Environmental
Social
Governance

Lemon Tree Hotels Limited
Sustainability Report 2020-21

We Also Run Hotels

CONTENTS

Red Fox Hotel, Morjim, Goa

Note: some of our images are representative of the pre-COVID scenario, including the cover image.

ABOUT THIS REPORT

This FY21 sustainability report is the first disclosure document by Lemon Tree Hotels. It focuses on material environmental, social, economic and governance parameters. Our report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (core criteria) and integrates the recommendations of the Sustainability Accounting Standards Board (SASB) and GRESB, formerly Global Real Estate Sustainability Benchmark. The report also showcases our commitment to Sustainable Development Goals (SDGs).

We have an inventory of 84 hotels (including 41 owned/leased hotels and 43 managed/franchised hotels) with 8309 rooms.

However, the boundary of this report covers only 41 owned/ leased hotels across 23 cities for the reporting period of 1st April 2020 to 31st March 2021. As a first step in our sustainability journey, we have included our owned/ leased hotels in our reporting boundary scope. In the process of preparation of this report we have identified areas of improvement such as standardizing the process for data measurement and monitoring to begin disclosing our complete performance as a group (including managed/ franchised hotels) over the next two years.

In addition to the information found in this report and on our website, we report our performance externally through the Business

Responsibility Report, which is a part of our Annual Report. We have sought external assurance over selected data disclosed in this ESG report in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement [(ISAE) 3000, (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. All financial figures indicated in this report are in INR Crores (1 Crore is 10 Million), unless otherwise stated. In case of any queries regarding the report and/or any information presented, please write to: vp_sustainability@ lemontreehotels.com.

REPORTING BOUNDARY

- Operating
- Upcoming

Aurika
- Udaipur

Lemon Tree Premier
- Ulsoor Lake, Bengaluru
- Aerocity, New Delhi
- City Centre, Gurugram
- Leisure Valley, Gurugram (2)
- HITEC City, Hyderabad
- City Center, Pune
- Andheri, Mumbai
- New Town, Kolkata

Lemon Tree Hotels
- Aurangabad
- Ahmedabad
- Bandhavgarh
- Electronics City, Bengaluru
- Chandigarh
- Chennai
- Udyog Vihar, Gurugram
- Sector 60, Gurugram
- Amarante Beach Resort, Goa
- Candolim, Goa
- Indore
- East Delhi Mall, Ghaziabad
- Gachibowli, Hyderabad
- Banjara Hills, Hyderabad
- Hinjawadi, Pune
- Vembanad Lake, Kerala
- Whitefield, Bengaluru

Red Fox Hotels
- Jaipur
- East Delhi
- Aerocity, New Delhi
- HITEC City, Hyderabad
- Chandigarh
- Dehradun
- Sector 60, Gurugram

Keys Select
- Hosur Road, Bengaluru
- Whitefield, Bengaluru
- Kochi
- Ludhiana
- Pune
- Thiruvananthapuram
- Vishakhapatnam

Upcoming
- Lemon Tree Resort, Shimla
- Aurika, Mumbai International Airport, Mumbai

Note: The boundary of this report covers only 41 owned/leased hotels.

Lemon Tree Hotel, Whitefield, Bengaluru

Since 2002, Lemon Tree has grown from being a single brand to a portfolio of 7 brands. We started off as a midscale hotel brand and today we cater to a diverse set of guests through a mix of affordable, midscale and upscale hotel brands.

Guided by our purpose, our endeavor is to build a responsible hotel company focused on long-term

sustainable business outcomes. We strive for positive impact, advocate for and invest in transformational

approaches and collaborate with public and private partners – to achieve better and longer lasting results.

OUR REACH

We are an Indian hotel company with a strong presence in the market.

