				
3-3	Management of Material Topics			SR 32, AR 156
418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data		BRSR Principle 9 – Q3	AR 156

Independent Assurance Statement

To the Management and Stakeholders of Bharat Forge Limited

DQS India Private Limited (DQS) have been engaged by Bharat Forge Limited (BFL) to provide limited assurance over the Bharat Forge Limited's Sustainability Report FY 2023-24. The engagement took place from October to November 2024 and was concluded on November 20, 2024.

Objectives

The objective of this assurance engagement was to independently assess and express conclusions on underlying reporting processes and validate qualitative and quantitative claims, so as to limit misstatement and increase the overall credibility of the reported information and data.

Scope of Assurance

The assurance encompassed the entire BFL Sustainability Report FY 2023-24 and focused on all figures, statements and claims related to sustainability during the reporting period 1, April 2023 to 31, March 2024. More specifically, this included:

- Non-financial statements, information and performance data contained within the Sustainability Report;
- BFL's management approach of material issues; and
- BFL's reported data and information as per the requirements of the Global Reporting Initiative Standards.

Information and performance data subject to assurance is limited to the content of the sustainability report only.

The assurance did not cover financial data, technical descriptions of buildings, equipment and production processes, non-material topics or other information not related to sustainability.

Assurance Criteria and Level of Assurance

The Sustainability report of BFL has been self-declared to be 'with reference to' the requirements of the GRI Standards 2021.

The Assurance activities were provided following the requirements of **Limited level assurance** in accordance with **ISAE 3000 (Revised)**: International Standard on Assurance Engagements (Assurance on Non-Financial Information).

The assurance engagement is not a compliance audit and does not assess or evaluate compliance with applicable laws and regulations.

Responsibility

The management of Bharat Forge Limited, the responsible party for this assignment, is responsible for the preparation and presentation of the Sustainability Report FY 2023-24. They are responsible for establishing and maintaining the internal controls and processes to ensure the collection, calculation, and reporting of accurate and reliable data for this sustainability report.

We, DQS India Private Limited, being the assessor of the report is responsible for expressing a limited level assurance conclusion based on the work performed regarding the accuracy and completeness of the data and information presented in the Bharat Forge Limited Sustainability Report FY 2023-24.

Deutsch Quality Systems (India) Private Limited

Vaishnavi Tech Park, Sy.No.16/1 and 17/2,
Bellandur Gate, Sarjapur Main Road, Ambalipura,
Bengaluru - 560102 Karnataka, India

Assurance Quality control and Practices

We have applied International Standard on Quality Control 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.

We have complied with the independence and other ethical requirements of the 'DQS India -Conflict of Interest and Code of Ethics Policy', which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior

Assurance Methodology

The assurance procedures and principles used for this engagement were drawn from the ISAE 3000 standard and methodology developed by DQS, which consists of the following steps:

1. Identifying statements and data sets, which are classified according to the relevant data owners and the type of evidence required for the verification process.
2. Reviewing the materiality assessment and verifying if the material topics identified by the organisation have been adequately disclosed in the report.
3. Carrying out interviews with key functional managers and data owners to understand the process for collecting, collating and reporting the subject matter as per the requirements of Global Reporting Initiative (GRI) Standard General disclosures as well as the following disclosures of the material topics:
 - a. Environmental Indicators:
 - i. Material (301-1, 301-2, 301-3),
 - ii. Energy (302-1, 302-3, 302-4),
 - iii. Water (303-1, 303-2, 303-3, 303-4, 303-5),
 - iv. Emissions (305-1, 305-2, 305-3, 305-4, 305-5, 305-7),
 - v. Waste (306-1, 306-2, 306-3, 306-4, 306-5),
 - vi. Supplier Environmental Assessment (308-1, 308-2):
 - b. Social Indicators:
 - i. Employment (401-1, 401-2, 401-3),
 - ii. Labor/Management Relation (402-1),
 - iii. Occupational Health and Safety (403-1, 403-2, 403-3, 403-5, 403-6, 403-8, 403-9, 403-10),
 - iv. Training & Education (404-1, 404-2, 404-3),
 - v. Diversity & Equal Opportunity (405-1),
 - vi. Non-discrimination (406-1),
 - vii. Freedom of association and collective bargaining (407-1),
 - viii. Child labor (408-1),
 - ix. Forced or compulsory labor (409-1),
 - x. Security Practices (410-1),
 - xi. Rights of Indigenous Peoples (411-1),
 - xii. Supplier Social Assessment (414-1, 414-2),
 - xiii. Public Policy (415-1),
 - xiv. Customer Health & Safety (416-1, 416-2),
 - xv. Marketing and labelling (417-1, 417-2, 417-3),
 - xvi. Customer policy (418-1)
 - c. Economic Indicators:
 - i. Economic Performance (201-1, 201-3, 201-4)
 - ii. Market Presence (202-1, 202-2),
 - iii. Indirect economic impacts (203-1, 203-2),

