ESG Data Book
2025

Contents

About the ESG Data Book

Chalet Hotels discloses financial and non-financial information, as well as its performance and accomplishments, as part of Integrated Annual Reports.

The ESG Data Book is an extension of the Company's ESG efforts that covers:

- ✓ **Environment**: Climate-related Commitment & Actions, and Environmental & Social Management System (ESMS)
- ✓ **Social**: Human Capital Development, and Diversity Equity & Inclusion (DE&I)
- ✓ **Governance**: Revisiting Materiality, Risk Management, Climate Action & Advocacy, and Sustainable Supply Chain Framework

Scope and Coverage

The ESG Data Book covers the Company's 3 portfolios: Hospitality, Rental and Residential (Operational and Under Development) (Read More (pg. 3)).

The ESG Data Book presents last four financial years consolidated numbers for environmental and social Key Performance Indicators (KPIs).

Redefining Chalet

Joy | Sustainability | Wellness

Chalet Hotels launched ATHIVA – a new-age premium lifestyle hospitality brand with over 900 keys across six hotels. Derived from the Sanskrit word for "abundance" and "to a great extent", ATHIVA, a proprietary brand of Chalet, is built on the ethos of joy, sustainability, and wellness, delivering the assurance of the expected, and the joy of the unexpected.

The brand makes its debut with Athiva Resort & Spa, Khandala. Alongside this hotel, Chalet has identified five additional properties to transition to Athiva, over a period of time. These include a fully renovated business hotel in Navi Mumbai, The Resort at Aksa Beach, a K Raheja Corp Group Hotel and three greenfield projects under development—two in Goa and one in Thiruvananthapuram.

Sustainability and wellness are intrinsic to Athiva. Each property will integrate energy-efficient design, waste-conscious operations, local sourcing, and meaningful community partnerships. Anchored in Chalet's *Parivartan* initiative, Athiva advances a circular, inclusive, and regenerative hospitality model that aligns environmental stewardship with social equity and economic growth.


A Holistic Framework for Sustainability and Climate Action

Parivartan is Chalet's sustainability framework that drives systemic transformation in the way we design, develop and operate. It reflects our belief that sustainability goes beyond conservation – it is about creating enduring change by rethinking values, systems, processes, and behaviors to nurture a thriving planet for present and future generations.

Rooted in the spirit of evolution, Parivartan represents our collective journey from awareness to action, from responsibility to resilience. It symbolizes the conscious shift towards a more responsible, inclusive, and regenerative way of living and doing business.

Parivartan is built on five pillars, keeping guests, community and employees at the core, standing for the transition towards circular, equitable, innovative, and future-ready solutions that harmonize environmental stewardship, social well-being, and economic prosperity.

Pillars of Parivartan

Environmental Stewardship	Cultural Resonance	Social Connect	Future-Proofing	Collective Spirit
• Safeguarding the environment • Responsible footprint	• Integrating Indian ethos • Empowering communities	• Inspiring individuals • Driving positive change	• Fostering innovation • Adaptability to navigate a changing world	• Sustainability thrives on collaboration
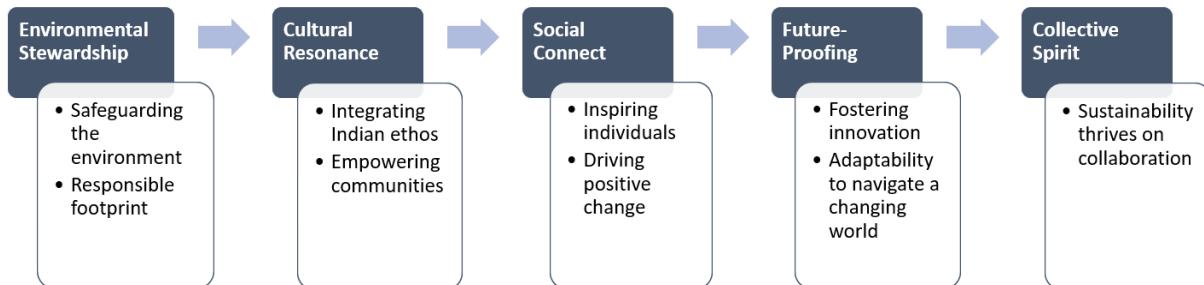
Environment

Climate-related Commitment & Actions

At Chalet Hotels, sustainable development is amongst the strategic priorities of the business. The Company has adopted a comprehensive ESG Strategy and Decarbonization Roadmap with defined focus areas, specific KPIs and targets (Read More).

The Company ensures highest standards of sustainable development setting a new benchmark for environment stewardship through:

- ✓ Achieve Net-Zero Greenhouse Gas Emissions (GHG) by 2040 and validate near-term (2030) and long-term (2040) targets in alignment to Science Based Targets initiative (SBTi) (Read More)
- ✓ RE100 (Renewable Energy): Move to 100% renewable energy by 2030
- ✓ EP100 (Energy Productivity) / Smart Energy Coalition: Double energy productivity (revenue per unit of electricity consumed) by 2028 compared to the baseline of 2016
- ✓ EV100 (Electric Vehicles): First Hospitality Brand to move entire guest fleet to EVs well ahead of the 2025 target year and ensure EV charging infrastructure for all staff and guests (Read More)

The Company ensures awareness towards environment stewardship among all stakeholders (employees, workers, value chain partners etc.) through various policies (ESG Policy and Environmental Policy), periodic trainings and capacity building workshops. During the year, the Company conducted ESG Workshops for all employees covering its ESG Strategy and Decarbonization Roadmap.

Climate-related Management Incentives

The Company ensures implementation of its environmental commitments across climate change, water, biodiversity etc. by integrating relevant KPIs and ESG metrics into the annual performance management through Balanced Scorecard. Towards this, the Company had inclusive approach by conducting a workshop on the Balanced Scorecard with all key management and senior management personnel to define the relevant KPIs including ESG specific targets to be achieved during the year. KPIs such as improvement in ESG ratings, implementation of the Decarbonization Roadmap, progress on Climate Group commitments and assessing and managing climate-related risks and opportunities. These are effectively monitored and overseen by the Board-level CSR & ESG Committee. As an outcome of the process, all key management and senior management personnel are having 10% minimum weightage of ESG KPIs (climate change, water, biodiversity etc.) across the organization.

Executive Director (ED) oversees ESG initiatives including climate commitments. The climate commitments include transition to Renewable Energy (RE100), Energy Productivity (EP100), Electric Vehicles (EV100) and decarbonization roadmap.

All Key Management and Leadership personnel oversee ESG initiatives that includes climate commitments (Renewable Energy (RE100), Energy Productivity (EP100), Electric Vehicles (EV100)), operational efficiency, decarbonization roadmap, climate risks, environmental compliances and governance.

Lead – ESG & Sustainability: Ms. Janhavi Parab – General Manager (part of Leadership) has 100% KRAs coverage for implementing ESG initiatives. She works closely with the Company's management and Board-level Committee. This includes remedies and actions to address any red flags identified in internal and external ESG audits. Aligning with the Company's ESG Strategy and Decarbonization Roadmap, she ensures renewable energy integration, reduction in resource (energy, water and waste) consumption, biodiversity management etc. Based on the ESG/Climate achievements, the individual is also being rewarded with enhanced role of implementing ESG priorities across the businesses of the parent organization (K Raheja Corp.).