23
Cities*

41
Hotels*

19
Years of operations

1.20 million
Loyalty Program Members

73%
Three-year average occupancy till FY20#

OUR IMPACT

Measurable outcomes of our Environment, Social and Governance initiatives

10%
Renewable energy in the electricity mix* in FY21**

67%
Reduction** in normalized emissions intensity per occupied room* since FY18

52%
Reduction** in normalized water withdrawal intensity per total floor area* since FY18

14.30%
Opportunity Deprived Indians (ODIs) employed* in FY21**

98%
Operations audited (internally) for cases of corruption and bribery*

* owned/leased hotels
# including FY21 = 60%. FY20 refers to the period 1st April 2019 – 31st March 2020 and so on
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

CHAIRMAN'S LETTER

Dear Reader,

I am delighted to share the first edition of our ESG Report which outlines our commitment towards long term sustainability. As a young hotel company in India, we are focused on creating a positive impact on all our stakeholders and for society at large.

As the operating landscape continues to witness rapid and unpredictable shifts, we understand the need to move beyond 'business as usual' and generate 'sustainable value' for our stakeholders. Each member of the Lemon

We plan to strike a balance between achieving healthy economic outcomes and running our operations in a sustainable manner. We have established clear long-term ESG goals, set metrics in place to measure progress and have maintained transparency through our disclosures.

Tree family has shown admirable resilience during the COVID-19 pandemic and continues to do so. Despite the unprecedented economic setback, our performance in FY21 is testimony of our foresight, scenario planning and execution. I am confident that we will come out of this difficult phase within the next few months and build a better tomorrow together.

Customers are at the center of our business model and this is captured well in our mission statement - 'delighting our guests, whose comfort, safety, security

and well-being is our main reason for being'. In FY21, we adapted our hotel services to the needs of our customers and communities and offered quarantine/isolation services to the country. Our sanitization program Rest Assured, continues to help us cater to our guests' needs by maintaining world-class hygiene protocols across all our hotels.

We believe happy employees lead to happy customers. Team members stay engaged at Lemon Tree on account of upskilling/leadership development programs and accelerated growth opportunities. We take pride in our ability to attract, engage and retain the best talent, while promoting a diverse and inclusive culture. Local communities are a part of our employee base both directly and indirectly. Our sustained efforts to mainstream and employ Opportunity Deprived Indians (ODIs) has contributed to building a strong bond with local

communities where we operate hotels.

As an Indian brand, we have tried to build a compelling Environmental, Social and Governance footprint. Our strategic approach identifies seventeen significant ESG areas. In order to identify these key areas, we carried out a robust materiality assessment with key stakeholders, the results of which can be seen in this report.

Going forward, we continue to pursue our FY26 goals i.e. a 100% certified green building portfolio; 30% ODI strength in our talent pool, 50% renewable energy in our energy mix, 40% reduction in emission intensity and 10% reduction in water consumption intensity across all owned/leased operations. We have already identified strategic partners we can work effectively with. Our goal is to be a benchmark in integrating sustainability in the tourism industry and transform the manner

in which hospitality is delivered. All this will help us contribute to the fulfilment of SDGs.

Lastly, we value any and all feedback which may help us improve our performance. I urge you to provide unbiased feedback to us and assure you that the same will be used to deliver a better experience at Lemon Tree Hotels. You may write in to vp_sustainability@ lemontreehotels.com.

I am proud of all we have accomplished together over the past 15 months and look forward to updating you on our further progress next year, in our annual ESG report.

With warm regards,

Patanjali Keswani
Chairman and Managing Director
Lemon Tree Hotels Ltd.

> **Customers are at the center of our business model and this is captured well in our mission statement - 'delighting our guests, whose comfort, safety, security and well-being is our main reason for being'.**

Aurika, Udaipur

VISION FY26

Central to the ESG approach is our commitment to creating sustained value for all our stakeholders, including shareholders and investors, employees, environment and society.
Vision FY26 **reflects Lemon Tree's belief that development of our business is inherently intertwined with delivering ESG value. We aim to conduct our business responsibly while creating a positive impact on the environment, as well as shaping a diverse and inclusive workplace for all.**

In the area of Environment, we are focused on becoming more energy efficient, adopting renewable energy, mitigating and adapting to climate change, conserving water and reducing waste

In the area of Social, our emphasis is on the development of people, especially creating an inclusive and equal opportunity workplace and empowering local communities

In the area of Governance, our commitment is towards building an ethical and transparent organization

Lazy Lagoon, Baga – A Lemon Tree Resort, Goa

Our ambitions for FY26 are based on the following goals and aspirations:

