

Chalet Hotels Limited

CIN: L55101MH1986PLC038538

Raheja Tower, Plot No. C-30, Block 'G', Next to Bank of Baroda, Bandra Kurla Complex, Bandra (E), Mumbai
400051 Website: www.chalet-hotels.com Tel:- 91-22-26564000

ANTI-CORRUPTION POLICY

Approving Authority	Board of Directors of Chalet Hotels Limited (“the Company”)
Approval Date	January 29, 2025
Effective Date	This Anti-Corruption Policy shall come into effect from the date of its approval, i.e. adoption at the meeting of the Board of Directors.

1. Purpose

The Anti-Corruption Policy (“**Policy**”) sets out and states Chalet Hotels Limited’s position with regard to anti-Corruption. This policy has been adopted and is effective on and from January 29, 2025. It is the policy of Chalet Hotels Limited (“**Company**”) to conduct its business and activities with honesty, integrity and the highest possible ethical standards in line with the Company’s vision and values and to enforce its business practice of not engaging in Bribery or Corruption (as defined hereinunder). The Company has adopted a zero tolerance policy to bribery and corruption and is committed to implementing and enforcing effective systems to counter bribery.

Bribery and Corruption could be criminal offences that can result in inter alia, the imposition of fines and/or imprisonment, exclusion from tendering public contracts and damage to the reputation of the Company. The purpose of this policy is to set out our responsibilities and the responsibilities for those working for the Company, in observing and upholding the Company’s position against bribery and corruption and to provide information and guidance to those working for the Company on how to recognize red flags and deal with potential bribery and corruption.

For the avoidance of doubt, it is clarified that notwithstanding anything contained herein, this Policy is not intended and shall not apply to or prohibit legitimate business expenses, including promotional expenses, transactional expenses, payments to joint venture and other business partners, and other expenditure for legitimate purposes pertaining to the operations of the Company.

2. Applicability

The Policy applies to “**Company Personnel**” which means and includes:

- individuals working for the Company and its subsidiaries at any location/unit and at all levels and grades, in any capacity including but not limited to directors, employees (whether regular, fixed-term or temporary), trainees and seconded staff;
- all business partners including consultants, contractors, home-workers, casual workers and agency staff of the Company, volunteers, interns, and others acting on the Company’s behalf and instructions, in the course of their engagement for or on behalf of the Company.

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3. Definitions

“Anti-Corruption Laws” shall mean any applicable anti-corruption laws, including the (Indian) Prevention of Corruption Act, Central Act No.49\1988 (“PCA”), the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the UK Bribery Act, 2010, the applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, the (Indian) Prevention of Money Laundering Act, 2002, and any other anti-money laundering or anti- corruption laws in effect in India;

“Bribe” or “Bribery” means an inducement, payment, reward or advantage offered, promised or provided to a public servant or to any other commercial party in order to corruptly gain any illegal commercial, contractual, regulatory or personal advantage. It is illegal to directly or indirectly offer a Bribe or receive a Bribe. Such bribe when made with the requisite corrupt intent, may be anything of value such as gifts, inside information, sexual or other favors, corporate hospitality or entertainment, offering employment to a relative, trading information, payment or reimbursement of travel expenses, charitable donation or social contribution, abuse of function -- and can pass directly or through a third party.

“Company” has the meaning assigned to it in clause 1;

“Company Personnel” has the meaning assigned to it in clause 2;

“Corruption” means any willful conduct by any Company Personnel in connection with Company business that would violate the Anti-Corruption Laws;

“Government Official” means (i) an officer, agent or employee of a government, government owned enterprise (or any agency, department or instrumentality thereof) or political party, or public international organization established under an international treaty (ii) an agent, officer, or employee of any entity owned by a government. Retired employees, officers, employees, or any person who are not currently or at the time of the relevant conduct acting in any capacity for or on behalf of either a government, its departments, agencies, instrumentalities, or quasi or partially-government controlled or owned entities; any public international organization established under an international treaty to which India is a signatory; or a political party in India, are not considered to constitute “Government Officials”.

