



HERITAGE FOODS LIMITED

Policy on Business Responsibility

HERITAGE FOODS LTD

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Business Responsibility Policies

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INTRODUCTION:

Heritage Foods Limited ('the Company') is a public limited company incorporated on June 5th, 1992, under the Companies Act, 1956 (Corporate Identity Number L15209TG1992PLC014332).

The equity shares of the Company listed on the BSE Limited and the National Stock Exchange of India Limited and as such the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') including the listing agreements executed with the recognised stock exchanges for its various listed securities, are applicable and binding on it.

SCOPE AND PURPOSE:

This Policy on Business Responsibility ('BR Policy' or 'Policy') has been framed in line with the requirements of Regulation 34 and other applicable provisions of the Listing Regulations and is intended to ensure that the Company contributes towards sustainable development and fulfils its social, environmental and economical responsibilities.

This Policy endorses the Company's commitment to follow principles and core elements, in conducting its business, as laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business issued by Hon'ble Ministry of Corporate Affairs.

This Policy shall be in addition of and furtherance to the existing HFL Code of Conduct and Business Ethics ('**the Code**') of the Company.

In view of the above, the Board of Directors of the Company (**the Board**) approved this Policy at its meeting held on March, 24, 2017

APPLICABILITY:

This Policy applies to all the directors and employees of the Company across all its functions, units and branches.

This Policy shall be effective from March 25, 2017

IMPLEMENTATION:

The Whole Time Director of the Board shall have the authority to oversee the implementation of this Policy.

The Vice Chairperson and Managing Director and Executive Director shall severally act as the BR Head and shall be responsible for implementing the Business Responsibility initiatives and assisted by an internal and external team having multi-disciplinary background. They shall also be responsible for, providing clarifications on the Policy, guiding the staff in implementation, reviewing the results, audit, impact assessment, etc.

The Management Committee of the Board shall be the reviewing authority of this Policy, subject to the approval of the Board and may make suitable changes in this Policy from time to time, however, such alterations shall not be inconsistent with the provisions of any law for the time being in force.

KEY PRINCIPLES:

Policy 1: ETHICS, TRANSPARENCY & ACCOUNTABILITY

The Company maintains highest standards of ethics in all spheres of its business activities. The Board of Directors and Senior Management strive and endeavor to set examples of utmost ethical behavior. The Management aims at inculcating ethical behaviour at all levels across the Company making it an essential part of the work culture so that every employee of the Company conducts himself/herself and leads on behalf of the Company with professionalism, honesty, integrity and conform to high moral and ethical grounds.

Apart from the Code of Conduct required as per various laws, rules and regulations from time to time, the Company additionally has in place this Code for all its employees, Senior Management and directors applicable across the Company. The employees, Senior Management and directors of the Company are required to strictly adhere to this Code. All business decisions and transactions shall be fair, transparent, amenable to disclosure and be visible to the concerned stakeholder. The Company shall ensure maximum appropriate disclosure to its various stakeholders without impacting its strategic intent.

The Company shall ensure that the disclosures required to be made in business documents, statutory filings, declarations, advertisements are correct and complete in all sense. Disclosures shall be governed by the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Determination of Materiality Policy and such other applicable policy as may be framed by the Company, from time to time. The Company shall inform all relevant stakeholders of the operating risks and redress the issues raised.

The Company shall have zero tolerance for bribery and corruption in its business dealings. All officers and employees of the Company shall take all care to ensure that there does not arise a conflict of interest between him/her and the Company. The executive directors and employees of the Company shall strictly adhere to the provisions of the Code in this regard.

The Company believes in free and open competition and shall not indulge in any anti-competitive or unfair practice or abuse its dominant position in the market.

The Company shall avoid, to the extent possible involvement in practices, either by itself or by any third party that are in violation of this Policy.

Policy 2: SAFETY AND SUSTAINABILITY

The company shall ensure that its products and services comply with all applicable statutes and regulations.

The Company understands that the main product of the Company is milk and milk products, which are edible products and therefore connected with the health of its consumers. The product being health-sensitive, the Company is aware that it cannot compromise with the standard of its products. The Company shall, at all times, ensure that its products are safe. To uphold the quality of the goods produced, the Company shall, inter alia maintain hygiene of the units and also maintain necessary processes with respect to the personal hygiene of the workers at the units.