Goals	SDGs	Progress	SDGs Mapping
15% Reduction in Energy Consumption (intensity based) by FY26 over FY19 baseline	**SDG 12 - Responsible Consumption and Production** 12.2 - By 2030, achieve the sustainable management and efficient use of natural resources	59% reduction in energy intensity based on total floor area by FY21 compared to baseline FY19. In FY20, the reduction compared to baseline FY19 was 10%.	
50% Renewable energy (RE) usage by FY26	**SDG 7 – Ensure access to affordable, reliable, sustainable, and modern energy for all** 7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix	10% share of RE in electricity mix recorded in FY21. In FY20, the share of RE in electricity mix was 6%. Note: RE installations scheduled for FY22, FY23, FY24 are substantial	
40% Reduction in GHG emissions (intensity based) by FY26 over FY19 baseline	**SDG 13 – Take urgent action to combat climate change and its impacts** 13.2 - Integrate climate change measures into national policies, strategies, and planning	62% reduction in emissions intensity based on total floor area by FY21 compared to baseline FY19. In FY20, the reduction compared to baseline FY19 was 7%.	
10% Reduction in water consumption (intensity based) by FY26 over FY19 baseline	**SDG 6 – Clean Water and Sanitation** 6.4- By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	22% reduction in normalized water consumption intensity based on total floor area by FY21 compared to baseline FY19. In FY20, the change in normalized water consumption intensity compared to the baseline FY19 was negligible.	

Goals	SDGs	Progress	SDGs Mapping
100% Certified Green Buildings (hotels) by FY26	**SDG 13 – Take urgent action to combat climate change and its impacts** 13.2 - Integrate climate change measures into national policies, strategies, and planning	15% hotels have been awarded Green Building Certification under IGBC/LEED New Building scheme by FY21. In FY20, 12% of the hotels had been certified. Note: Certifications to be done in FY22, FY23, FY24 are substantial	
30% ODIs in the workforce by FY26	**SDG 10 – Reduced Inequalities** 10.1 - By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average 10.3 - Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies, and action in this regard	14.3% of ODIs in the workforce in FY21. In FY20, ODIs comprised 16% of the workforce	
15% Women across the workforce by FY26	**SDG 5 – Gender Equality** 5.5 - Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	11% of women in the workforce in FY21. In FY20, women comprised 12% of the workforce.	

OUR BUSINESS

Lemon Tree Hotels is India's largest hotel chain in the mid-market hotel segment with seven brands and 41 owned/leased hotels in 23 cities. We opened our doors with the first

LTH hotel in May 2004. Today we operate nationally in the upscale, upper-midscale, midscale and economy segments and have expanded internationally across two destinations[1].

We have been working towards building a portfolio of hotel brands that meet the needs of travelers across three distinct segments, while running our business responsibly.
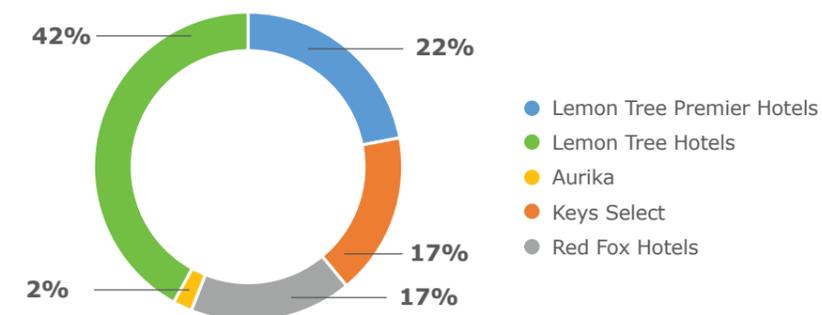
OUR BUSINESS MODEL

As a growing hotel company, we operate through a network of hotels categorized as:

- **Our owned/leased portfolio** comprises hotels that are owned or leased by Lemon Tree Hotels. This makes for 49% of our total asset footprint and 62% of our total rooms

- **Managed or Franchised hotels:** properties flagged and managed as one of our portfolio brands, on behalf of third-party hotel owners[2]. These hotels contribute towards 51% of our total asset footprint and 38% of our total rooms.