Furthermore, Senior Management plays a key role in implementing the ESG initiatives at ground level. This includes integration of Renewable Energy, improvement in Energy Productivity and implementation of Energy Efficiency initiatives as Key Responsibility Areas (KRAs) and these KRAs get cascaded to asset and functional levels. E.g., the Head - Engineering and Operations sets targets that encompasses the implementation of energy reduction initiatives, process modifications to enhance energy efficiency, upgrading or changing the type of fuel, and implementing initiatives related to renewable energy, increasing the share of renewable by utilizing the Group Captive Solar on real-time basis.

Performance against these KRAs are evaluated and achievements of these targets would have a direct linkage to the annual performance appraisal. Additionally, monetary incentives are being presented periodically, for e.g., Excellence Awards. Further, the achievements towards the Company's environmental commitments are overseen by the Board-level CSR & ESG Committee. Additionally, these commitments are periodically reviewed by MD and CEO (Read More) and Executive Director (Read More) of the Company.

Environmental and Social Management System (ESMS)

Chalet Hotels has adopted Environmental and Social Management System (ESMS) in alignment with IFC Performance Standards and Integrated Management System (IMS) that incorporates ISO 9001: 2015 Quality Management System (QMS), ISO 14001:2015 Environmental Management System (EMS) and ISO 45001: 2018 Occupational Health and Safety Management System (OHSMS), in accordance with K Raheja Corp. Group initiative.

The Company conducts internal and external audits (ISO Certifications, ESG Data Verifications) covering the entire portfolio on an annual basis. This ensures 100% compliance with ESMS and effective monitoring of environmental data, operational efficiencies, identification of resource reduction initiatives across energy, water and waste consumption (Read More (pg. 39)).

Internal certification / audit / verification:
ISO Compliance team conducts annual internal audits for ISO 14001:2015 Environmental Management System (EMS), ISO 45001: 2018 Occupational Health and Safety Management System (OHSMS) and ISO 9001: 2015 Quality Management System (QMS) as part of the Integrated Management System (IMS) in accordance with K Raheja Corp. Group initiative.

Third party certification / audit / verification:
Chalet Hotels engages third-party agencies for verification of environmental, social and governance data as per GRI Standards and AA1000 Assurance Standard v3 (AA1000AS v3). Additionally, third-party ISO certificate revalidation activity happens after every 3 years. The last ISO 14001:2015 and ISO 45001: 2018 certificate issued by third-party is valid from December 2023 till December 2026, and ISO 9001: 2015 certificate issued by third-party is valid from July 2023 till July 2026.

During the year, the coverage of internal audit/verification were 67% (EMS Audits – 22%, OHSMS + QMS Audits – 45%) and Third-party Verification (ESG Data) is 33%.

Energy and Emissions Management
Chalet Hotels invests in energy efficiency and renewable energy initiatives to reduce GHG Emissions. During the year, the Company has invested 6,101 Mn. INR as CAPEX and 80.2 Mn. INR for R&D (Read More (pg. 40-41)).

Water Efficiency Management
Chalet Hotels adopts practices towards water efficiency such as efficient fittings and fixtures and implements measures such as in-house water treatment plants to facilitate the reuse and recycling of wastewater (Read More (pg. 42)).

The Company monitors associated water risk using the World Resources Institute (WRI) Aqueduct tool to estimate the dependency on freshwater consumption across operating assets. Refer Climate Risks and Opportunities.

Waste Management

The Company implements waste management programs and ensures that all hazardous & non-hazardous waste are reduced, reused, recycled and disposed through third-party waste handlers (Read More (pg. 43-44)).

Resource Efficiency and Circularity

Chalet Hotels ensures effective resource efficiency and circularity through the usage of effective packaging materials that covers 100% capital goods and services across its operating assets. The Company seeks to phase out the use of single-use plastics by adopting reusable and recyclable packaging.

Further, the Company explores solutions towards sustainable packaging materials through its R&D resources or investments and ensures its reusability and recyclability. The Company is promoting the use of recycled material as packaging solutions by ensuring that the packaging can be reused or recycled through third-party handlers.

Packaging Materials	Total Weight (MT)	Recycled and/or Certified Material (% of total weight)	FY 2025 Target (% of total weight)
Wood/Paper Fiber Packaging	97.72	100%	100%
Glass Packaging	89.01	100%	100%

Plastic Packaging	FY 2023	FY 2024	FY 2025
Total Weight (MT)	39.68	74.66	86.08
Share of recyclable plastic packaging (% of total weight)	100%	100%	100%
Share of compostable plastic packaging (% of total weight)	0%	0%	0%
Share of recycled content within plastic packaging (% of total weight)	100%	100%	100%

During the reporting year, plastic waste intensity (plastic waste generated in MT per turnover in Million INR) decreased from 0.0053 in FY 2024 to 0.0050 in FY 2025. The Company undertakes year-on-year internal commitment on reducing plastic waste generation. Towards this endeavour, the Company's target for plastic waste generation for FY2025 was to limit the generation to 90.49 MT. Going forward, the Company aims to reduce plastic waste generation by 20% by 2030 from a baseline of FY 2024.

Biodiversity Management

Chalet Hotels is committed to adopt measures for conservation and protection of biodiversity and shall achieve a Net Positive Impact, including a 'No Net Deforestation' commitment by 2040. This commitment extends across operations, supplier and business partners to avoid operational activities near sites containing globally or nationally important biodiversity. The Company will create awareness about the importance of biodiversity and undertake initiatives in partnership with relevant stakeholders (Read More (pg. 45), ESG Policy and Environment Policy). Further, the Company sensitizes its employees and consultants on biodiversity conversation through workshops/training programs (Read More (pg. 45)).

Scope of Assessment

Chalet Hotels assesses dependency- and impact-related to flora and fauna through biodiversity assessments that extend across its operations and the adjacent areas (2 kms radius), the study covers identification of important/RET/native species, threats (if any), carbon sequestration and development of biodiversity action plan. We integrate biodiversity considerations into its structured Enterprise Risk Management (ERM) framework to regularly monitor and address any identified biodiversity-related dependencies, impacts, risks and opportunities such as extinction of floral and faunal species categorized as Vulnerable and Endangered under the IUCN Red List* of Threatened Species, presence of invasive species and loss of heritage trees.

*IUCN Red List of Threatened Species and India's Wildlife Protection Act (WPA), Amendment, 2022

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Assessment Methodology

The Company has signed up for the India Business & Biodiversity Initiative (IBBI), which focusses on biodiversity conservation and ecosystem restoration. Towards this endeavour, the Company undertakes Environmental Impact Assessments (EIAs) and Biodiversity Assessments during the initial stages of the projects in alignment with the India Business & Biodiversity Initiative (IBBI), The Tree Preservation and Protection Guidelines as per the Maharashtra Tree Act of 2021 (under the Union Ministry of Environment, Forest and Climate Change (MoEFCC)) and Wild Life (Protection) Amendment Act of 2022. Until 2025, the Company has conducted these assessments across all its projects covering area more than 30 hectares.

The Company adopts a location-specific approach to conduct these assessments and the outcomes of these assessments are integrated in the project implementation. Across the projects, only one (2.83 hectares) falls under proximity of biodiversity hotspots for which the Company has adopted Biodiversity Management Plan for the identified biodiversity impacts from the assessments conducted.