4. Policy

Company Personnel must conduct their activities in connection with Company business in full compliance with this Policy and the Anti-Corruption Laws. The Company does not pay and does not condone paying Bribes or engaging in Corruption. Company Personnel are prohibited from giving or offering, directly or indirectly, Bribes, kickbacks, or Anything of Value (as defined hereinunder) as a Bribe to any Government Official or to any commercial party or other agent, consultant, customer, or vendor for obtaining improper performance in favor of the Company, in order to corruptly:

- a) influence official acts or decisions of that person or entity;

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- b) obtain or retain business or a business advantage for, or direct business to the Company; and/or
- c) secure any improper advantage.

“**Anything of Value**” should be broadly interpreted to include cash, gifts including to family members, forgiveness of a debt, loans, personal favors, sexual favors, rebates, kickbacks, inside information, entertainment, meals and travel, political, social and charitable contributions, business/employment opportunities and medical care, among other items. Items of value that are given in compliance with the requirements of this Policy and Anti-Corruption Laws, and which are not given with the intent to secure any undue or improper advantage, will not be considered Bribes.

Similarly, the Company does not accept or condone the acceptance and/or receipt of Bribes. Company Personnel are prohibited from accepting or receiving Bribes, kickbacks, or Anything of Value in the nature of Bribes in connection with Company business; from any person or entity which is intended to or maybe perceived as being intended to corruptly:

- a) influence one’s official acts or decisions;
- b) obtain or retain business or a business advantage for or direct business to the offer or of the Bribe and/or any entity that he/she represents; and/ or
- c) secure any improper advantage for the offeror of the Bribe and/or any entity that he/she represents.

Company Personnel are also prohibited from providing or receiving gifts, meals, entertainment or anything of value to any person or entity in connection with Company business which would amount to a violation of this Policy, unless it is provided or received in accordance with this Policy and any other applicable Company policies.

The Policy also prohibits Company Personnel from taking action, either directly or indirectly, in furtherance of paying Bribes or engaging in Corruption such as approving or authorizing payment of Bribes, willfully creating or accepting invoices knowing them to be false, relaying instructions to pay or accept Bribes or kickbacks, covering up Bribery payments, knowingly cooperating in the payment or accepting a Bribe or turning a blind eye/willfully ignoring a payment knowing it to be a Bribe.

5. Gifts, Meals, Entertainment, Travel and Employment

This Policy sets forth various rules relating to gifts, entertainment, meals, travel lodging, and employment. All such expenditure must be recorded accurately in the books and records of the Company, in accordance with clause 11 below, and the concerned Company Personnel of the Accounts department may be responsible for maintenance of such records.

- (a) **Gifts, Entertainment and Hospitality**: The Company acknowledges that the giving and receiving of small gifts, meals and entertainment (including providing reasonable gifts or sweets on festive or social occasions or as per local custom or business practice, or as a token of esteem or courtesy) is a common business practice and is intended to strengthen and build long term business relationships.

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For the avoidance of doubt, this Policy is not intended to prohibit legitimate gifts, expenses, hospitality, and entertainment for legitimate business purposes. However, before a benefit (whether given or received) can be considered proper and legitimate under this Policy, certain criteria must be met. The benefit in question must:

- i. be bona fide, and not to obtain improper performance or undue advantage for the Company;
- ii. be moderate and reasonable;
- iii. be such so as not to tarnish the Company's reputation;
- iv. be legal under the applicable laws;
- v. be provided in accordance with this Policy, applicable laws, and the other policies of the Company, if applicable;
- vi. be supported by original receipts / vouchers;
- vii. be fully and accurately recorded in the Company's accounts; and
- viii. be legitimate reasonable expense, in normal course of business, as maybe required for business promotion;

Company Personnel may never provide cash or its equivalent (i.e., gift cards, store cards, etc.) as gifts.

The provision of Anything of Value that does not fall specifically within the above monetary limits shall require advance consultation and documented approval by the Finance Controller of the Company. Only payments that are deemed not to violate any Anti-Corruption Laws and the Policy will be approved. Further, the Managing Director & CEO or Executive Director of the Company is empowered to determine reasonability of expenses incurred / to be incurred from time to time and may also approve additional expenses as maybe required to be incurred by the Company. However, such expenses shall be approved in terms of this Policy.

