

Heritage Foods Limited¹

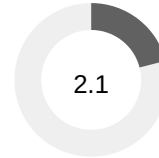
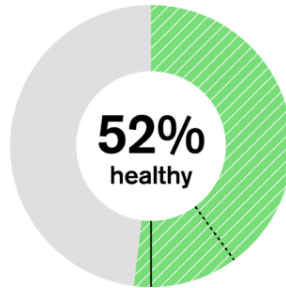
Product categories assessed
Dairy

Percentage of company India sales
covered by Product Profile assessment
90-100 %

Headquarters
India

Type of ownership
Public

Euromonitor International Limited [2021]
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Target value 50%
Intermediate target 40%

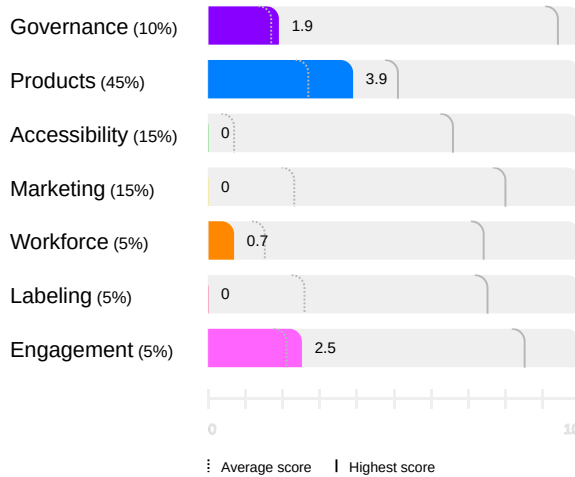
Corporate profile score

²

Important

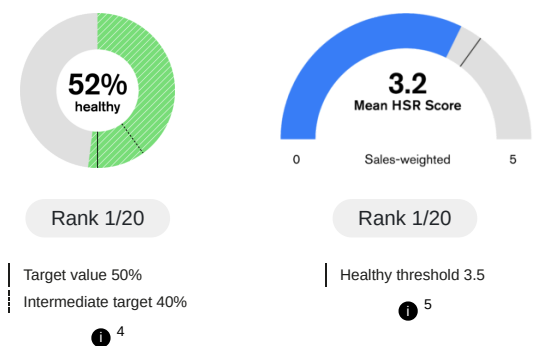
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

SCORING OVERVIEW



(%) Figure in brackets is the weighting of the category. All category and criteria scores are out of 10.

PRODUCT PROFILE ³



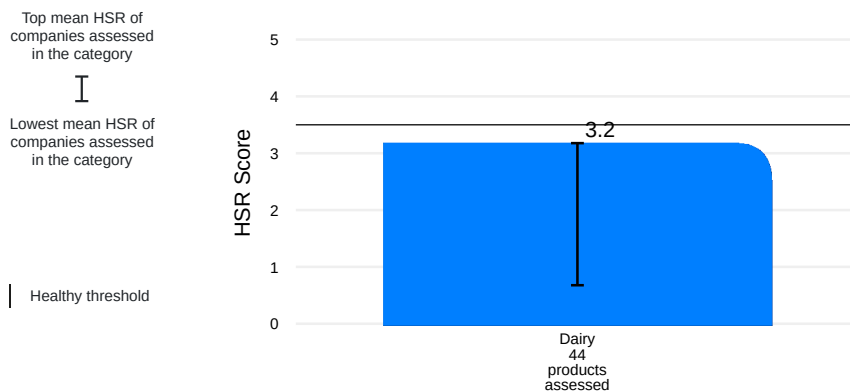
The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 30% of the total Index score.

Portfolio-level Results

Total no. products assessed	Range of total 2021 company sales in India ⁶	Sales-weighted Mean HSR (out of 5 stars)	Products meeting the 'healthy' threshold (HSR of 3.5 stars or more) ⁷	
44	90-100 %	3.2	% of distinct healthier products	% sales from healthier products
			52	52

- Heritage Foods' average sales-weighted HSR is 3.2 (stars) out of 5 (3.2 unweighted mean HSR) – the highest mean HSR from the India Index 2023.
- A total of 44 products across the company's Dairy product categories were assessed using the HSR model.
- 52% of distinct products analyzed for Heritage Foods' met the 'healthy' threshold (3.5 stars or more in the HSR).
- When taking category sales values into account, the company was estimated to derive approximately 52% of its India 2021 sales from healthier products – the only company in the India Index 2023 to derive over 50% of its sales from healthier products.

