

Environment, Social and Governance Policy

1. Overview and purpose

Chalet Hotels Limited (“Company/CHL/Chalet”) recognizes Environment, Social and Governance (ESG) as an integral aspect for effective operation and long-term sustenance. We always strive to find and incorporate the correct balance of ESG challenges and opportunities at each stage of the development and ownership cycle. We adhere to the highest standards of social, employment and environmental practices, striving to make each community in which we operate a better place to live and work. This is both a top-down mandate and an integral part of our culture as we conduct day-to-day business.

This Policy is applicable to all Executives, Employees/Associates, Retainers, Consultants whether Part-Time or Full-Time, Fixed Term, trainees of Chalet Hotels Limited, with partial or full access to our systems and information infrastructure, whether full time or casually of all existing projects being managed and new assets to be managed by Chalet Hotels Limited including, but not limited to, the luxury hotels in key metro cities in India, the commercial spaces and the residential project in Bangalore. To this end, the Company requires all members to respect and embrace the principles set forth herein.

2. Policy Statement

As an organization, we aim to align our ESG approach with our strategic goals and the experience we seek to offer all our stakeholders. ESG is an area of intensified focus for us and has changed our outlook towards our business. The Company is committed to compliance with all laws and regulations that apply, with the spirit and intent of high business ethics, honesty and integrity. This policy adheres to CHL’s ESG Strategy.

2.1. Environmental Stewardship

In line with the Company’s ESG strategy, Chalet has identified “Green buildings and reducing ecological impact” as its strategic focus areas through which it aims to integrate environmental stewardship in its operations.

o GHG Emission Reduction

The Company’s aim is to implement measures towards improvement of energy efficiency and promote efficient usage of various fuels. To support this endeavor, Chalet will regularly monitor the energy consumption patterns and identify areas where renewable sources of energy can be explored along with substitution of obsolete equipment with better alternatives. The Company will also prioritize local sourcing as part of its responsible procurement so as to reduce supply chain emissions.

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○ Water and Wastewater Management

The Company's aim is to reduce the overall water requirements and manage wastewater responsibly. To support this endeavor, the Company will adopt practices which promote efficient usage of water and implement measures such as in-house water treatment plants to facilitate reuse and recycling of the treated water.

○ Circular Economy

The Company's aim is to promote efficient use of resources and adopt measures to reduce waste generation at source, explore the possibilities for reusing and recycling wherever possible along with inclusion of solutions for resource efficiency.

○ Biodiversity Management

The Company's aim is to adopt measures for conservation and protection of biodiversity. To support this endeavor, the Company will strive to create awareness about the importance of biodiversity and undertake initiatives which will facilitate minimal impact of Chalet's operations on the surroundings in partnership with relevant stakeholders.

○ Green Building Certifications

The Company's aim is to transform its existing structures and design new projects to feature elements of Green Buildings for integration of sustainability in business operations. The Company will strive to imbibe design aspects which facilitate resource conservation and sustainable usage with minimal impacts on the surroundings. The same will be demonstrated through third-party verification systems which provide certifications and accreditations to such sustainable structures.

○ Compliance with Legislations

In line with the strategic focus areas, the Company's aim is to ensure compliance with all the statutory requirements enlisted under respective environmental consent to establish/consent to operate (as applicable) issued for the construction, expansion and operations of the projects undertaken by the Company.

2.2 Empowering Employees and Community

In line with the Company's ESG strategy, Chalet has identified "employee welfare and community engagement" as its strategic focus areas through which it aims to empower its employees and communities.

○ Diversity and Inclusion

The Company's aim is to implement measures to recognize and value the differences within the backgrounds and skills of employees. To support this initiative, the Company endeavors to promote equal access to employment opportunities without any discrimination based on race, color, age, gender, ethnicity, nationality, religion, disability, sexual orientation,

marital/civil partnership status or pregnancy and assess all potential employees based on merit, job related skills and competencies. The Company strives to develop a workplace with “zero-tolerance” approach against sexual harassment and any form of discrimination.

- **Employee Training**

The Company’s aim is to implement measures to identify and provide managerial, functional or inter-personal skill training opportunities for all the employees to develop a competent workforce which is capable of supporting the Company to meet its goals effectively.

- **Health and Safety Audits**

The Company’s aim is to implement measures to identify relevant areas of work to provide information on hazards, necessary safety equipment requirements, appropriate usage of equipment and procedures to ensure well-being of all. To support this endeavor, the Company is committed to comply with all the statutory provisions on health and safety. Chalet aims to conduct regular audits/inspections of all the existing projects under operation, new projects under construction along with the supplier/vendor premises to ensure there are no safety violations and endorse the culture of zero workplace incidents.