When possible, business entertainment payments should be made directly by the Company to the provider of the service and should not be paid directly to a Government Official or other party as reimbursement. All gifts and entertainment expenses, regardless of amount or attendees, should be properly documented in an expense report. Such expense report shall enumerate the date, nature and amount, name of attendee(s) and place of employment, and in the case of entertainment or hospitality, the related business purpose.

The following provide some specific examples as to the Company's policy on the giving and receiving of gifts, entertainment and expenses. However, it should be noted that these are simply examples – you should approach the Financial Controller of the Company for clarifications and queries, if any.

- (b) Promotional Gifts: Promotional items which bear the Company logo may be given as gifts, provided they are reasonable in value and given openly and transparently and otherwise in accordance with the Policy.

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- (c) **Meals**: Meals are considered to be acceptable if they are reasonable, moderate, and for a legitimate business purpose, do not carry business obligation towards the Company.
- (d) **Hosting Travel**: On occasion, the Company may receive requests to host travel for the employees of customers or potential customers (who may or may not be Government Officials) or business partners. Hosting refers to a situation where the Company pays for all or part of the travel expenses of such a party.

Such travel expenditure pose a risk of violating the Anti-Corruption Laws and therefore the Company's policy is to discourage these types of hosting and to limit them to only those situations where explicitly required, and falling within the parameters of the Policy.

Reasonable and bona fide travel expenditure paid on behalf of Government Officials may be permissible in certain circumstances. Permissible payments may cover the costs of travel for an official to visit the Company's offices and discuss the Company's qualifications for projects within the official's responsibility, or travel in connection with a project status review. Travel expenses shall not be extravagant or lavish and may include:

- (1) airfare;
- (2) lodging cost; and
- (3) ground transportation costs during the trip.

Payment of cash per diems, expenses unrelated to legitimate business activities, and expenses that benefit a friend or family member of a Government Official are prohibited. Direct reimbursements should also be avoided. Rather, reimbursements should be made to the Company or government entity that employs the expense recipient. All travel expenditure on behalf of a Government Official, as well as any travel-related payments made directly to an expense recipient (of a per diem allowance, expense reimbursement, or for any other purpose) require specific written pre-approval of the Financial Controller of the Company and must otherwise be compliant with the terms of this Policy.

- (e) **Employment/ Internships**: On occasion, Government Officials or the Company's business partners may request that the Company provide internships or employment to certain individuals. Offering internships or employment to Government Officials or the Company's business partners may be viewed as providing Anything of Value. If a candidate is interviewed for an internship or employment within the ordinary course of filling a position, the concerned Company Personnel of the Accounts department must be notified of the candidate's relationship to a Government Official or the Company's business partner. If a candidate related to a Government Official or the Company's business partner is interviewed outside of the ordinary course of filling a position, any internship or employment offer must be pre-approved by the head of Human Resources of the Company.

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6. Charitable, Political, and Social Contributions

This Policy sets forth various rules relating to charitable, social, and political contributions. All such expenditure must be recorded accurately in the books and records of the Company, in accordance with clause 11 below, and the concerned Company Personnel of the Accounts department shall be responsible for maintenance of such records.

- (a) **Social Contribution Payments**: The Company may be required to make payments as part of corporate social responsibility. These payments may be charitable donations, training obligations, or social contribution payments. The Company may also wish to make development- related or other payments in the nature of social contributions outside of a contractual or legal obligation. In certain instances where there is a heightened risk of corruption (i.e., in the case of charitable contributions connected to any Government Official or government entity), whether within or outside of a contract, these types of payments must be reviewed for compliance with Anti-Corruption Laws, and approval of any such payment must be obtained either from the Managing Director & CEO or Chief Financial Officer of the Company prior to agreeing to make the payment. Any donation to a charity by the Company should not create the appearance of an impropriety or violation of any applicable Anti-Corruption Laws or regulations and shall be as per applicable law.
- (b) **Political contributions**: It is the Company's policy that under no circumstances shall Company funds be used to make political contributions to political parties or candidates in any country that are intended to secure an unfair or improper business advantage for the Company. Any political contribution by the Company must be permitted under the law and made with the prior approval from the Financial Controller of the Company. The Financial Controller of the Company also must be notified if a Government Official solicits a political or charitable contribution in connection with any government action related to the Company.

