



**Supply Chain Management  
And  
Responsible Sourcing Policy**

**FOR COMPANY &  
VALUE CHAIN PARTNERS**

**HERITAGE FOODS LIMITED**

**CIN:** L15209TG1992PLC014332

**Regd. Off:** H.No.8-2-293/82/A/1286,

Plot No: 1286, Road No. 1 & 65, Jubilee Hills,  
Hyderabad, Telangana - 500 033

**Tel:**+91-40 2339 1221/222, 4212 9999

**Fax:** 040 – 2331 8090, 2332 6789

**Email:** hfl@heritagefoods.in **Website:** www.heritagefoods.in

Version: 1.0/2024-25

## **1. Introduction & Policy Statement**

i. Heritage Foods Limited (herein after called “HFL”/ “Company”) is committed for maintaining an efficient, ethical and sustainable supply chain that upholds its core values of quality, integrity and social and environmental responsibility. This policy outlines the principles and expectations for all dairy farmers, agents, suppliers, vendors, technology partners, consultants and partners involved in the operational management, procurement, production, packaging and distribution of our dairy and food products.

ii. This policy serves as a guiding framework to ensure responsible sourcing and effective supply chain management. We aim to foster long-term relationships with supply chain partners based on mutual trust, sustainability and compliance with ethical business practices.

### **Supply Chain Responsibility Statement:**

"We are dedicated to building a responsible and sustainable supply chain by ensuring transparency, ethical sourcing and operational efficiency. Our approach prioritises quality, compliance and collaboration for sustainable value creation across all stakeholders."

---

## **2. Scope**

i. This policy applies to all supply chain partners, including dairy farmers, suppliers, distributors, logistics providers, franchisees of Heritage Parlours & Happiness Points, and third-party partners engaged in sourcing, procurement, and supply chain operations.

ii. The policy is aligned with HFL corporate governance and sustainability

principles, ensuring responsible sourcing and ethical business engagement across our value chain.

iii. The policy extends to HFL initiatives in procurement digitisation, traceability and supplier capacity building to enhance efficiency and sustainability.

---

### **3. Objectives**

Suppliers are an essential part of any business's value chain and have the potential to contribute substantially to a business's growth and long-term prosperity and success. However, suppliers also present significant risks to a business through their potential to impact directly on a business's operations and production efficiencies through poor supply performance, and indirectly on a business's brand through association with irresponsible, unsustainable, and sometimes illegal/unethical activities and behaviors. Whilst many businesses exercise controls to mitigate the risks associated with their supply chains (as HFL does), progressive businesses have also recognized and aim to seize upon the many opportunities that exist within the supply chain to promote.

In pursuance of this stated commitment to work with our suppliers and across our supply chain to bring about improvements across the whole range of sustainability issues, we have adopted a number of aims towards which we will strive to.

- Buy, wherever possible, the most sustainable alternative;
- Only ever buy what is needed;
- Constantly seek out the new and the innovative;
- Ensure that all potential suppliers, including local suppliers and small and medium-sized enterprises (SMEs), are given a full and fair

opportunity to participate;

- Be transparent with regards to our purchase practices and decisions;
- Seek to continually improve our sustainable purchase practices and outcomes;
- Recognize, respect, consider and respond to the impacts that our purchase decisions may have upon our stakeholders, based on dialogue and collaboration.
- Ensure a transparent, efficient, resilient supply chain meeting food safety and quality standards.
- Promote ethical sourcing by collaborating with suppliers who adhere to fair labour practices, human rights laws, and responsible business principles.
- Enhance sustainability by minimising environmental impact, optimising logistics and sourcing raw materials responsibly.
- Strengthen traceability and ensure compliance with regulatory and statutory requirements.

---

## **4. Key Principles**

### **4.1 Ethical and Responsible Sourcing**

- i. HFL shall ensure that suppliers adhere to fair labour practices, including compliance with wages, working hours, child labour and non-discrimination laws.
- ii. HFL does not tolerate forced labour, human trafficking or unethical treatment of workers in any part of the supply chain.
- iii. Suppliers are expected to respect local communities and contribute to their economic and social well-being.