1 — Mapping Existing Biodiversity

✓ Floral diversity viz., trees, shrubs, climbers, herbs, grasses and ferns were documented against the parameters such as girth, height, age and health conditions
✓ Data was further bifurcated into Native Flora, Exotic and Alien Invasive Species
✓ Faunal species such as birds, butterflies, mammals and reptiles were recorded through direct sighting, and secondary sightings such as droppings, scats, feathers, nests, and other tracks and signs

2 — Analysis

✓ Analysis was conducted:
  o Rare, Endangered and Threatened Species for its categorization under IUCN Red List*
  o Present and targeted biodiversity goals
  o Biodiversity Conservation measures
✓ Identified risks and concerns:
  o Extinction of floral and faunal species categorized as Vulnerable and Endangered under the IUCN Red List*
  o Presence of invasive species
  o Loss of heritage trees
✓ Carbon Sequestration

3 — Biodiversity Management Plan (BMP)

✓ Action Plan for:
  o Conservation, enhancement and development of ecological balance
  o Measuring the progress against Key Performance Indicators (KPIs) in alignment with local, national and international standards (e.g., IBBI, Tree Preservation and Protection Guidelines as per the Maharashtra Tree Act of 2021 etc.)

*IUCN Red List of Threatened Species and India's Wildlife Protection Act (WPA), Amendment, 2022

Biodiversity Action Plan

As a member on the Advisory Board of IBBI, Chalet Hotels acknowledges the objectives of the Convention on Biological Diversity to promote biodiversity conservation. Towards this endeavour, the Company has developed a robust and comprehensive Biodiversity Action Plan to effectively manage its impact on the surrounding ecosystem through the following strategies:

Avoidance

✓ Avoiding operational activities around ecologically sensitive areas that include Legally protected areas, UNESCO World Heritage sites, UNESCO Man and the Biosphere Reserves, Ramsar sites, Key Biodiversity Areas and other areas important for biodiversity
✓ Assessing dependency- and impact-related to flora & fauna across operations and adjacent areas
✓ Avoiding the introduction of any new potentially invasive, non-native species and seek to eradicate these within our operational sites

Minimization
- ✓ Minimizing turf and invasive species to reduce water consumption
- ✓ Planting drought-tolerant species to minimize water consumption
- ✓ Reduce Heat Island Effect by increasing green cover

Regeneration
- ✓ Increasing ecological productivity (groundwater recharge, improved biodiversity and soil nourishment) compatible to existing ecosystems

Restoration/Rehabilitation
- ✓ Conserving the existing biodiversity and local ecosystem by ecologically integrated landscape
- ✓ Restoring existing green cover and compensating through reforestation and transplantation
- ✓ Partnering with local communities and other stakeholders to promote ecological balance

Transformation
- ✓ Enhancing the microclimate and improving the air quality by increasing green cover and nature-responsive landscape
- ✓ Promoting guest wellness by introducing indigenous and thematic species (e.g., medicinal, aesthetical, acoustics, fragrance and feel)
- ✓ Driving policy advocacy and participating in stakeholder consultations on biodiversity reporting (e.g., IBBI and TNFD recommendations on nature-related risk and opportunity in businesses decision making)

Social

Human Capital Development

Employee Engagement

Chalet Hotels conducts Employee Engagement Surveys based on the Trust Index© model of Great Place to Work® on an annual basis

The Company utilizes Employee Engagement Surveys to effectively assess job satisfaction, employee happiness and internal motivation, job stress among other aspects based on the Trust Index© model across the following scoring dimensions:

Sr.	Scoring Dimension	Definition
1.	Credibility	Credibility measures the extent to which employees see management as credible (believable, trustworthy) by assessing employees' perceptions of management's communication practices, competence and integrity.
2.	Respect	Respect measures the extent to which employees feel respected by management by assessing the levels of support, collaboration and caring employees see expressed through management's actions toward them.
3.	Fairness	Fairness measures the extent to which employees feels that management practices are fair by assessing the equity, impartiality, and justice employees perceive in the workplace.
4.	Pride	Pride measures employees' sense of pride in their work by assessing job satisfaction, stress, internal motivation among other feelings employees have toward their jobs, team or work group and the Company.
5.	Camaraderie	Camaraderie assesses employee happiness and measures their sense of camaraderie in the workplace by assessing the quality of the intimacy, hospitality, and community within the workplace.

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Coffee with Leadership: This program is an opportunity for all young talent to learn and directly engage with the leadership, promoting transparency, inclusivity, motivation, and stronger connections between employees and senior management (including CFO, CHRO, and MD & CEO).

Employee Development Framework

A robust employee development framework serves as a structured approach to nurture the skills, knowledge, and capabilities of employees within our organization. It aligns individual career aspirations with organizational goals, fostering a culture of continuous learning and development. Our employee development framework spans functional, behavioural, and leadership development, which covers role-specific skills, soft skills, and structured leadership programs for various career stages. ().

Leadership Development

We adopt a structured and future-ready approach to leadership development, aligned with our strategic vision and growth ambitions, to identify, nurture, and empower high-potential talent across levels, ensuring sustained organisational excellence and future readiness.

Shikhar: Our flagship Leadership Development Program for high-potential talent enables employees with behavioural and functional skills they need to become effective leaders. Shikhar offers a six-month blended learning journey focused on key themes such as Talent Development, Strategic Thinking, Problem Solving, and Innovation. It also incorporates opportunities for employees to take on roles beyond their defined areas of expertise or comfort zones to test their capabilities to lead in entirely different or new segments. This opportunity helps engage and motivate our top talent and strengthens retention.

This program continues to be a benchmark for leadership excellence and remains a highly aspirational program, preparing our future leaders to take on broader roles in the organisation.
During the year, 4 individuals have undergone this leadership development program out of which 1 individual was promoted.

The Future-Forward Leadership Program: This program is a CXO-level development initiative in partnership with Harvard Business Publishing, focused on key themes such as Driving Group Synergies, Customer-centric Innovation, and Leadership Excellence.
Aimed at preparing our senior leaders with the skills necessary to lead a future-focused organization and navigate an evolving business landscape through immersive learning formats like case discussions, business simulations, and Business Impact Projects, we are building future-ready leaders poised to drive transformational business growth enhance their strategic capabilities and prepare the organization for evolving market challenges.
During the year, 3 individuals in the leadership roles have undergone this program.

IIM Ahmedabad Executive Training Programme:
The Winning Edge: Communication Strategies for Leaders is an executive education program offered by the Indian Institute of Management Ahmedabad (IIMA) aimed at helping senior professionals enhance their leadership communication skills. Focusing on building trust, credibility, and followership, the program encourages participants to reflect on and refine their communication styles.
This program is a blend of case discussions and role-plays, covering wide spectrum of topics such as Leadership and Communication, Persuasion Strategies for Leaders, Writing with Impact, Strategic Communication, Handling Difficult Conversations, Intercultural Competence and Speaking to Inspire and Motivate.
This pedagogy encourages reflection on personal styles and learning through peer interactions. It also enhances ability to motivate, persuade, and influence across organisational contexts through writing, speaking, listening, and strategic internal/external communication.
Members from five different cross-functional management roles were selected to undergo training and experience practical learning during the year.

Learning and Development
A comprehensive learning framework tailored to the unique needs of the hospitality industry, empowers our employees to deliver exceptional service, foster a culture of continuous learning and improvement, and ultimately enhance the overall guest experience. Our focus is on customer service, teamwork, and adaptability and hence our learning framework emphasizes practical skills, experiential learning, and continuous improvement.

During the year, the Company has clocked 68 hours of average training per year for which the Company has spent an average amount of INR 7,200 (approx.) per employee. Further, the Company analyses the employee training data across age, gender and management-level and type of trainings provided (e.g., Embark & Envision, eCornell, Skill Development, Culinary Training, Wine workshop etc.) (Read More (pg. 55)).