The Company's policy is not intended to discourage or prohibit Company Personnel from voluntarily making personal political contributions. However, that individual employee may not make political contributions on behalf of the Company.

7. Facilitation Payments and Kickbacks

Company Personnel shall not make or accept facilitation payments or "kickbacks" of any kind. Such "Facilitation Payments" are small, unofficial payments (also known as "grease payments"), made to secure or expedite a routine government action by a Government Official. "Kickbacks" are typically payments made to commercial organizations in return for a business favor/advantage, e.g. a payment made to secure the award of a contract. Company Personnel must avoid any activity that might lead to or suggest that a Facilitation Payment or Kickback will be made or accepted by the Company.

If Company Personnel is asked to make a payment on behalf of the Company that arouses suspicions, concerns, or queries, the Company Personnel should raise the matter immediately with his/her department head and/or the Financial Controller of the Company and should not take further action without specific approval.

The only limited exception to this clause 7 is in circumstances where Company Personnel or third parties are in threat/danger and are left with no alternative but to make payments in order to protect against imminent loss of life, limb, liberty or property. In such circumstances, the Company Personnel may make the payment and immediately contact the reporting head of department as soon as possible

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after the event, in order to ensure that the incident can be properly recorded, reviewed and accounted for with the authorities.

8. Third Party Relationships & Due Diligence

The Anti-Corruption Laws that apply to the Company, and the Company's own prohibition on corrupt activity, apply equally to Company representatives who may act on the Company's behalf, such as agents and consultants ("Third Parties"). The Company should therefore endeavor to ensure that its Third Parties are aware of and comply with applicable Anti-Corruption Laws.

To minimize the risk that a Third Party will conduct itself improperly prior to entering into an agreement with any Third Party, Company Personnel responsible for establishing any such agreements must contact the Financial Controller of the Company to ensure the appropriate level of anti-corruption due diligence with respect to the Third Party is conducted.

The policy encourages due diligence procedures pertaining to the Third Party such as reference check or historical corruption issues in publicly available media or any global sanctions database. The Company shall include a contract provision requiring the Third Party to comply with all applicable laws in the course of the services to be provided.

Once a Third Party is engaged, Company Personnel who deal with Third Parties must always be aware of potential red flags. Red flags are certain actions or facts which should alert a Company that there is a high possibility of improper conduct by a Third Party.

If Company Personnel have reason to suspect that a Third Party is engaging in potentially improper conduct, they shall report the case to the Financial Controller of the Company immediately.

9. Anti-Corruption Training

As part of the Company's ongoing commitment to anti-Corruption compliance, all employees must review the copy of this Policy, available on the Company's website, and the Policy will be binding as a condition of employment. Key employees must also annually certify in writing that they (1) have reviewed the Policy; (2) agree to abide by the Policy; and (3) agree to report any potential violations of the Policy.

The Company requires regular anti-Corruption compliance training programs, at least annually, to educate key employees about the requirements and obligations of anti-corruption laws and this Policy. All key employees of the Company must participate in such training. The training may be conducted on-line or in-person and may be administered by the Company's Human Resources (HR) Department. Each Company Personnel will be notified via email that they are required to take the training. Those required to take such training must do so within the notified timeframe and repeat the training as and when required. Failure to do so without justification will be viewed as a breach of this Policy by the Company Personnel and could result in suspension and/or termination of employment and/or representation of the Company.

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10. Record Keeping

- a) **Record-Keeping, Accounting & Payment Practices**: Company Personnel must follow all applicable standards, principles, laws, regulations, and Company practices for accounting and financial reporting. In particular, Company Personnel must be timely, complete, and accurate when preparing all required reports and records.

