Risk Management Policy

Approving Authority	The Risk Management Committee and Board of Directors of Chalet Hotels Limited ("**Chalet**" or the "**Company**")
Adopted on	October 28, 2021
Effective Date	This Risk Management 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 Board of Directors of Chalet Hotels Limited ("**Chalet**" or the "**Company**") recognises that it has a responsibility to manage risks and supports a structured, systematic and focused approach to managing them by approval of the risk management strategy. Mitigating the risks that arise during the course of day-to-day operations would be dealt with by the Management of the Company and Units and/or other employees at the time of its occurrence and monitored by the Risk Management Committee of the Company under the guidance of the Board of Directors of the Company.

"**Risk Management**" means understanding, identifying, assessing and prioritizing risks followed by coordinated and economical application of resources to minimize, monitor and control the probability and/or the impact of unfortunate events. Risks could be posed by various factors from the uncertainty in financial markets, market conditions, threats from project failures (at any phase in design, development and operations), legal liabilities, credit risks, accidents, natural causes and disasters as well deliberate attack from an adversary or events of uncertain or unpredictable root cause.

Effective Risk Management by the Company will:

- Help achieve its corporate objectives and goals in a better manner
- Enhance the value of services it provides to the community
- Achieve sustainable growth
- Ensure Good Governance
- Limit environmental impact

2. Applicability

The Risk Management Policy ("**Policy**") shall be applicable to all businesses and all employees of the Company and its subsidiaries.

3. Definitions

"**Applicable Law**" means any statute, law, regulation, ordinance, rule, judgement, order, decree, bye-law, approval of any Governmental Agency, directive, guideline, circular, policy, requirement or other government restriction or any similar form of decision of or determination by, or any interpretation having the force of law of any of the foregoing Governmental Agency having jurisdiction, applicable to any Party, in force from time to time.

"**Act**" means the Companies Act 2013 and the rules made thereunder, including any modifications, amendments, or re-enactment thereof.

"**Risk Management Committee**" means the Risk Management Committee ('RMC') constituted / reconstituted by the Board, from time to time.

"**Audit Committee**" means the Audit Committee constituted / reconstituted by the Board, from time to time.

"**Board**" means the Board of Directors of the Company.

4. Objectives of the Policy

(i) To ensure that all the current and future material risks and exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed

(ii) To establish a framework for the Company's risk management process and to ensure its implementation

(iii) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices

(iv) To assure business growth with financial stability

5. Principles of Risk Management

(i) All business decisions will be made with the prior information and acceptance of risk involved.

(ii) Risk considerations will include but shall not be limited to operational assets and projects under development.

(iii) The Risk Management Policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.

(iv) Employees of the Company shall be made aware of risks in their respective domains and the mitigation measures.

(v) The risk mitigation measures adopted by the Company shall be effective in the long-term and to the extent possible be embedded in the business processes of the Company.

(vi) Risk tolerance levels will be regularly reviewed and decided depending on changes in the Company's strategy

(vii) The occurrence, progress and status of all risks will be promptly monitored, reported, and appropriate actions will be taken thereof on a periodic basis.

6. Risk Management Process

The Company's Risk Management process comprises of the following steps:

(i) Risk Identification: This involves identification of potential enterprise-level risks that could affect the Company's growth and business objectives through regular engagement with both internal and external stakeholders for valuable insights, subject matter judgement, root cause analysis etc. Risks, as may be determined by the Risk Management Committee from time to time, would be classified as follows:

- Strategic
- Brand
- Operations
- Management/Business
- Finance and Compliance

(ii) Risk Assessment: This involves 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.

(iii) Risk Analysis: The Company shall evaluate the nature of risk, determine the level of risk through risk ratings (inherent and residual) and adopt relevant mitigation measures.

(iv) Risk Mitigation: The Company shall perform the following activities to mitigate all identified risks which are reviewed and overseen by the Company's Board-level Risk Management Committee:

- ✓ Rate and prioritize risks based on their influence on the Company's business strategy and objectives
- ✓ Determine whether a control (e.g. policy, procedure, checklist, reporting mechanism or account reconciliation) is necessary given the level of risk, based on likelihood and potential impact, and if so, identify controls
- ✓ Assess adequacy of existing controls and develop comprehensive risk mitigation plans (including a Business Continuity Plan)
- ✓ Assign risk owners with the responsibility to monitor identified risks and develop mitigation measures

7. Approval of the Policy

The Board of Directors will be the approving authority for the company's overall risk management system. The Board will, therefore, monitor the compliance and approve the Risk Management Policy and any amendments thereto from time to time.

8. Review of the Policy

The Policy will be the guiding document for risk management and will be reviewed as and when necessary and appropriate, due to the changes in the risk management regulations / standards / best practices and in any case at least once in every two years. The risk register defining the identified risks will be regularly reviewed on an annual basis by the Risk Management Committee.

Approved by: Risk Management Committee on October 28, 2021.
Amendment: Approved by the Risk Management Committee and Board of Directors on May 14, 2026.