A growing employee base of over 3000 supports our owned/leased hotels across these brands – Aurika Hotels and Resorts in the upscale segment, Lemon Tree Premier and Keys Prima in the upper-midscale segment, Lemon Tree Hotels and Keys Select in the midscale segment, Red Fox Hotels and Keys Lite in the economy segment. These seven, well-differentiated brands deliver compelling value for money (in each segment) under the umbrella of Lemon Tree Hotels.

PORTFOLIO SHARE

42%
22%
17%
17%
2%

- Lemon Tree Premier Hotels
- Lemon Tree Hotels
- Aurika
- Keys Select
- Red Fox Hotels

1

Aurika Hotels & Resorts

- New upscale brand launched with Aurika, Udaipur
- Upcoming Hotel in Mumbai

9

Lemon Tree Premier

- Upper Midscale hotels across 7 cities

17

Lemon Tree Hotels

- Midscale hotels across 13 cities
- Upcoming Hotel in Shimla

7

Keys Select Hotels

- Midscale hotels across 6 cities

7

Red Fox Hotels

- Economy segment hotels across 6 cities

[1] These hotels are not included in the reporting boundary for FY21, as they are managed hotels

Aurika, Udaipur

[2] Same as footnote 1

OUR GROWING NETWORK

Throughout this journey, we have been supported by a network of partners. To ensure our continued operations, we rely on our suppliers and vendors at a national level for amenities, linen, equipment, Wi-Fi, DTH, etc. and at a local level for food and beverage supplies, stationery/printing and more.

This network enables us to maintain quality standards while effectively contributing towards the local economy in each region of our operations.

361

National suppliers

14464

Local suppliers

In the reporting year, we have spent over INR 28.71 crores on supplies.

Lemon Tree's inventory growth over the years

is shown in the diagram below. The group's quick growth translated into doubling of inventory every 2-3 years.

FY04

Hotel	01
Brand	01

FY12

Hotels	12
Brands	03

FY16

Hotels	26
Brands	03

FY21

Hotels	84
Brands	07

FY24

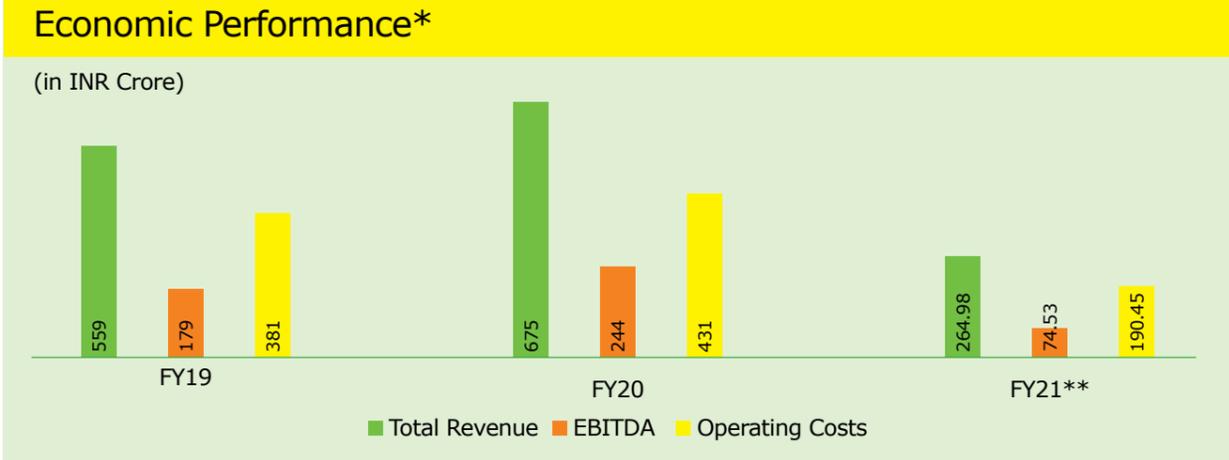| Hotels	105
Brands	07

Aurika, Udaipur

14

Lazy Lagoon, Baga – A Lemon Tree Resort, Goa

OUR ECONOMIC PERFORMANCE

With the exception of the pandemic year, Lemon Tree experienced stable growth and created value for its stakeholders. During the first quarter of FY21, demand was largely from quarantine guests and healthcare workers. Demand from traditional segments increased from 19% of our total room nights in Q1 to 95% of the total in Q4.