Employee Well-being, Support and Benefits

Parental Leave	Paternity Leave
✓ 24 weeks of paid parental leave to our employees for the primary caregiver ✓ 1 week of paid parental leave to our employees for the non-primary caregiver ✓ Paid family or care leave beyond parental leave to our employees for the care for a child, spouse, partner, dependent, parent, sibling, or other designated relation with a physical or mental health condition	Up to five days of fully paid leave for employees who have become fathers

	Fab Women
	Provides female employees with information and advice about professional opportunities and remedies on improving their lifestyle

Women Leadership Programmes	Adoption Assistance Policies
Learning programmes designed to improve the gender balance at senior levels	Support and coverage for employees and spouses who plan to adopt a child

Equal Opportunity Employer
Provision of Equal Opportunities at the time of talent attraction, recruitment, retention and during employment

The Company is cognizant of the work-life balance of its employees and offers flexible working hours, working-from-home arrangements, and part-time working options (Read More (pg. 58)).

Wellness Programs

To provide holistic health support and promote overall well-being through a range of services, including Annual Health Screenings, On demand Doctor Consultations, Concierge Care Programmes, Health Risk Assessments, Nutrition Guidance, and 24/7 Care via Chat, Chalet Hotels within the parent organisation of K Raheja Corp., has partnered with Zyla Health, India's highest-rated care management platform.

The program offers Annual Health Check-up (AHC) where employees can undergo a full-body preventive diagnostic test, followed by a 30-day concierge care program to support employees in managing their health.

Additionally, this program offers on-demand consultations with General Physicians, Specialist Doctors, Clinical Nutritionists, and Psychologists. Employees can access these services anytime via the Navigo portal or the Zyla app.

The program benefits all employees across the group companies.

Diversity, Equity and Inclusion (DE&I)

The Company attracts, retains, and develops talented individuals from diverse backgrounds to create an inclusive, stimulating and supportive workplace for all employees. As an equal-opportunity employer, the Company hires, compensates and grows employees based on merit. The Company's hiring and salary decisions are independent of extraneous factors like gender, sexual orientation, race, religion, caste, creed, and family background.

The Company believes in a diverse Board that includes an ideal combination of Executive and Non-Executive Directors, including Independent Directors, with diverse backgrounds and make good use of the differences in the skills, knowledge, industry experience, background, race, gender and other qualities of the individual members as a whole. Read More.

PowHER, the first all-women Employee Resource Group (ERG) at K Raheja Corp., is a voluntary, employee-led DEI initiative. This initiative brings a sense of belonging and companionship by nurturing an empowered community of women, dedicated to foster professional growth, build impactful connections through networking, and champion holistic wellness for a harmonious work-life synergy. This program is led by a group of 15 members representing individual businesses empowering all women across the group and sponsored by CHRO of K Raheja Corp. and CFO of REIT business.

Gender Pay Parity

Chalet Hotels is committed to ensure that all employees, contractors, labour among others across our operations and supply chain are paid living wages on an annual basis.

The Company's living wage methodology entails 100% compliance with all statutory wages, labour and employment welfare laws and regulations (e.g., The Minimum Wages Act of 1948, The Contract Labour (Regulation & Abolition) Act of 1986, The Payment of Wages Act of 1936, The Employee Compensation Act of 1923 and Amendment Act of 2009 etc.).

The Company's Human Rights Policy, ESG Policy, Business Responsibility Policy, Supplier Code of Conduct living wage methodology ensures effective monitoring and disclosure of aspects like the share of operations and value chain partners covered in assessments on payment of living wages (Read More (pg. 163-164)).

The Company also conducts Human Rights Due Diligence (HRDD) that covers aspects like compliance to minimum wage across operations and supply chain on an annual basis (Read More (pg. 163-164)).

The Company monitors equal pay analysis on an annual basis for all employees as follows:

Particulars	Unit	Avg. Women Salary	Avg. Men Salary
Executive level (base salary only)	INR	Nil	2,86,70,798
Management level (base salary only)	INR	13,99,674	15,02,423
Non-Management level (base salary only)	INR	2,96,317	3,68,082

The Company provides ESOPs to executives and few management personnels. The total number of options exercised from April 24 to March 25 is 3,55,144 (Executives - 2,36,840 and Management personnels - 1,18,304). Therefore, the average remuneration* for executive level is 9,33,63,644 and management level women and men is 15,40,173 and 15,60,882 respectively.

Note: The compensation details stated above have been verified by an authorized third-party agency during the statutory audit.

*Average Remuneration = base salary + other cash incentives

Governance

Revisiting Materiality

The Company revisited its approach to materiality through a detailed double materiality assessment that considered impacts on strategic business priorities, financial implications as well as the impact of ESG parameters (Read More (pg. 28-29)).

Materiality for External Stakeholders

The Company's materiality assessment exercise incorporates impact on external stakeholders to ensure holistic enterprise value creation for the following key material topics:

Community Initiatives

Chalet Hotels' CSR Policy articulates its CSR philosophy which is rooted in creating long-term value for communities by investing in people, strengthening local ecosystems and advancing sustainable development. The Company focuses on skilling, education, health and environmental stewardship to enable inclusive growth and resilient communities. Read More.

During the year, Chalet's Skill Development Initiative has made a profound impact on the lives of aspirant youth and People with Disabilities (PwDs) from economically disadvantaged backgrounds to enhance employability and livelihood generation. The program equips them with essential skills and competencies (Housekeeping, F&B and Retail) to provide mainstream job opportunities in the service and hospitality industry. So far, the program has successfully helped in training and transforming 500+ individuals (of whom over 50% and 34% are women and PwDs respectively) with a remarkable job placement rate of more than 80%.

Furthermore, each investment of ₹ 20,000 per individual has catalysed to ~ ₹ 2 lakh in livelihood income generated annually. This initiative has created a sustained social impact value of ₹ 100 million for 500+ families, resulting in 10x Social Return of Investment (SROI).

By fostering skill development and social empowerment, the initiative not only creates a future workforce for the industry but also contributes to nation-building, transforming lives and uplifting communities.

Green Mobility for Guest Fleet

Chalet Hotels has become the first hospitality brand to achieve the Climate Group's EV100 commitment, marking a significant milestone in its sustainability journey. By transitioning its fleet to 100 per cent electric vehicles and installing comprehensive EV charging infrastructure across all its properties, Chalet has not only fulfilled its 2021 pledge but has done so well ahead of the 2025 target year. Read More.

Chalet Hotels has deployed an overall of 68 EVs in its entire vehicle fleet for guest transportation. Our EVs are equipped with prismatic cell batteries with the ability to the ability to travel an average of 461 km in a single charge. This initiative helped us in replacing annual average commute of 1.7 lakh kms per diesel vehicle with EVs resulting in avoiding more than 350 MTCO$_2$e of GHG Emissions from guest transport, amounting to annual savings of ~ ₹ 11 Mn during the reporting year.

Risk Management

The Company's structured Enterprise Risk Management (ERM) framework identifies, assesses and evaluates external environment, business trends, potential risks and opportunities on a periodic basis to develop mitigation strategies for the identified risks. As part of the Company's ERM framework, relevant risks are then being incorporated into the planning and execution of all new projects. The Company engages external experts for comprehensive reviews every two years in order to maintain the effectiveness of its ERM framework. Additionally, the ERM process integrates systematic evaluation and monitoring of its emerging climate-related risks in alignment with the International Financial Reporting Standards (IFRS) S2* on a continual basis.