Mean Health Star Rating by category for Heritage Foods Limited



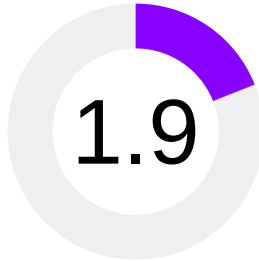
- One product category was assessed for Heritage Foods, Dairy, with a mean HSR of 3.2 out of 5, of which 52% reached the healthy threshold.
- In total, 34% of distinct products and 34% when sales-weighted, was found to be eligible to be marketed to children using the WHO SEAR criteria.

CATEGORIES

The Index is divided into seven categories which assess food & beverage companies' policies, practices and transparency related to nutrition in the Indian market.



GOVERNANCE 10% OF OVERALL SCORE



Rank 5 / Score 1.9

Highest score 9.4

Average score 1.7

- Heritage states clearly that a core part of its commercial strategy is to respond to the trend in consumer demand towards healthier products in India, which is also recognized as a key risk in its Enterprise Risk Assessment, stating that it is “working towards transforming into a prominent health and nutrition player through our value added products (VAP).” These primarily include curd (79% of the VAP segment), as well as buttermilk, flavored milk, lassi, paneer and ice creams/frozen dessert – not all of which can be considered as ‘healthy’.
- One of the main elements of the company’s strategy to contribute towards healthier diets is by fortifying all of the liquid milk it sells, constituting around 65% of its total revenue, with Vitamins A and D, thereby addressing key micronutrient deficiencies in India.

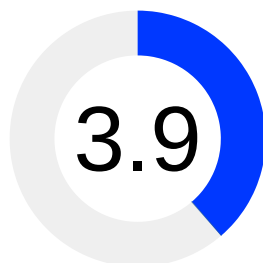
Aspects to improve

- Heritage is encouraged to publish its nutrition strategy in a more detailed and cohesive format, laying out how the company plans to improve the healthiness of its product portfolio and increase sales of its ‘healthier’ and fortified products, including through affordable pricing and marketing. As a foundation for this, it is important that the company develops a clear definition of ‘healthier’, according to clear nutrition criteria (ideally, through the use of a nutrient profiling model (NPM)).
- To drive progress internally on implementing its nutrition strategy, the company is recommended to develop specific, measurable, and timebound targets encompassing various elements of its approach, and an overall target to increase sales of the products it defines as ‘healthier’.
- To demonstrate to external stakeholders that it is delivering on its nutrition strategy and/or commitments, Heritage is recommended to report more comprehensively on all elements of its approach, showing what has been achieved year-on-year across its portfolio or key product categories. Reporting should ideally take the form of quantitative metrics, rather than specific examples only, and progress documented systematically.
- Heritage is encouraged to publish information clarifying the internal governance arrangements for its nutrition approach, for example whether it is subject to regular review at Board-level, and which person is accountable for its implementation and success. It is recommended to assign formal responsibility for the success of its nutrition strategy to the highest levels of seniority within the company.
- In developing its nutrition strategy and approach, and to ensure that it is maximizing its positive impact on public health, the company is strongly recommended to engage with independent experts/stakeholders, such as independent (i.e. not directly affiliated with industry) public health-oriented civil society organizations, academic institutions, (inter-)national organizations.



PRODUCTS

45% OF OVERALL SCORE



Rank 2 / Score 3.9

Highest score 5.1

Average score 2.7

Category B2: Portfolio Development

- The company indicated to ATNI that it is working on salt reduction in products such as buttermilk and table/salted butter; reducing saturated fats in its ice cream, frozen desserts, and flavored milks; as well reducing sugar in key products. It indicated that this will be a priority going forward, although further evidence was not shared with ATNI at the time of research.
- The company voluntarily fortifies all liquid milk in its portfolio products with Vitamins A and D, following the Food Safety and Standards Authority of India (FSSAI)'s Food Safety and Standards (Fortification of Foods) Regulation (revised in 2021 to include standards for processed foods).

Category B3: Nutrient Profiling

- The company did not provide evidence that it uses a nutrient profile model (NPM) or other objective nutrition criteria to evaluate the nutritional quality of its products to inform new product development or product reformulation.

