

Thursday, 23rd July 2026

The Company Secretary,
Bharat Forge Limited,
Mundhwa, Pune Cantonment, Pune-411036

Dear Sirs,

Sub.: Independent Review on Compliance with Human Rights Standards ('the Questionnaire') for Financial Year 2025-26.

We, Sharp and Tannan Associates, Chartered Accountants, ("the Firm") have conducted a review of the human rights standards adopted and implemented at Bharat Forge Limited ("the Company", "the Management").

Scope of the Review:

Our procedures were limited to the collation and compilation of Management's responses to the Questionnaire, and a comparison of a sample of those responses against documentation and system records made available by Management, at the following locations: Mundhwa, Baramati, Chakan, Satara, and Nellore. The procedures covered the following focus areas on a sample basis only: child labour and forced labour, occupational safety, discrimination and harassment, working conditions, compliance with select labour regulations, and oversight of contractors. This is an agreed-upon procedures engagement; our conclusion, set out at the end of this letter, is accordingly limited to reporting factual findings rather than an opinion on compliance.

Management's Responsibility:

The management of the Company is responsible for the accuracy, completeness, and integrity of the information, documentation, and system demonstrations provided to us during the course of our engagement. The management understands and acknowledges its responsibility for establishing, implementing, and maintaining adequate human rights and labour-law compliance policies, procedures, and internal controls to support its claims related to the engagement, and also regarding prompt notification to us of any changes to these representations and policies.

Reviewer's Responsibility:

Our responsibility was limited to obtaining responses to the Human Rights Questionnaire from the Company's management and verifying the information on a sample basis. In accordance with the Company's data confidentiality protocols, we were not provided with copies of underlying source documents, personnel files, or system extracts. Our review of such records was limited to on-site, point-in-time system demonstrations conducted by Company personnel during our visits. The review was carried out with due professional care, including examination of relevant documentation and system displays.



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Based on the responses received from the HR Department to the Human Rights Questionnaire, Management represented that the following practices have been adopted and implemented across the covered locations. We compared a sample of these representations to documentation or system records shown to us, with results set out in the Observations section below:

- A comprehensive Human Rights Policy has been established, communicated, and acknowledged by all employees and contract workers.
- Child labour and forced labour are strictly prohibited.
- Adequate basic amenity (restrooms, canteen facilities, and first aid) are accessible to all employees and contractors.
- A Non-Discrimination and Anti-Harassment Policy are in place, supported by a Grievance Redressal Committee for complaints resolution.
- Regular awareness and training programs on discrimination, harassment prevention, and human rights standards are conducted.
- Health and safety training sessions are regularly organized for both direct employees and those employed through contractors.
- Employee personal data is used strictly for business purposes and safeguarded against misuse or discriminatory practices.
- Due diligence checks are conducted before engaging contracting agencies, including police verification and statutory compliance checks for sensitive sectors like defence and aerospace.
- Contracting agencies are required to maintain compliance records, including proof of age, wages, working hours, rest periods, and anti-discrimination measures.
- Regular audits of contractors and suppliers are conducted to monitor compliance with human rights and labour standards.

The above are Management's representations. Except as set out in the Observations section below, we have not independently confirmed these representations beyond the sample-based comparison described in the Scope of the Review, and nothing in this section should be read as confirmation that no instance of non-compliance exists beyond what is noted in the Observations.



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Observations from Sample-Based Verification

While the Company has implemented several policies and controls in line with management's representations, our sample-based verification identified the following areas where process improvements may be warranted:

- 1. Delays in Wage Payments and PT Deductions** - Delays in wage disbursements and Professional Tax (PT) deductions were observed in certain cases involving contract workers, indicating potential gaps in compliance with applicable statutory wage and tax requirements.
- 2. Non-Compliance in Holiday Wage Disbursement** - Instances of non-disbursement of double wages towards the National Holiday on 15th August 2025 were observed in certain cases involving contract workers, indicating potential gaps in adherence to applicable statutory wage requirements.
- 3. Working Hours and Weekly Rest** - Notwithstanding general compliance, a few deviations were recorded specifically, working days exceeding 10 consecutive days and failure to ensure mandatory weekly rest periods were availed by employees.
- 4. Timeliness of Statutory Contributions** - In select cases concerning contract workers, delays were noted in the remittance of statutory contributions towards Provident Fund (PF) and Employees' State Insurance (ESIC).
- 5. Weaknesses in PPE Compliance Monitoring and Enforcement** - Instances were observed where personnel operating machinery were not wearing the prescribed safety gear, including safety gloves. This indicates non-adherence to established occupational health and safety requirements and may increase the risk of workplace injuries.

We have not extrapolated any of the above sample findings to the Company's full employee or contractor population, and we express no view on whether these instances are isolated or systemic.

Conclusion

Based on the procedures performed and our limited sample-based review, nothing has come to our attention that would lead us to believe that the Company has not generally implemented human rights-related policies and procedures as represented by management and within the scope of this review.

**It is important to note that our review was not an audit or assurance engagement and, accordingly, does not express an opinion on the overall adequacy or effectiveness of the Company's policies, processes, or internal controls.*

Sharp & Tannan Associates

Yours faithfully,

Sharp & Tannan Associates
Chartered Accountants