On a consolidated basis, the revenue for FY21 was INR 264.98 crore. The Profit After Tax (PAT) attributable to shareholders and non-controlling interests for FY21 and FY20 was INR -188.27 crore and INR -13.05 crore, respectively. As a business response to the decline in PAT, our hotels undertook significant cost control measures to reduce our cash burn at the operating level thereby ensuring that our net EBITDA improved sequentially during the year. The net EBITDA margin also showed a continuous improvement from 17.1% in Q1 to 31.4% in Q4. Furthermore, the company's free cash flows provided comfort in these unprecedented times.

Economic Performance*

(in INR Crore)

	Total Revenue	EBITDA	Operating Costs
FY19	559	179	381
FY20	675	244	431
FY21**	264.98	74.53	190.45

Direct Economic Value Generated and Distributed | FY21**
(in INR Crore)

264.98 — Gross Revenue

74.53 — EBIDTA

190.45 — Operating Cost

70.39 — Employee Wages and Benefits

0.93 — Community Investments

190.46 — Payments to Providers of Capital

*   owned/leased hotels
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

RESILIENT PERFORMANCE

Lemon Tree Hotel, Gachibowli, Hyderabad

POLICY ARCHITECTURE

Lemon Tree recognizes that in a rapidly evolving business environment addressing ESG issues is crucial to ensure the longevity of an organization. Through our well-defined policy frameworks and initiatives, we are on the path to achieving business growth along with creating a positive environmental and social impact.

Embracing Environmental Stewardship

- Sustainability Policy
- Waste Management Pilot- Policy redefinition

Redefining Social Engagement

- Diversity and Inclusion Initiative
- Growth of Employee Strength
- Career Path and Employee Growth
- Management of Labor Relations
- Policy and Workers' Right
- CSR Policy

Providing Effective Governance

- Nomination and Remuneration Policy
- Code of Conduct
- Data Privacy Policy
- Risk Management Policy
- Whistleblower Policy
- Prevention of Sexual Harassment Policy

Lemon Tree Premier, New Town, Kolkata

EMBRACING ENVIRONMENTAL STEWARDSHIP

We recognize the adverse impacts which the tourism and hospitality industry may have on the environment, particularly on the climate, natural resources and biodiversity at large. As a responsible organization, we strive to be a frontrunner on the path of environmental stewardship through our 'Sustainability Policy' that defines how we assess and embrace sustainability in a multidimensional manner including use of green energy, conservation of energy, water management and building/operating green buildings.

We understand that our contribution towards sustainability and climate change stems through our commitment to work in a more responsible manner. We have built our brands around sustainability practices. In line with the same, our focus has been:

Servicing our guests through Green Buildings

We have ensured that all our buildings are aligned with Indian Green Building Council (IGBC) Green building standards and will be certified by FY26. (owned/ leased hotels)

Efficiently handling resources

We have instituted a management system to ensure energy and water management across all our operations.

Green Materials

We use green materials in the construction and design of our hotels.

Waste Management

We have adopted a waste management pilot across Delhi, Gurugram and Mumbai to redefine our policy and manage waste effectively.

BUILDING A SOCIALLY RESPONSIBLE ORGANIZATION

Lemon Tree's social engagement is centered around customers, employees, vendors/suppliers, communities and other partners. We believe that a happy workplace coupled with our customer satisfaction programs and initiatives plays a pivotal role in enhancing our social engagement. Furthermore, we are investing in partnerships with NGOs, suppliers, artists and vendors that help us build a more equitable ecosystem. Some of our key social engagement policies are:

Diversity and Inclusion

We ensure an equal opportunity workplace through our hiring policies and have made our L&D practices inclusive. We hire employees from marginalized backgrounds including those with disabilities and from economically and socially vulnerable sections.

Career growth

Our employees are the backbone of our business. Through our LTH Performance Management System (LTPAC), we actively work with our employees to assess and manage their performance and development needs.