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Note: Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Risk Management Process

Identification	Assessment	Monitoring & Evaluation	Mitigation
Identification of potential enterprise-level risks that could affect the Company's sustainable growth and business objectives through regular engagement with both internal and external stakeholders for valuable insights, subject matter judgement, root cause analysis etc.	Qualitative and quantitative assessment of key risks identified (including ESG risks) based on parameters like likelihood, potential impact, business relevance, rationale and the Company's response capacity.	Evaluation of the nature of risk, determination of the level of risk through risk ratings (inherent and residual) and adoption of relevant mitigation measures	Mitigation of all identified risks, which are reviewed and overseen by the Company's Board-level Risk Management Committee
✓ Key Stakeholder Engagement ✓ Identify Risk ✓ Define Risk ✓ Risk Register	✓ Risk Evaluation ✓ Risk Probability (Likelihood) ✓ Risk Severity (Impact) ✓ Risk Rating (Likelihood*Impact) ✓ Scenario Analysis	✓ Roles and Responsibilities ✓ Risk Review ✓ Risk Mitigation Owners ✓ Periodic Risk Evaluation	✓ Mitigation Measures ✓ Residual Risk

The Company's ERM framework incorporates a dedicated Risk Register that assesses all identified risks (including ESG Risks) based on factors such as likelihood of occurrence, potential impact on the Company's assets and its stakeholders and business relevance, to evaluate each risk through risk ratings (inherent and residual) and adopt relevant mitigation measures. Read More.

Risk Governance Structure

The Company has established a structured, multi-tiered Risk Governance Structure and Framework to ensure internal checks and balances across all organisational levels. This structure enables both top-down and bottom-up identification, management and monitoring of risks. The key responsibilities of the committees/individuals are as follows:

Board-level Oversight	**Risk Management Committee** ✓ Formulate Risk Management Policy (Read More) comprising of a framework (risk management plan) for key risks identified (including ESG risks), measures for risk mitigation (including systems and processes for internal control of identified risks) and a Business Continuity Plan ✓ Ensure that appropriate methodology, processes and systems are in place to monitor, evaluate and review risks associated with the business ✓ Oversee implementation of the Risk Management Policy and monitor processes (including adequacy of risk management systems, risk criteria in the Company's services, risk tolerances, mitigation actions etc.) ✓ Periodically review the Company's Risk Exposure (at least once every year) and the Company's Risk Management Policy (at least once in two years) ✓ Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken w.r.t. risk assessment and minimisation **Audit Committee** ✓ Evaluate the effectiveness of internal financial controls and risk management framework in respect to financial risks ✓ Facilitate annual internal audits as part of independent assurance on the effectiveness of the Company's risk management and compliance processes

Management-level Monitoring	**CSR and ESG Steering Committee** ✓ Identify, assess, and monitor ESG risks and opportunities, including climate, social, reputational, and regulatory risks. ✓ Integrate ESG risks into the organisation's risk management framework. ✓ Define mitigation and adaptation strategies for ESG risks including climate-related risks. For more details, refer to Roles and Responsibilities of CSR and ESG Steering Committee
Risk Implementation Group	**Risk Champions at operational properties, projects under development and rental assets** ✓ Regularly monitor and report risks through updated risk registers that evaluate identified risks ✓ Develop a robust Business Continuity Plan ✓ Set milestones for implementation in line with the Risk Management Policy to embed a risk-responsive culture

Risk Culture

The Company emphasises proactive understanding, ownership, and integration of risk management principles at all organisational levels towards building a strong risk culture for informed decision-making and long-term business resilience, extending beyond compliance. This includes regular education and training programmes for executive, non-executive and independent directors, senior management personnel, employees, among others.
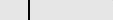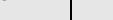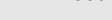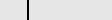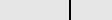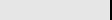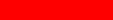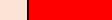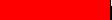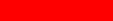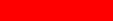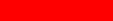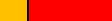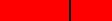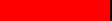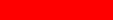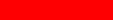
Risk considerations are embedded early in the Company's service delivery to ensure compliance, embed sustainability, and align with emerging market opportunities. Each identified risk is accompanied with a well-defined risk mitigation plan and is assigned a risk mitigation owner for effective monitoring. Subsequently, concerned employees' incentives are linked to risk management metrics.

Climate Risks and Opportunities

Towards Net Zero commitment, the Company has undertaken climate risk and opportunity assessment in line with the scenarios outlined in the IPCC Sixth Assessment Report and the International Energy Agency's Nationally Determined Contributions (IEA NDCs). This assessment involves calculating the financial impact of these risks on the Company's operations, enhancing the Company's resilience against climate change issues, and positioning to seize new opportunities. Refer Read More (pg. 11)).

Physical Climate Risks

The Company effectively maps all identified climate risks across its operating locations:

Location 🏢	Climate Risk 🌏

	High
	Medium
	Low

🌏 / 🏢	Heat Wave / Rise in Temperature	Increased / Heavy Rainfall	Urban Floods	Water Stress / Drought	Coastal Flood	Biodiversity Loss	Landslides	Pollution / Poor Air Quality	Strong Winds
Mumbai	High	High	High	Medium	Low	Low	Low	Medium	Low
Lonavala	Medium	High	Low	Low	Low	High	High	Low	Medium
Pune	High	High	Low	Medium	Low	Low	Low	Medium	Low
Goa	Medium	High	Low	Low	Medium	High	High	Medium	Medium
Hyderabad	High	High	Medium	High	Low	Low	Low	Medium	Low
Bengaluru	High	High	Medium	High	Low	Low	Low	Medium	Low
Delhi/Faridabad	High	High	Medium	Medium	Low	High	Low	High	Medium
Rishikesh	Low	High	High	Medium	Low	Low	High	Low	Medium

All identified climate-related risks are integrated in Chalet Hotels' Enterprise Risk Management (ERM) framework, which are further recorded and monitored through a comprehensive Risk Register that covers causes, business impacts and mitigation measures, as follows:

	Implemented
	Proposed

Sr.	Identified Climate Risk	Description: *Cause and Impact*	Impact on: *Infrastructure; Construction activities; Operations; People; Local Ecosystem*	Mitigation Measures
Operating Properties				

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Sr.	Identified Climate Risk	Description: *Cause and Impact*	Impact on: *Infrastructure; Construction activities; Operations; People; Local Ecosystem*	Mitigation Measures
1.	Heavy Rainfall	✓ Heavy rains resulting in structural/infrastructural damage (e.g. collapsing of the wall and façade at Marriott Executive Apartments) ✓ Flooding causing damage in the basement/ lower-level facilities, resulting in interrupted guest services, leading to temporary closures of few sections of the hotel (e.g. Courtyard by Marriott Aravali) ✓ Increased diesel consumption on account of multiple electricity shut down due to heavy rains ✓ Heavy rainfall in the operating city and/ other cities, negatively impacting the room bookings (e.g. JW Marriott Mumbai Sahar, The Westin Hyderabad Mindspace) ✓ Water congestion and flooding situation in the city affecting guest and employee commute ✓ Affected human health, employee absenteeism and productivity at work (e.g. spread of diseases like malaria/dengue)	Infrastructure Operations People *(Employees & Guests)*	✓ Periodic repair work of external façade, waterproofing and building envelope (walls, roof, glass façade) ✓ Regular maintenance of stormwater drains, rainwater harvesting system- storage system and/ recharging pits ✓ Emergency response plan/protocols for heavy rains ✓ Periodic inspection of wear & tear and provision for repair & maintenance for aged buildings ✓ Communication of weather predictions with guests and employees ✓ Resources/inventory management plan ✓ Design healthy menu in Food & Beverages (F&B) for guests and employee meals
2.	Heat Wave / Rise in Temperature	✓ Significant increase in energy consumption due to higher cooling requirements, leading to substantial increase in energy cost ✓ Drastic changes in the temperature pattern and high humidity accelerated wear and tear on building interiors, especially in wooden areas, and affected the HVAC efficiency ✓ Affected human health, employee absenteeism and productivity at work (e.g. heat-related illnesses)	Infrastructure Operations People *(Employees & Guests)*	✓ Automation and upgradation of HVAC system ✓ considering better humidity control ✓ Energy efficient chillers ✓ Use of dehumidifiers in key areas. ✓ Regular monitoring to maintain moisture levels ✓ Use of insulation or green materials to reduce heat ingress (low thermal conductivity etc.) ✓ Consider alternate fuels based/ low emission DG Sets (e.g. Biodiesel) while expanding the DG capacities ✓ Curating F&B menu integrating high water content
3.	Water Stress / Drought	✓ Due to water scarcity, lack of availability of water from existing resources resulting in purchase of tanker water (e.g. Bengaluru Marriott Hotel Whitefield, The Westin Hyderabad Mindspace)	Operations	✓ Designing Rainwater Harvesting System with storage system and recharging pits to improve the ground water table