The Company shall on a regular basis review and improve upon the process of new technology development, deployment and commercialization, incorporating various external and internal considerations.

The Company shall ensure that the social, environmental and economic factors are considered in the business it conducts. The Company shall endeavour that its business goals are pursued without compromising any of these elements. Such balance should be ensured throughout the life cycle of the goods. The Company shall parallelly ensure quality of its products by various level of quality checks. The Company shall remain committed to provide full satisfaction to its customers with respect to quality, reliability and delivery and attain quality leadership for all products that are offered by it.

The Company shall strive to keep its own environmental footprints within the permitted limits, encourage the stakeholders and employees in order to encourage them to reduce their footprints.

The Company shall respect the rights of people who may be the owners of traditional knowledge and other forms of intellectual property, wherever relevant.

The Company shall always strive to treat all its stakeholders and customers with dignity, respect and due understanding.

Policy 3: WELL BEING OF ALL EMPLOYEES

The Company understands the worth of a healthy and sound human resource. The Company should ensure an environment which generates sense of belongingness, loyalty and commitment amongst the employees. The Company shall ensure that there is a systematic chain or hierarchy which allows better flow of information, ideas, suggestions and understanding amongst the employees and the senior management and there is in place a proper channel through which the grievances of the employees are taken up and addressed by the senior management.

The Company shall not employ child labour, adolescent labour, forced labour or any form of involuntary labour, paid or unpaid in any of its offices and units. The Company has a Policy on Selection & Remuneration of Directors, KMP and other

employees, which deals extensively with the employment and remuneration practices (including awards, recognitions, appraisals, stock options, minimum wages, etc.) to be followed by the Company.

The Company shall promote work-life balance among all its employees specially its women employees. The Company has a Policy on Prevention of Sexual Harassment, which deals extensively on providing a safe working environment and protection from sexual harassment.

The Company shall provide a workplace environment that is safe, hygienic, humane, and which upholds the dignity of the employees. It shall provide facilities for the well being of its employees including those with special needs. The Company shall comply with the statutory provisions with regard to health, safety and well being of its employees. The Company shall at all-time have a safety and environment policy as per the provisions of Factories Act, FSSAI Norms and other applicable laws.

The Company shall conduct programs for enhancing the skills of its employees, improve their morale and for their overall career development. This could be through various sensitization programs, on-the-job training, job rotation or training through various programmes – internal or external to upgrade their skills and competencies which shall include training to handle machines, chemicals and other products used during manufacturing of the products. Such training shall be imparted on non-discriminatory basis based on the need of the employees / business.

All officials and employees of the Company shall strictly adhere to the provisions of the Code with regard to their association with any professional, trade, legislative, political or public body.

The Company promotes collective bargaining so as to allow healthy negotiation between the employee/ employee association and the Company's management in good faith with a view to agree on terms and conditions of work and / or settlement of disputes and grievances of employees represented by a representative body of employees.

The Company should strive to regularly communicate to its employees all the policies related to them so as to keep them aware of the same and allow them to take optimum advantage of the same.

Policy 4: PROTECTION OF STAKEHOLDERS' INTEREST

The Company values the support of its stakeholders and endeavours to maintain a cordial relationship and safeguard the interests of all the stakeholders. The Company shall regularly and systematically identify its internal stakeholders like employees and workers and external stakeholders like shareholders, suppliers, consumers, government bodies including regulators, banks and financial institutions. The management of the Company shall remain accessible to all stakeholders in order to understand their concerns and respond accordingly. The Company shall endeavour to maintain healthy stakeholder's engagement, allow stakeholders participation and shall promote collective decision making process as far as practically possible.

Apart from statutory disclosures and subject to business confidentiality, the Company shall ensure to disclose all the relevant information with respect to the Company, to the relevant stakeholders so as to enable them to take reasoned decisions. The Company believes that it is the responsibility of the Company to remain transparent about the impact of its products, its policies and decisions on its stakeholders. The Company shall ensure, while formulating any policy, that the interests of the stakeholders are not compromised.

The website of the Company shall display all such policies and other relevant information from time to time to keep the stakeholders aware about position of the Company.