Labor Management

The objective of the policy is ensures smooth employee-employer relations and the highest level of productivity.

Corporate Social Responsibility

We have established a CSR policy for effectively identifying and supporting the growth of local communities and NGOs.

ENSURING EFFECTIVE GOVERNANCE

Our corporate governance policies ensure that we promote best industry practices, cater effectively to diverse stakeholder needs and operate in an ethical manner. For maintaining strong governance and ethical business practices, we have established several policies which guide the actions of the Board, senior management personnel and employees. We have also adopted a policy in line with the Securities and Exchange Board of India (SEBI) guidelines on rotation of auditors that allows for a maximum of 8 years split across two terms. Some of our key corporate governance policies are mentioned below:

Nomination and Remuneration Policy

Our policy lays down the criteria for appointment, removal and performance evaluation of Directors as well as the remuneration of Directors and Senior Management Personnel (SMP). Through this policy, we ensure that the Board has diversified expertise along with an adequate mix of Executive and Independent Directors in order to provide sound leadership and guidance.

Ethics and Compliance

Lemon Tree has a Code of Conduct for Prohibition of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015. We are also directed by an Anti-Bribery and Anti-Corruption policy to ensure that we operate ethically.

General Service Rules and Regulations (GSRR)

All our employees are expected to follow these rules and regulations which comprehensively outline the major aspects of our functioning including our vision, mission and core values, employment terms and conditions, employee benefits, conflict of interest, anti-sexual harassment policy and more.

Data Privacy

We believe that data privacy is of utmost priority as it relates to the personal data of our customers. We ensure that we deploy systems that do not allow for breaches or data compromise. We are in the process of updating our data policy in line with the international rules and guidelines.

RISK MANAGEMENT

In today's complex and rapidly evolving business landscape, risk management policies and practices play a vital role in an organization's corporate strategies and goals. Lemon Tree's Risk Management Policy outlines the mechanisms for identification of material risks and appropriate risk mitigation measures, with the goal of enabling business resilience and protecting the key interests of stakeholders. Further, it also effectively addresses key risks related to environmental concerns and stakeholder relations.

CASE STUDY

Enterprise Risk Management

Effective Risk Management is a key factor for ensuring the survival and longevity of any enterprise. In a major step towards transforming its risk management practices, Lemon Tree Hotels is in the process of rolling out its 'Enterprise Risk Management' (ERM) strategy to manage and mitigate key business risks pertaining to people, processes, financial impact, intellectual property, brand reputation, cash flows and contingency planning. ERM through a well-defined Risk Management Framework (RMF) will standardize our methodology, tools and procedures for identifying and monitoring the Company's material business risks.

The fundamental elements of our ERM as articulated through the RMF will include:

- **Risk Identification and Categorization:** Identifying relevant risks and categorizing them as preventable, strategic and external. The key risk owner and the respective business function will also be determined.

- **Risk Prioritization:** Prioritizing identified risks in terms of their likelihood and impact along with ranking each inherent risk type as critical, high, medium and low

- **Risk Mitigation:** Developing a risk mitigation plan for each ERM risk and its various sub-risk components along with determining residual

SDG 16: Peace, Justice and Strong Institutions

Target 16.5
Substantially reduce corruption and bribery in all their forms

Target 16.6
Develop effective, accountable and transparent institutions at all level

risk (post mitigation) as well as the control owner and Key Performance Indicators (KPIs) that are to be achieved to ensure effective management and mitigation.

An ERM Dashboard will be developed by us which will serve as the risk management tool that will ensure information sharing and communication across various business functions, thereby contributing effectively towards informed decision-making and proactive risk management.

A three-tier governance structure will be responsible for ensuring the smooth execution of our Enterprise Risk Management (ERM):

- The Apex Committee comprising the Board will provide executive oversight to ERM

- The Risk Management Committee of the Board will assess our risk appetite and monitor ERM on a quarterly basis

- The Executive Risk Committee will work towards implementing the risk strategy i.e. undertaking risk identification, assigning risk ratings and mitigation scores amongst other key responsibilities

ERM at Lemon Tree Hotels will help build a more risk-focused organizational culture and enhance our business resilience.