- iv. Procurement practices (204-1),
 - v. Anti-corruption (205-1, 205-2, 205-3),
 - vi. Anti-competitive behavior (206-1)
 - vii. Tax (207-2)
4. Undertook analytical review procedures to support the reasonableness of the data, through remote audits, on a selective test basis, for the following sites:
 - i. Mundhwa, Pune - 411036, Maharashtra, India
 - ii. Baramati Division, E-1/1, MIDC, Baramati – 413133, Dist. Pune, Maharashtra, India
 - iii. Chakan, Nashik Highway, Chakan, Pune - 410 501, Maharashtra, India
 - iv. General Engineering Division, Jarandeshwar Railway Station, 415011, Dist. Satara, Maharashtra, India
 - v. Block 5, Mambattu Industrial Park, PHASE 2, Mambattu Village, Tada Mandal, Andhra Pradesh 524401
5. Assessing the collected information and providing recommendations for immediate correction where required or for future improvement of the report content.
6. Concluding after checking the revised report on its reliability and quality after implementation of the immediate corrections to meet requirements of the GRI standard.

Observations and Findings

In addition to providing limited assurance, we noted the following observations during our engagement:

- **Stakeholder Inclusivity:**
We found no evidence of any key stakeholder groups being excluded from BFL's stakeholder engagement process. BFL has demonstrated a proactive and inclusive approach, ensuring that diverse stakeholder perspectives are considered throughout their sustainability strategy and reporting efforts.
- **Materiality:**
We are not aware of any significant material issues concerning BFL's sustainability performance that have been omitted from the report. BFL has thoroughly identified and addressed relevant material sustainability topics, ensuring transparency and alignment with both stakeholder expectations and industry standards.
- **Responsiveness:**
BFL has established robust processes to effectively respond to stakeholder concerns and manage its material sustainability issues. However, the assessment was focused on the verification of the sustainability report and did not extend beyond the agreed scope of assurance.
- **Impact:**
BFL has implemented effective processes to measure, evaluate, and manage the environmental and social impacts associated with its operations. These processes are aligned with key performance indicators (KPIs) relevant to the nature of its business and identified material sustainability issues.
- **Reliability:**
Data management systems are established and centralized for the collection and calculation of data associated with material sustainability topics. These systems provide an adequate foundation for the reliability of the reported data, though certain operational data depend on measurement arrangements at the site level.

Limitations and Exclusions

Excluded from the scope of our work is assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements of a descriptive or interpretative nature, or of opinion, belief, aspiration, or commitment to undertake future actions.

The following limitations should be noted:

- This limited assurance engagement relies on a risk-based selected sample of sustainability data and the associated limitations that this entails.
- The reliability of the reported data and information are dependent on the accuracy of metering and other production measurement arrangements employed at site level, which were not addressed as part of this assurance.
- This independent statement should not be relied upon to detect all errors, omissions, or misstatements that may exist.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the BFL Sustainability Report FY 2023-24 has complied 'with reference to' Global Reporting Initiative (GRI) standard, is not, in all material respects, fairly stated.

Statement of Independence, Integrity, and Competence

DQS ensures that appropriately qualified individuals are selected for assurance engagements based on their qualifications, training, and experience. The outcome of all verification and assurance assessments is internally reviewed by senior management to ensure a rigorous and transparent approach is consistently applied. DQS provided assurance services to review BFL's sustainability data and processes, ensuring alignment with relevant ISO standards and risk management principles. The assurance assessments are the only work undertaken by DQS for BFL, thus safeguarding our independence and impartiality throughout the engagement.

On behalf of the assurance team

20th November 2024

Bengaluru, India



Dr. Murugan Kandasamy

CEO & Managing Director

Deutsch Quality Systems (India) Private Limited

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