Net-Zero Policy

Approving Authority	The Corporate Social Responsibility & ESG Committee and Board of Directors of Chalet Hotels Limited ("**Chalet**" or the "**Company**")
Adopted on	May 14, 2026
Effective Date	This Net-Zero Policy ("**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 Policy outlines the Company's approach towards achieving Net-Zero Greenhouse Gas (GHG) Emissions by implementing decarbonization pathway across its operations and value chain. The Policy shall ensure oversight and effective monitoring of GHG Emissions.

2. Applicability

The Policy shall be applicable to all businesses and all employees of the Company and its wholly owned subsidiaries.

3. Definitions

"**Greenhouse Gas (GHG) Emissions**" shall mean the release of gases which absorb and re-emit infrared radiation, thereby trapping it in the Earth's atmosphere and causing the Greenhouse Gas (GHG) effect. The gases include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).

"**Embodied Carbon Emissions**" shall mean the GHG emissions, measured in carbon dioxide equivalent (CO_2e), generated by the manufacturing, transportation, installation, maintenance, and disposal of construction materials used in buildings throughout their lifespan.

"**Residual GHG Emissions**" shall mean the emissions that remain after implementation of its long-term emissions reduction initiatives.

"**Value Chain Partners**" shall mean suppliers/service providers/ vendors/ traders/ agents/contractors, guests and business partners engaged for business purposes.

4. Policy Principles

Climate Action, propelled by a prudent ESG Governance Framework, forms an integral part of the Company's ESG Strategy and Decarbonization Roadmap.

The Company shall:

- strive to align with current and emerging climate-related regulations, evolving customer preferences for environmentally conscious accommodations and investor sentiment to reflect the Company's commitment to ensure transition towards a low-carbon economy.
- assess the impacts of climate-related risks and opportunities on business activities in alignment with global climate-related financial disclosures like TCFD / IFRS S2*.
- engage in climate mitigation and climate adaptation endeavors, avoid funding climate-denial endeavors, avoid investments in fossil-fuel expansion, and prohibit lobbying against climate regulations.

*Note: Task Force on Climate-related Financial Disclosures (TCFD) and International Financial Reporting Standards (IFRS) S2

5. Methodology and Framework

The Policy is in alignment with the guiding principles of the Science Based Targets initiative (SBTi) and the GHG Protocol Corporate Standard to ensure accuracy, consistency, transparency and relevance.

This Policy is in alignment with the Paris Agreement's goal to limit global temperature rise to well below 2^{o}C above pre-industrial levels.

6. Management and Review

The Management shall ensure to:

- Review GHG Emissions across the Company's business operations
- Set GHG Emissions reduction targets, in alignment with the latest climate science and industry best practice(s)
- Reduce resource (energy, water, waste) consumption across the Company's business operations
- Transition to cleaner and renewable sources of energy
- Invest in energy-efficient technologies and low-carbon products
- Develop innovative and climate-resilient buildings in alignment with globally recognized green building frameworks (LEED, IGBC, EDGE, WELL etc.)
- Promote Green Supply Chain Management through supplier assessment and development, low embodied carbon material procurement, preferential sourcing etc.
- Collaborate with the Company's value chain partners to reduce value chain GHG Emissions
- Seek nature-based carbon offsets to mitigate the Company's residual GHG Emissions
- The Policy will be reviewed periodically, as and when necessary and appropriate, due to changes in the business-as-usual scenario and changes in the environmental regulations / standards / best practices.

Annexure 1

Key Considerations for Recalculation and Restatement of GHG Emissions

Base Year
Based on the availability of verifiable, reliable, and complete data across the Company's owned and controlled operations, the Company has selected the base year for GHG Emissions (direct and indirect).

Significant Threshold
The Company has established a 5% significance threshold for the Base Year GHG Emissions Recalculation. If it results in a deviation of 5% or more, the Company shall recalculate its Base Year GHG Emissions for any of the following scenarios:

Structural Changes
- **Acquisitions and Mergers:** Addition of new operations or facilities
- **Divestitures:** Sale or transfer of ownership or control of operations or facilities
- **Insourcing or Outsourcing:** Changes in operational control or ownership of emissions-generating activities, such as bringing previously outsourced activities in-house or outsourcing internal operations

Methodological Changes
- Updates or improvements to the Company's GHG Emissions calculation methodologies
- Adoption of new methodologies in line with updated reporting and calculation guidelines

Discovery of Significant Errors
Identification of errors that lead to a material misstatement

Exceptions
a) Acquisition or Insourcing of Operations that did not exist in the Base Year:
- If the Company acquires or insources operations (properties or facilities) that did not exist (were not operational) in the base year, the base year emissions will not be recalculated
- Historical emissions may only be recalculated back to the year in which the acquired or insourced asset came into existence, if applicable

b) Outsourcing or Insourcing already captured under direct or indirect GHG Emissions Boundary:
- Structural changes resulting from outsourcing or insourcing do not trigger base year recalculations if the GHG Emissions are already accounted for under direct or indirect GHG Emissions Boundary
- However, outsourcing or insourcing that results in significant emissions shifting between direct and indirect GHG Emissions may trigger recalculation only if indirect GHG Emissions are not comprehensively reported

c) Organic Growth or Decline
- Organic growth or decline in GHG Emissions due to business-as-usual scenario will not trigger base year recalculation. This includes changes such as:
  - Increase / decrease in number of keys / leasing activity
  - Occupancy Fluctuations
  - Energy efficiency improvements or renewable energy procurement
  - Closures/openings of properties already owned or controlled by the Company