Policy 5: RESPECTING AND PROMOTING HUMAN RIGHTS

The Company appreciates and believes that human rights are inherent, universal, indivisible and interdependent in nature. The Company understands and continuously strives to promote human rights as mentioned in the Constitution of India in the provisions of Fundamental Rights and Directive Principles of State Policy and also the guidelines of the International Bill of Human Rights and other applicable laws and policies. The Company shall ensure to inculcate and integrate values of human rights in the management systems and throughout the organisation.

The Company shall recognize and respect the human rights of all relevant stakeholders, including that of its customers, depositors, shareholders, investors, public at large and the vulnerable and marginalized section of the society.

The Company shall endeavour to promote the awareness and realization of human rights across its value chain.

Policy 6: RESPECTING AND PROTECTING THE ENVIRONMENT

The Company understands its responsibility towards the environment.

The Company commits to be responsible in the utilization and to continuously take all necessary initiatives towards optimum utilization and further reduction in the utilisation of non-renewable resources. The Company understands the importance of the resources and believes in sweating of the existing assets instead of aggressive usage of new capacities. The Company shall also remain committed towards equal and fair utilisation of benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge.

The Company shall ensure undertaking of pollution control measures not only at all stages of production but also within the workplace i.e. within the administrative offices, and such other places where the Company operates. The Company shall continue to provide personal protective equipment to employees. The Company shall at all times ensure safe disposal of wastes and effluents through proper disposal channels. The Company shall ensure that the amount of emission fumes and waste water is within the permissible limits by the State Pollution Control Board and Central Pollution Control Board. The Company endeavours to assess the

environmental damage and strives to bear the cost of pollution abatement with due regard to public interest.

The Company shall continuously endeavour to use the latest energy efficient technologies to ensure optimal utilisation of the resources without having to compromise with the quality of its products.

The Company shall continue to effectively implement the Environment, Health and Safety Policy and the Environmental Safety System, Contingency Plans and processes, that have been developed to prevent, mitigate and control environmental damages, disasters and contingencies.

The Company shall report to the stakeholders in a fair and transparent manner, the environmental risks associated with the products and process of manufacturing of the products and the steps undertaken by the Company to minimize the same.

Policy 7: RESPONSIBILITY TOWARDS PUBLIC AND REGULATORY POLICY

As a corporate citizen, the Company understands its responsibility to operate within the democratic setup and constitutional framework.

The Company recognizes that it operates within the specified legislative and policy frameworks prescribed by the Government, which guide its growth and also provide for certain desirable restrictions and boundaries.

The Company shall perform the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities and shall take into account the Companies as well as the larger national/industry interest.

The Company believes that policy of advocacy must preserve and expand public good and thus shall never advocate any policy change to benefit itself alone or a select few in a partisan manner.

Policy 8: INCLUSIVE GROWTH & EQUITABLE DEVELOPMENT

The Company considers the society as an integral part of its business and believes that it cannot work in vacuum and therefore, as it grows, the society should also progress. The Company is committed towards minimising the negative impact on society, if any being created by the Company in the course of its business.

As a responsible citizen, the Company through its societal, CSR and other community activities, shall continue to participate in activities related to healthcare, education, rural development and poverty alleviation, promoting the overall wellbeing of society, etc. The Company shall also ensure that it plans the expansion / acquisitions in such a manner that there are no cases of displacements.

The Company shall make efforts to innovate and invest in the processes and technologies to promote the wellbeing of society, putting the local (especially farmers) and the underdeveloped regions in priority.

Policy 9: ENGAGING AND ENRICHING CUSTOMER/CONSUMER VALUE

The Company acknowledges that no business can survive in absence of customers. The Company shall continuously strive to provide such goods to its consumers in a manner that creates value for both. The Company shall strive to make available such goods that are safe, competitively priced and easy to consume for the benefit of its consumers. The Company shall not indulge in any unfair or disruptive trade practice that can in any way and at any stage while selling its products affect the right of freedom of choice of customers from the range of other competitive products available in the market.

The Company shall ensure that wherever applicable all the information that is statutorily required to be disclosed in relation to its products are disclosed truthfully and factually to the consumers through labelling so that the consumers can exercise their freedom to consume in a responsible manner.

The Company commits to exercise due care and caution while providing goods that result in over exploitation of natural resources.

The Company also ensures that the promotion and advertisement of its products do not mislead or confuse the customers and other stakeholders or in any way violate the principles of this Policy.