Aspects to improve

Category B2: Portfolio Development

- In order to drive progress on improving the healthiness of its portfolio, Heritage is encouraged to adopt specific, measurable, and timebound targets to reduce salt and sugar, as well as saturated fat, across its portfolio. These targets should ideally be aligned with the ICMR/NIN Dietary Guidelines and RDAs for Indians, and/or WHO guidelines, and be published on the public domain.
- Once set, the company is recommended to report progress against all reformulation targets on an annual basis, in a consistent and easily accessible manner, in order to increase transparency and accountability.

Category B3: Nutrient Profiling

- The company is strongly encouraged to adopt a nutrient profiling model (NPM) to determine the relative healthiness of all products in its portfolio.
- Ideally, this should be (or align closely with) an internationally recognized (or, when applicable, government-endorsed) NPM; if developing its own, the company is encouraged to apply stringent thresholds for nutrients of concern that align with (inter)national standards, and use per 100g as the reference unit (to ensure greater objectivity and comparability).
- The company is recommended to disclose all details of the NPM it uses in full, including the algorithm used to define 'healthy', on the company's India website and, ideally, in a scientific journal that is peer-reviewed and indexed.



ACCESSIBILITY

15% OF OVERALL SCORE



Rank 5 / Score 0

Highest score 6.6

Average score 0.7

- While the company states that it seeks to create products “that meet [consumers’] demands in these occasions at the most affordable price”, it is not clear that this applies specifically to ‘healthier’ products, or how ‘affordability’ is defined. Limited evidence was shared to support this.

Aspects to improve

- To ensure that products that are considered by the company to be ‘healthier’ are being priced affordably for lower-income consumers, the company is recommended to:
 - ensure that such products are defined as ‘healthy’ through the use of a nutrient profiling model (NPM) (or other clear nutrition criteria) - such that unhealthy products (HFSS) are specifically excluded;
 - have a clear approach to determining whether a product is ‘affordably priced’; and
 - use a formal classification of ‘lower-income consumers’ that it is trying to reach.
- With these definitions and processes in place, the company is encouraged to develop and implement a strategy or approach for ensuring that at least part of its ‘healthier’ (and, ideally, fortified or micronutrient-rich) product portfolio is priced affordably for lower-income consumers, and continually explore new opportunities for delivering ‘affordable nutrition’. Examples of approaches can be found in the methodology and chapter for Category C.
- The company is recommended to publicly disclose information about its affordable nutrition strategies/approaches, including specific definitions, the approaches taken to ensure affordability, and the progress made on implementation.



MARKETING

15% OF OVERALL SCORE



Rank 12 / Score 0

Highest score 8

Average score 2.3

- The company's 'Policy on Business Responsibility' states that it "ensures that the promotion and advertisement of its products do not mislead or confuse the customers and other stakeholders". However, no further information on the company's responsible marketing commitments, including to children, was shared with ATNI.

Aspects to improve

- The company is encouraged to develop and publish a comprehensive responsible marketing policy that covers all media channels and audiences, including children under the age of 18 (in line with CCPA guidelines).
- The company is encouraged to ensure more responsible marketing to children by adopting:
 - audience threshold of 25% for limiting children's exposure to advertisements on all media;
 - specific commitments not to use certain materials and techniques to market their products to children, including celebrities, licensed characters, promotional toys and games, and depicting children on packaging.
- The company is encouraged to commission regular third-party audits of compliance to its responsible marketing policy in India, and to disclose the results of this audit, as well as the response mechanism it has in place to address instances of non-compliance.



WORKFORCE 5% OF OVERALL SCORE



Rank 10 / Score 0.7

Highest score 7.4

Average score 1.5

- The “Healthy Heritage League” (HHL) program by Heritage is a 100-day transformation program aimed at employee health and nutrition. It includes health check-ups, expert recommendations, one-on-one sessions with Nutritionists, and access to a specific app to track fitness and daily nutrition intake.
- No policy to support breastfeeding mothers in the workplace could be found.
- Heritage offers paid paternity leave, but it is not clear how many days are offered.
- No specific mention of a supply chain workforce nutrition program could be found on the company’s website.