- **Corporate Social Responsibility**

The Company’s aim is to implement measures towards better quality of life of all. To support this endeavor, the Company aims to engage with the local communities and in consultation undertake initiatives for holistic development of the society.

2.3 Business Resilience

In line with the Company’s ESG strategy, Chalet has identified “responsible investment and procurement along with automation and digitalization” as its strategic focus areas through which it aims for business resilience.

- **ESG considerations in Investment decisions**

The Company’s aim is to instill transparency in operations and create long-term value for all stakeholders through responsible investment and procurement. In this endeavor, the Company aspires to incorporate ESG aspects in all new endeavors and promote responsible business conduct in existing projects under construction and hotels/ commercial spaces under operations.

- **Supplier selection and categorization**

The Company’s aim is to implement measures to uphold highest standards of governance, ethics and transparency in operations. To support this endeavor, the Company intends to adopt the practice of supplier due diligence and assess critical suppliers/vendors before association on a predetermined criteria based on various environmental, social and governance aspects. The suppliers will be selected based on their overall performance and categorized based on their ability to impact business operations.

○ Supplier Risk Assessment

The Company aims to integrate ESG practices into all aspects of its business. The Company's aim is to implement measures towards identification of critical dependencies and risks, which include systems, processes, applications, people, facility, vendor/supplier, and any other necessary resources for all business functions for introduction of multiple substitutes thereby reducing the dependability. To support this endeavor, the Company will identify and instill measures across the value chain, such as supplier/vendor due diligence during procurement activities, to ensure the associated ESG risks, if any, are considered while decision-making along with the implementation of necessary mitigation measures.

○ Digital Initiatives

The Company's aim is to promote automation to improve operational performance and to minimize use of natural resources. In this endeavor, the Company aims to invest time and capital towards substitution of manual systems with digital solutions which require minimal human interventions and have better performance efficiency.

○ Cybersecurity

The Company's aim is to implement measures to ensure business continuity in the event of a security breach, including the recovery of data and operational capabilities, compliance with requirements for confidentiality, privacy, and integrity of sensitive information relevant for business operations, establish controls for protecting information against theft, abuse, and other forms of harm or loss. To support this endeavor, the Company will invest towards installation of reliable network infrastructure, systems and the services in consultation with experts to achieve an appropriate level of protection while maintaining business agility.

2.4 Stakeholder Engagement

This Policy Statement is designed to provide guidance for identifying and deciding on stakeholder engagement methods to support Chalet Hotels Limited in identification of corporate-level and local stakeholder engagement activities.

○ Definition of Stakeholders

Stakeholders are persons or groups of persons, such as Investors/promoters, customers, employees, communities, suppliers, hotel operators and regulators, who are directly or indirectly affected by the business operations of Chalet, as well as those who may have interests or abilities to influence the outcomes of a business operation.

○ Identifying and Prioritizing Stakeholders

We identify and prioritize stakeholders considering factors such as inclusivity, dependence, influence and diverse perspectives. This includes enabling stakeholders to participate in and/or influence sustainability topics, including our strategic response to them. We also expect our stakeholders to be responsible for their own behavior and practices.

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o Stakeholder Engagement Methods

We have prioritized the following stakeholder engagement methods:

- We inform and educate our stakeholders through interactive meetings, conferences, personal/group interactions, web portals, newsletters, CSR activities, internal messages, social media and other publications.
- We gain information from our stakeholders through various modes of communications, including feedback surveys and anonymous complaints.
- We work directly with our stakeholders through two-way communications, including engaging with our leaders.
- We work directly with stakeholders, including industry, regulators and others to develop agreed solutions and actions plans on critical topics.
- We provide stakeholders, such as our suppliers, with guidance to operate in a responsible manner and maintain accountability.

To ensure Chalet is effectively engaging with our stakeholders, we review outcomes from our engagements and gather feedback.

2.5 Tax

The Company is committed to the following:

- Comply with all the applicable tax laws and regulations in the countries in which it operates
- Refrain from transferring value created to low tax jurisdictions
- Avoid using tax structures without commercial substance
- Undertake transfer pricing using the arm's length principle
- Refrain from using secrecy jurisdictions or so-called "tax havens" for tax avoidance

Approved By: CSR & ESG Committee on May 10, 2022