Sr.	Identified Climate Risk	Description: *Cause and Impact*	Impact on: *Infrastructure; Construction activities; Operations; People; Local Ecosystem*	Mitigation Measures
				✓ Efficient irrigation system (e.g. sprinkle system, drip irrigation) ✓ Drought tolerant species for landscape areas in case of expansion or maintenance work
4.	Biodiversity Loss	✓ Biodiversity loss (flora & fauna) can lead to poor water quality and availability ✓ Loss of local habitats reduces resilience to climate Impacts e.g. floods, droughts	Local Ecosystem	✓ Conservation & Restoration of critical habitats and species ✓ Plantation of local/indigenous & heavy rainfall resistant species ✓ Prepare climate-resilient biodiversity management plan
5.	Landslides	✓ Heavy rainfall and modifying the natural topography or existing contours will lead to soil erosion and potential landslide	Infrastructure Construction activities People *(Employees & Guests)*	✓ Design in accordance with natural topography or existing contours to minimize erosion. e.g. regions such as Goa and Lonavala ✓ Implement engineering solutions such as retaining walls, drainage systems, and terracing in new developments to stabilize slopes ✓ Emergency preparedness plan ✓ Environmental due diligence (EDD)/impact assessment at business development stage ✓ Communication to guests, employees and nearby community about landslide risks and mitigation measures ✓ Establish a routine for inspecting properties in vulnerable areas for signs of instability or erosion
6.	Pollution / Poor Air Quality	✓ National Green Tribunal (NGT) Order on increased pollution levels resulting in stoppage of work/ construction activities (e.g. Delhi Airport Hotel)	Construction activities	✓ Planning of construction activities budgeting the stoppage of work due to NGT order ✓ Comprehensive environment management plan that includes dust suppression measures and ambient air quality management
7.	Urban Floods and / Coastal Flood	✓ Can cause significant damage to infrastructure, leading to costly repairs ✓ Stagnant water can breed diseases, and floodwaters can contaminate drinking supplies ✓ Can displace population, leading to long-term social and economic challenges	Infrastructure	✓ Upgraded drainage systems and build green infrastructure, such as rain gardens and permeable pavements, to absorb excess water ✓ Construct floodwalls, and retention basins to manage excess water during heavy rain

Sr.	Identified Climate Risk	Description: *Cause and Impact*	Impact on: *Infrastructure; Construction activities; Operations; People; Local Ecosystem*	Mitigation Measures
		✓ Businesses may close temporarily, disrupting local economies and employment	Operations People *(Employees & Guests)*	✓ Restore wetlands and natural floodplains to absorb and manage stormwater effectively ✓ Develop and enhance early warning systems to alert communities of impending floods
8.	Strong Winds	✓ Can cause severe damage to construction activities and commute ✓ Pose risks to human safety, including injuries from flying debris and difficulties in emergency response ✓ Can uproot trees, destroy habitats, and alter ecosystems	Infrastructure Construction activities Local Ecosystem	✓ Strengthening buildings and infrastructure to withstand high winds through better design and materials ✓ Managing trees and vegetation near power lines and infrastructure
Projects Under Development				
1.	Heat Wave / Extreme Temperature	✓ Heat Related Illness (e.g. dehydration, dizziness, fainting and heat stroke)	Infrastructure Construction activities	✓ Water Sprinkling/Misting stations & Shaded areas ✓ Schedule working in cooler hours ✓ Hydration stations & nutrition plans ✓ Regular health monitoring of workers
2.	Flooding	✓ Delay in delivery of goods/services and construction activities ✓ Damage of the construction materials ✓ Repair and rework ✓ Unforeseen geological or soil conditions affecting construction	Infrastructure	✓ Scheduling of the construction activities as per wet season ✓ Preparing the emergency response plan ✓ Develop evacuation procedures and medical assistance

Sr.	Identified Climate Risk	Description: *Cause and Impact*	Impact on: *Infrastructure;* *Construction activities;* *Operations; People;* *Local Ecosystem*	Mitigation Measures
			Construction activities	✓ Temporary Flood Barriers & Water Diversion Systems
3.	Strong Winds	✓ Damage of stored construction materials/equipment ✓ Increased dust pollution	Infrastructure Construction activities	✓ Maintain good housekeeping ✓ Secure loose materials and construction waste
4.	Pollution/ Poor Air Quality	✓ Increased emissions from heavy machinery and transport vehicles can worsen local air quality, contributing to smog and other pollution-related problems ✓ Respiratory problems, eye irritation, and other health issues ✓ Health-related absences and decreased worker productivity ✓ Non-compliance with air quality regulations can result in fines and project delays ✓ Work stoppages and delays	Infrastructure Construction activities	✓ Dust Control Measures (water sprays, dust screens/barricading & Soil stabilizers) ✓ Low-Emission Equipment/vehicles ✓ Reduction in idle time of equipment & vehicles ✓ Limit Material Drop Heights ✓ Designated routes for construction vehicles ✓ Real-time Air Quality Monitoring

To identify, assess, monitor and mitigate water-related climate risks, Chalet Hotels has utilized the WRI Aqueduct Water Risk Atlas Tool and World Bank supported climate analytics portals as part of its climate risk and opportunity assessment. The Company's climate risk and opportunity assessment is monitored by the Management-level CSR and ESG Steering Committee. This assessment is periodically reviewed by MD & CEO (Read More) and Executive Director (Read More) of the Company.

Going forward, Chalet Hotels seeks to incorporate additional scenarios in its climate risk and opportunity assessment in line with IPCC climate scenarios in a comprehensive manner with coverage across all hotel properties.