Aspects to improve

- Heritage is recommended to build on its current efforts by developing a cohesive workforce nutrition program that includes providing access to healthy food at work, nutrition education, nutrition-related health checks, and breastfeeding support. This program should ideally be made available to all employees, including those at manufacturing sites. Becoming a signatory of the Workforce Nutrition Alliance and utilizing its self-assessment scorecards is a good first step in this regard. Furthermore, Heritage is recommended to include a focus on healthy food at work.
- The company is encouraged to develop a clear policy on support extended to breastfeeding mothers at work in order to aid their maternal health; and this should apply equally to all office and production site employees. Support should, at a minimum, include i) Private, hygienic, safe rooms for expressing breastmilk; ii) Refrigerators in place to store milk; and iii) Other flexible working arrangements to support breastfeeding mothers, such as flexible working hours or on-site creche facilities. Furthermore, it is important to foster a workplace culture that is supportive of breastfeeding, for example through awareness campaigns.
- Heritage is encouraged to offer maternity and paternity or second caregiver leave, and offer paternity leave that goes beyond current national regulations (15 days), without limitations based on the number of children born.



LABELING

5% OF OVERALL SCORE



Rank 13 / Score 0

Highest score 7.5

Average score 2.6

- No evidence of a standardized policy or approach to front-of-pack (FOP) product labelling beyond legal requirements could be found on the company's public domain.
- Limited nutritional information is provided for the company's products on its website.

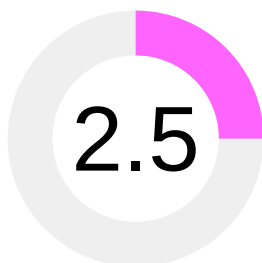
Aspects to improve

- Once it is formally enacted by FSSAI, if the INR FOP labeling system is on a voluntary basis, the company is strongly encouraged to adopt it across their entire portfolios in India.
- The company is encouraged to ensure that nutritional information is available for all products on its website both as high-definition images of the front and back of products, and as accompanying tables showing comprehensive product-specific nutritional information.



ENGAGEMENT

5% OF OVERALL SCORE



Rank 7 / Score 2.5

Highest score 8.5

Average score 2.1

- As part of its 'Business Responsibility Policy', the company states that its advocacy shall be "transparent and responsible" and "shall take into account... 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". It is the only company found to explicitly address taking into account the wider public interest in its responsible advocacy policy.
- The company states that it is a member of only three trade associations in India: Chambers of Commerce and Industry (FTCCI), the Confederation of Indian Industry (CII), and Indian Dairy Association (IDA).
- The company reports that it has "Nil" public policy positions advocated by the Company.

Aspects to improve

- The company is encouraged to extend the application of its responsible advocacy policy to third-parties advocating on behalf of the company. It should also clearly define what it defines as advocacy activities.
- Even if the company is not engaging in a policy debate or development process directly, its trade associations are likely to be, and potentially other third-parties acting on the company's behalf. Therefore the company's policy positions are still important, since it should be engaging with these third-parties to ensure that its positions are taken into account. The company is encouraged to disclose its policy positions on key nutrition-related policy measures that under debate or development in India that would likely affect the company (for example, FSSAI's new FOP labelling system). These positions should be as specific and unambiguous as possible, and be approved by the Board.
- To further enhance transparency and signify to stakeholders which trade associations the company has greater stakes in, it is recommended to clearly indicate which it holds leadership seats on (for example, on their Boards, management committees, or thematic working groups or sub-committees). If no such positions are held, this can be publicly stated.

SUSTAINABILITY

- The company states that it has an 'Energy Conservation Cell' focusing on energy management and closely monitoring energy consumption patterns across all manufacturing sites. Periodic energy audits are conducted to improve energy performance. However, no quantitative measurements regarding emissions reductions are published.
- The company also states that it seeks to recycle plastic in order to minimize waste, but without further details or quantitative measurement and reporting.

Aspects to Improve

- The company is strongly encouraged to track its GHG emissions in India, beginning with those in Scopes 1 and 2.
- The company is also recommended to set clear targets to reduce GHG emissions across each of these Scopes that are aligned with the Paris Agreement's 1.5°C trajectory, and report quantitatively on progress. These targets (and reporting) should be for absolute reductions against a baseline, rather than relative emissions (i.e. 'emissions intensity').
- The company is encouraged to work with its value chain partners to reduce both FLW and plastic use. This should go beyond requirements set out in mandatory waste management regulations.
- The company is encouraged to ensure that its efforts to transition to sustainable forms of packaging in India are evidence-based, and correspond with clear quantitative sustainability outcomes.

Footnotes

1. Dairy
2. ATNI estimates this value by taking the proportion of healthy products within each category assessed and multiplying that figure by the global category retail sales. The values are then aggregated to generate an estimate of the overall global healthy sales (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
3. The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 30% of the total Index score.
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5. The Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. This score represents the mean Health Star Rating of the product portfolio.
6. Retail sales data derived from Euromonitor International.
7. The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthy.