## **4.2 Food Safety and Quality Standards**

- i. HFL shall ensure that: Key raw materials, ingredients and packaging materials comply with FSSAI, ISO and other food safety standards. Logistics providers ensure hygienic storage, handling, and transportation to maintain product integrity.
- iii. HFL may conduct inspections and quality checks on critical suppliers as required.
- iv. Preference shall be given to suppliers with recognised quality certifications and adherence to industry standards.
- v. Timely filing of tax returns and tax compliance is a key criterion for supplier evaluation.

## **4.3 Supply Chain Resilience and Efficiency**

- i. Supplier diversification shall be prioritised to mitigate risks associated with supply disruptions.
- ii. Technology-driven inventory management and demand forecasting shall be utilised to optimise supply chain efficiency.
- iii. Logistics and distribution networks shall be optimised to ensure timely and cost-effective delivery.

## **4.4 Compliance and Governance**

- i. All suppliers and partners shall ensure to compliance with local, national, and applicable international regulations on food safety, environmental protection, labour laws and trade policies.
- ii. Suppliers shall read and adhere to Heritage Foods' Code of Conduct and participate in compliance assessments when required.

iii. Stakeholders shall be encouraged to report any violations so that the company can address them and initiate corrective measures.

---

## **5. Supplier Evaluation and Collaboration;**

i. A rigorous supplier evaluation process shall be followed based on quality, reliability, sustainability and ethical considerations.

ii. Strategic partnerships with farmers, cooperatives and small-scale dairy farmers shall be encouraged to strengthen rural supply networks.

iii., company employees from the production and procurement departments shall be encouraged to engage in technical discussions, obtain samples and conduct demonstrations in order to explore emerging technologies in dairy processing.

---

## **6. Monitoring and Reporting**

i. Regular supplier performance assessments shall be made to ensure transparency and policy adherence.

ii. Key performance indicators (KPIs) shall be monitored to assess supply chain efficiency, sustainability progress and impact on ethical sourcing.

iii. The grievance redressal mechanism to report unethical or non-compliant practices shall be further strengthened.

---

## **7. Franchisee Management**

HFL is committed for maintaining a responsible and high-performing franchise network that upholds its values of quality, integrity and customer satisfaction. The company ensures consistency, compliance, and sustainability across all Heritage Parlours/Happiness Points through clear operational guidelines, ethical business practices and continuous support.

i. HFL ensures quality and customer satisfaction at all Heritage Parlours/Happiness Points. HFL provides infrastructure support, including cooling equipment and a digital billing system for efficient operations and product preservation. In line with this, all Franchisees must uphold standards in product quality, hygiene, and service.

ii. Training, audits, and support maintain consistency and brand reputation. Hence the Franchisees must keep outlets clean, well-equipped, and customer-friendly. Franchisees must comply with hygiene, product handling instructions and First Manufacture - First Out (FMFO) inventory management safeguards for product integrity.

iii. Franchisees must follow company policies to maintain trust. This includes fair pricing, selling at or below MRP, transparent price displays, and digital transactions. They must return empty crates for recycling and refilling, supporting sustainability.

iv. Ethical conduct is essential. Franchisees must work exclusively with HFL and avoid selling competing brands, and refrain from unauthorised product claims. HFL staff shall inspect the operations at any time to ensure compliance.

v. Franchisees are responsible for regulatory compliance, licenses, labour laws and workplace safety. They shall manage security and risk with insurance covering assets and stock. Non-compliance may lead to penalties or termination.

---

## **8. Continuous Improvement and Policy Review**

- i. This policy will be reviewed from time to time to incorporate industry best practices, regulatory updates and emerging supply chain risks.
  - ii. HFL is committed to bring innovation and digital transformation in Supply Chain Management to enhance efficiency and responsible sourcing.
- 

## **9. Conclusion**

- i. By implementing this Supply Chain Management (SCM) and Responsible Sourcing Policy, HFL. reaffirms its commitment to ethical business practices, environmental stewardship, and the delivery of high-quality dairy and food products.
- ii. We expect all stakeholders within our supply chain to adhere to these principles and contribute toward a sustainable and responsible food ecosystem.