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Transition Climate Risks

	Implemented
	Proposed

Sr.	Identified Climate Risk	Description	Mitigation Measures
1.	Regulatory Risk	✓ Increased compliance costs and changes in business processes / operations due to emerging mandates, regulations, guidance, or taxes on ESG disclosures applicable to the hospitality sector ✓ Elevated expenses and/or diminished demand due to penalties and legal rulings ✓ Imposition of carbon taxes ✓ Aligning with India's Net Zero target, NDCs, PAT Scheme, SEBI – BRSR Core Disclosure and carbon pricing mechanisms	✓ Alignment with emerging regulatory landscape (BRSR Core Disclosure, IFRS etc.) ✓ Annual ESG Data Assurance ✓ Implementation of Net Zero Strategies
2.	Technology Risk	✓ Depreciation and premature decommissioning of current technologies ✓ Transitioning to lower emission technologies can pose risk associated with the adoption of these technologies (failed technologies and R&D investments) ✓ State-level challenges in procuring Renewable Energy	✓ R&D and Capital Expenditure (CAPEX) investments in low-carbon technologies ✓ Renewable Energy Integration (RE100) ✓ Energy-Efficient Systems (EP100) ✓ Electric Vehicles (Green Mobility) (EV100)
3.	Market Risk	✓ Lack of availability and/or increased cost associated with the usage of certified and sustainable construction materials (e.g., steel, cement, RMC, glass insulation, etc.) ✓ Evolving customer preferences for environmentally conscious accommodations	✓ Embodied Carbon Measurement (Whole Building Lifecycle Assessment) ✓ Environmental Product Declarations (EPDs) from suppliers ✓ Certified Green Buildings ✓ Green Leasing
4.	Reputation Risk	✓ Increased stakeholder concerns in achieving the Company's Net Zero and Climate Group commitments within the stipulated time horizons ✓ Increased investor and shareholder push for improved ESG performance	✓ Implementation of Net Zero Strategies ✓ Supplier Screening and Performance Assessment ✓ ESG joint initiatives with suppliers, customers and employees ✓ Supplier ESG Development Program

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Net-Zero Strategies
Note: The Company is undertaking afforestation and will be purchasing carbon credits to offset the residual emissions.

Source of GHG Emissions	Applications	Decarbonization Levers

Scope 1 GHG Emissions

High Speed Diesel (HSD)	→ Diesel Generator (DG) Sets	→ Biodiesel; Hydrogen Cylinders; Battery Energy Storage System (BESS)
Piped Natural Gas (PNG)	→ Kitchen	→ Biogas; Hydrogen Blending
Chaffing Fuel	→ Diesel Generator (DG) Sets	→ Electrification
Refrigerants (Fugitive Emissions)	→ Refrigeration & Air Conditioning (AC)	→ Low-GWP Refrigerants (R32, Ammonia-based)

Scope 2 GHG Emissions

| Grid Electricity | → Heating, Ventilation & Air Conditioning (HVAC) | → Renewable Energy Transition (RE100); Energy Efficiency (EP100) |

Scope 3 GHG Emissions

Purchased and Capital Goods	→ Construction Materials; Perishable Goods	→ Green Sourcing (Low-Carbon Steel & Cement); Local Procurement; Supplier Emissions Reduction Targets
Transport Emissions	→ Logistics; Business Travel and Commute	→ Electric Vehicles (EV100); Public Transport; Shared Commutes
Leased Assets	→ DG Sets; HVAC	→ Renewable Energy Transition (RE100); Energy Efficiency (EP100); Green Leasing
Waste Generation	→ Operations and Projects under Development	→ Circular Economy; Zero Waste to Landfill (ZWL) Certification

Emerging Risks

The hospitality sector operates at the intersection of people, places and technology, making it particularly sensitive to emerging global risks. As undermined by the World Economic Forum (WEF) [Global Risks Report](), emerging risks such as climate change, resource scarcity, geopolitical instability, cyber threats, and societal polarization are increasingly interconnected and are already impacting the industry. These risks are evident through rising operational disruptions from extreme weather, increased compliance and transition costs due to climate regulation, societal disparities, talent and skills shortages, adverse outcomes of artificial intelligence and heightened cyber incidents.

The Company has identified key risks in the areas of environmental, technological and societal that are expected to have a short- and long-term impact on the company's business. These emerging risks could impact the business and require the company to adapt strategies and mitigation measures.

Environmental Risks

Extreme weather events

The growing frequency and severity of extreme weather events such as floods, heatwaves, cyclones and water scarcity pose direct physical and financial risks to hospitality assets. Properties in coastal and urban areas are particularly vulnerable to asset damage, business interruption, supply chain disruptions, rising insurance costs and reduced tourist inflows. Additionally, extreme heat and water stress affect guest comfort and operational efficiency.

Chalet Hotels anticipates a wide array of climate-related physical and transition risks will impact the business and this necessitates us to undertake climate-resilient designs, robust disaster preparedness, energy and water efficiency measures, and long-term climate risk assessments integrated into asset planning and investment decisions.

Natural resource shortages

Hospitality operations are resource intensive particularly in terms of water, energy and food. The industry heavily rely on water supply for guest services, landscaping, and sanitation, as well as energy for cooling, heating, and operations. Increasing scarcity driven by climate change, over-extraction, and regulatory restrictions can disrupt operations, increase operating costs, and damage brand reputation especially in water-stressed or shared resource facilities.

Chalet understands this and is continuously investing in water efficiency measures (rainwater harvesting, low-flow fixtures, wastewater recycling), renewable energy and efficiency upgrades, responsible sourcing, and guest engagement programs to reduce consumption, while integrating resource risk into site selection and long-term asset planning.

Technological Risks

Adverse Outcomes of AI Technologies

While artificial intelligence (AI) offers opportunities to enhance guest experience, operational efficiency and revenue management, its misuse or unintended consequences present emerging risks. These include biased algorithms affecting hiring or customer interactions, over-reliance on automation leading to loss of human touch, data privacy concerns, and regulatory non-compliance. In hospitality, where service quality and trust are paramount, adverse AI outcomes can damage brand reputation and guest confidence.

Chalet relies on a robust responsible AI governance framework. This includes clearly defined policies for ethical data use, strong human oversight over automated decision-making, and transparency in AI-driven processes. Regular reviews, continuous employee training to manage evolving AI risks, bias monitoring, and compliance with applicable regulations ensure that AI systems are deployed responsibly, minimizing ethical, legal, and reputational risks.

Cybersecurity

As hospitality businesses increasingly rely on digital platforms for bookings, payments, loyalty programmes and guest services, cybersecurity risks have intensified. Data breaches, ransomware attacks and system outages can compromise sensitive guest information, disrupt operations, and

result in regulatory penalties and reputational harm. Given the high volume of personal and financial data handled, hospitality companies must strengthen cyber resilience through robust IT infrastructure, employee awareness, regular security audits, and incident response planning to safeguard guest trust and business continuity.

The Company's Information Security Policy and Terms of use effectively addresses cybersecurity management, threats and ensures business continuity in the event of security breaches. The Company's information security procedures are aligned to its operating brands and are periodically updated to ensure evolving landscapes in the field of data privacy and cybersecurity. The Company is continuously ramping up its digital capabilities to ensure security of data and systems through cutting-edge technology and strong protocols that detect and respond to breaches.

Societal Risks

Societal Polarization

Increasing societal polarisation, driven by economic inequality, cultural divides, misinformation and geopolitical tensions, can significantly impact hospitality businesses. Hotels and resorts serve diverse guests, employees and communities, making inclusivity, neutrality and sensitivity essential. Polarisation and disinformation may manifest in labour unrest, community resistance to tourism, heightened social media backlash, or reputational risks if brands are perceived as misaligned with societal values.

At Chalet, we underscore the importance of inclusive workplace practices by fostering a culture of inclusion, diversity, and respect through clear policies, leadership commitment, and regular trainings. We believe in strengthening employee communication and grievance mechanisms to address concerns early and prevent escalation. We also establish crisis communication protocols to respond swiftly and sensitively to social incidents or public discourse to ensure effective community engagement and maintain social licence to operate.

The aforementioned emerging risks can amplify one another, posing complex challenges for the hospitality industry. Addressing these risks requires an integrated approach that combines strong governance, resilient infrastructure, ethical use of technology, and a deep commitment to people and communities.

Climate Action and Advocacy

Chalet Hotels engages in climate-related advocacy through dedicated policies, decarbonization commitments, climate resilient framework supported by a robust governance structure with clear accountabilities, periodic monitoring, review and reporting process at all management levels including executive level. This enables effective implementation of the Company's ESG targets and objectives and also contributes to the achievement of Net Zero commitment of the Company in alignment to the Paris Agreement. The Company aims to shape climate-related policy discussions, advocate for sustainable solutions, and foster collaboration with relevant stakeholders to drive meaningful climate action.