The Company requires maintenance of accounting records for all employee reimbursements, travel expenses, and gift expenses, including supporting documentation and required internal approvals, in accordance with the provisions of this policy. It also requires maintenance of a register for the same as well as maintenance of records of all charitable, political, or social contribution payments and donations made by the Company, in accordance with this Policy. The Financial Controller of the Company shall be responsible for maintenance of such records.

- b) **Financial Control Systems and Accounting Requirements**: It is the Company's policy to maintain accurate, reasonably detailed records that fairly reflect its transactions and disposition of assets. Therefore, Company Personnel are prohibited from making any false or misleading statements in Company books and records for any reason. In addition, the Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

- i. transactions are executed in accordance with management's general or specific authorization;
- ii. transactions are recorded as necessary: (i) to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements; and (ii) to maintain accountability for assets;
- iii. access to Company assets is permitted only in accordance with management's general or specific authorization; and
- iv. the recorded accountability for corporate assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Company Personnel shall not make any false or misleading statements in the Company's books and records for any reason, nor shall they engage in any arrangement or provide any information that results in such prohibited acts.

The Accounts Department is primarily responsible for the oversight and enforcement of this Policy. The Company will conduct periodic audits of its books and records to monitor compliance with this Policy. The Accounts Department shall maintain accounting procedures, financial reporting and controls, and the Internal Audit Department shall design an internal audit program for the Company.

If, at any time, a Company Personnel has information or knowledge of any unrecorded or mischaracterized asset or fund which may be connected to possible charge of Bribery, such information must be reported in accordance with the procedures set out in the Company's Vigil Mechanism and Whistleblower Policy.

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11. Audit Procedures and Investigations for Verifying Compliance

In furtherance of this Policy and the various policies and procedures promulgated thereunder, the Company shall design a process to conduct regular and confidential audits at fixed intervals, as described in this clause. The audits shall be designed to prevent and detect violations of the Anti-Corruption Laws and this Policy.

The audits shall also include a review of the Company's books and records pertaining to the entertainment, gift, travel expenditure, social payments and donations to charities by Company Personnel on behalf of the Company, as may require to be maintained or reported, under this Policy. In addition to the regular audits, the Company shall device procedures or guidelines, to address individual instances in which the Company may wish to investigate certain matters.

12. Summary of Responsibilities

The Company will have overall responsibility for ensuring this Policy complies with our legal and ethical obligations, and that all those under our control comply with it.

The Company has primary and day-to-day responsibility for implementing this Policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation. The key employees shall be responsible for ensuring that those reporting to them are made aware of and understand this policy.

13. Reporting and Queries

Company Personnel who are or become aware of, suspect, or have reason to suspect a violation of the Anti-Corruption laws are under an obligation to report the same to their department head immediately. If any Company Personnel intentionally fails to report known or suspected violations, then the relevant Company Personnel may be subject to disciplinary action.

Under certain Anti-Corruption laws, "turning a blind eye" to a suspected violation can result in criminal penalties and civil liability both for the Company and for individuals. Violations or suspected violations should be reported by contacting the reporting department head. For those who wish to remain anonymous, you should make your report in accordance with the procedures set out in the Company's Vigil Mechanism and Whistleblower Policy.

The Company will not take any adverse action against anyone for providing truthful information relating to a violation of law or this Policy, and the Company will not tolerate any retaliation against Company Personnel asking questions or making good faith reports of possible violations of this Policy. The Company is dedicated to ensuring that no Company Personnel suffers any detrimental treatment as a result of refusing to take part in bribery or corruption or reporting of such activities in good faith.

The relevant department head shall report all compliance-related whistleblower complaints, including complaints related to the Policy, to the Financial Controller and MD & CEO of the Company. Further, the relevant department head shall report to the Compliance Officer annually on the status of compliance with this Policy.

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14. Contact Persons

If you have any questions about this Policy, any of the Anti-Corruption Laws or to seek advice prior to undertaking a particular act or action, you can contact the reporting department head or Financial Controller.

15. Consequences

Failure by any Company Personnel to comply with this Policy or any Company policy may subject the Company Personnel to disciplinary action up to and including termination.