Governance Framework → Management System → Policy Commitment → Defined Roles & Responsibilities → Climate Advocacy in alignment with Paris Agreement
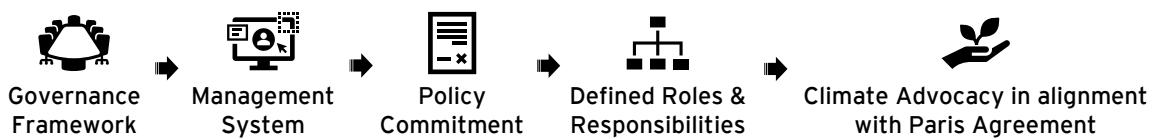
The Company primarily engages in climate-related advocacy through trade associations with annual contributions of INR 18,07,000 for United States Green Building Council (USGBC), INR 16,42,560 for Climate Group, INR 4,13,000 for Hotel Association of India (HAI), INR 1,86,912 for Confederation of Indian Industry (CII) and INR 1,18,000 for United Nations Global Compact (India) respectively.

United States Green Building Council (USGBC)	Climate Group	Hotel Association of India (HAI)	Confederation of Indian Industry (CII)	United Nations Global Compact (India)

Particulars	FY 2022	FY 2023	FY 2024	FY 2025
Annual Contributions for Trade associations or tax-exempt groups (e.g. think tanks)	21,25,462	38,06,112	39,53,612	41,67,472
Others (including political contributions, lobbying, ballot measures etc.)	Nil	Nil	Nil	Nil
Total Contributions	21,25,462	38,06,112	39,53,612	41,67,472

Note: The stated figures are in INR.

Sustainable Supply Chain Management

The Company ensures that its suppliers, vendors and other value chain partners are collaboratively aligned with the Company's ESG commitments and sustainability goals. As a part of its sustainability journey, the Company endorses a Sustainable Supply Chain Framework with a structured approach to supplier and vendor engagement. The Framework incorporates pre-qualification/screening process, compliance with Supplier Code of Conduct, supplier and vendor assessments and ESG development program.

Supplier Code of Conduct

All suppliers shall be required to acknowledge and adhere to the Company's Supplier Code of Conduct. The Company shall maintain records of all onboarded or prospect suppliers/vendors who are adhering to the Supplier Code of Conduct periodically to avoid potential conflicts with the Company's ESG requirements.

During the reporting year, suppliers from all four categories/tiers (including critical suppliers) have acknowledged the Supplier Code of Conduct.

Sustainable Sourcing

The Company is also committed to source products and services that seek to create shared value by ensuring that companies within its supply chain:

✓ Reduce carbon emissions in line with the Company's commitment to achieve Net Zero by 2040
✓ Operate beyond statutory environmental norms and standards
✓ Promote Circular Economy
✓ Drive positive supplier relationships
✓ Consider the impact of their operations on the nearby communities

Supplier Categorization

The Company categorizes its suppliers and vendors into four categories or tiers, based on the nature of service and the volume of the business (by purchase value in INR), as follows:

✓ Tier-I Suppliers: > 1 Cr.
✓ Tier-II Suppliers: 50 Lakh - 1 Cr.
✓ Tier-III Suppliers: 30 - 50 Lakh
✓ Tier-IV Suppliers 10 - 30 Lakh

Supplier Engagement and Development Program

Chalet has introduced a Sustainable Supply Chain Program for promoting a greener footprint. This program involves identifying, engaging and building capabilities with its significant supply chain partners such as suppliers, contractors, vendors and value chain partners. It includes a framework that enables them to track, monitor and improve their sustainability performance and encourage research and development (R&D) through various associations and partnerships.

The Company encourages its supply chain to align their business practices with the Company's ESG and sustainability vision, policies and objectives. Towards this, the Company ensures effective compliance with the Company's Supplier Code of Conduct and sustainable sourcing principles to avoid potential negative impacts.

Recently, Chalet introduced Vendors Meet with its key supply chain partners to foster collaboration, sustainable growth and alignment with the Company's ESG vision and framework. During the meet, Chalet's leadership shared its business performance, growth path, ESG commitments and the role of supply chain in achieving these commitments.
The leadership also emphasized the importance of transparency and ethical business practices, encouraging proactive supplier engagement by reaching out to whistleblower@chalethotels.com for reporting any queries/grievances and misconduct.

As part of the program, the Company engaged with 30% of its significant supply chain partners (more than 70% by value) and ensures effectiveness of the program through regular monitoring and review by the leadership team (part of the Board).

Supplier Assessment and Evaluation

A. Contractor Guidance and Framework

The Company has developed guidelines for its contractors to ensure robust project execution in alignment with its ESG objectives that includes material selection criteria, project execution and construction management plan.

B. Screening and Onboarding

The Company has developed a robust pre-qualification and screening process including comprehensive background checks that factor risk-based screening. All new suppliers and vendors shall be critically assessed against the screening criteria including ESG risks such as Climate Change, Labour Rights, Corruption, Supply Chain Disruption etc. During the year, all new suppliers are screened and onboarded using the following criteria:

➢ Compliance with all applicable national regulations, local laws and Voluntary Business Alignment with globally-recognized Human Rights standards and frameworks, including United Nations Global Compact Principles, United Nations Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, Universal Declaration of Human Rights, United Nations Convention on the Elimination of Discrimination against Women, OECD Guidelines for Multinational Enterprises, International Covenant on Civil and Political Rights; etc.

➢ Compliance with the Company's Environmental and Social Management System (ESMS), adopted in alignment with IFC's Performance Standards on Environmental and Social Sustainability or Integrated Management System (IMS), that comprises of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018;

➢ Preferential selection of suppliers and vendors for bidding and contract awarding, based on locally extracted or recovered materials, low embodied carbon materials, low-emitting VOC

materials, materials and packaging that can be reused and recycled, materials that disclose environmental impacts (e.g., Environmental Product Declarations, globally recognised Eco Labelling etc.), materials that disclose potential health hazards, rapidly renewable materials and recycled-content materials, and integration of green building principles across design, construction and maintenance

C. Supplier Performance Assessment
The Company's suppliers and vendors shall be evaluated periodically and scored on their ESG performance. Towards this, the Company shall adopt a comprehensive ESG Assessment Questionnaire wherein supplier performance shall be assessed relevant business and ESG parameters in order to shortlist the right suppliers to fulfil its ESG commitments. Further, the Company shall assess its critical suppliers through a combination of desk-based assessments and on-site visits based on ESG assessment criteria KPIs. Read More.

Supplier Screening	FY 2025
Total number of Tier-1 suppliers	444
Total number of significant suppliers in Tier-1	122
Share of total spend on significant suppliers in Tier-1	96%
Total number of significant suppliers in non-Tier-1	0
Total number of significant suppliers (Tier-1 and non-Tier-1)	122

Supplier Assessment	FY 2025
Total number of suppliers assessed via desk assessments/on-site assessments	444
Total number of significant suppliers (Tier-1 and non-Tier-1) assessed via desk assessments/on-site assessments	122
Share of unique significant suppliers assessed (Target: 25%)	30%
Share of unique significant suppliers in capacity building programs (Target: 25%)	50%
Number of suppliers assessed with substantial actual/potential negative impacts	8
Share of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan (Target: 100%)	100%
Number of suppliers with substantial actual/potential negative impacts that were terminated	0

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