Ethics and Compliance

Lemon Tree places utmost emphasis on maintaining the highest standards of ethical behavior and integrity across all levels. Our Code of Conduct and Whistleblower Policy ensure that we conduct business in a manner that is devoid of any bribery and corruption.

We have adopted a **Compliance Framework** that is laid down to cover compliances applicable across working jurisdiction (including Corporate Office and hotels). This framework lays the responsibility of compliance execution and review among the respective compliance owners. We are in the process of adopting a tool to ensure real time monitoring of compliance status. It will allow all key stakeholders to monitor compliance execution and associated risks at any given point of time. Acting as a repository of all our compliance documents, it will help in generating a quarterly compliance certificate for review during the quarterly audit committee and board meetings.

Our Code of Conduct known as the 'LTH Code', acts as an important guiding force for ensuring that we all work collectively to function as a responsible and ethical organization. Acting with integrity is key to our organizational growth as well as our future prospects. This code, applicable to all employees of the company, including members of the Board and Senior Management, outlines our commitment towards upholding the core values of Lemon Tree including acting with integrity and transparency within the organization. The Code is supported by a policy on Prevention of Sexual Harassment (POSH) at the workplace. Any POSH related complaints are handled by the Internal Complaints Committee.

Anti-Bribery and Corruption is addressed through our Code of Conduct that places zero tolerance towards bribery and corruption. Our internal controls ensure that due diligence

is conducted, business transactions are approved and documented in an appropriate manner and compliance is effectively monitored. All employees are trained to actively support and strengthen the anti-bribery and anti- corruption efforts of our organization. We also ensure that bribery and corruption are eliminated during the purchase/ acquisition of any new property.

We undertake an in-depth assessment of relevant fraud risks as a part of our annual audits. During FY21, 98% of the company's owned/leased operations were assessed for identifying risks related to fraud and corruption.

Our Whistleblower Policy encourages our employees and others to report violations or suspected violations of the LTH Code and/or any instances of misconduct. This policy provides a robust mechanism for investigating and resolving whistleblower complaints in a time-bound manner while ensuring that our employees are able to raise their concerns without any fear of victimization and discrimination. We have an open-door policy in order to enable our employees to share their grievances with any member of the management team, apart from their direct supervisor.

Data Privacy and Security is of paramount importance to us. Our data privacy policy broadly comprises two key components i.e. Cyber Security guidelines

SDG 16: Peace, Justice and Strong Institutions

Target 16.5
Substantially reduce corruption and bribery in all their forms

Target 16.6
Develop effective, accountable and transparent institutions at all levels in all their forms

During FY21, there were no POSH related complaints registered across our operations.

and IT Security guidelines with the aim of ensuring safety of data under our possession and enforcing stronger compliance. Our current data privacy policy framework is being revised in line with Data Protection Impact Assessment (DPIA), General Data Protection Regulation (GDPR) and Personal Data Protection Bill (PDPB) and will be finalized in FY22 to incorporate a dynamic set of data management and safety mechanisms. Furthermore, a data privacy framework and staff training module will be developed along with a Responsibility and Activity Matrix.

GOVERNANCE AT LEMON TREE

Effective corporate governance is crucial to achieve positive business outcomes and sustainable long-term growth. We have a rich legacy of sound corporate governance that is anchored by the Board of Directors through its multiple committees. This robust governance structure also enables us to address material ESG risks and opportunities.

ROLE OF THE BOARD

Our corporate governance philosophy is driven by the principles of equity, fairness, transparency and accountability. We are governed by a Board of Directors ('the Board') that is headed by the Executive Chairman and comprises Executive and Non-Executive Independent Directors. The Board provides strategic direction to senior management in order to ensure long-term growth and sustainability. As on March 31, 2021, the Board comprised 12 Directors including 1 woman Director. Our board consists of 2 Executive, 3 Non-Executive and 7 Non-Executive Independent Directors.

The Board has constituted the required committees, with a distinct set of roles and responsibilities. These committees focus on specific areas under their purview, take informed decisions within a level of delegated authority and make suitable recommendations to the Board. The committees set up by the Board play a significant role in addressing concerns around ethics and transparency. The majority, sometimes 100% membership of the board committees is by independent directors.
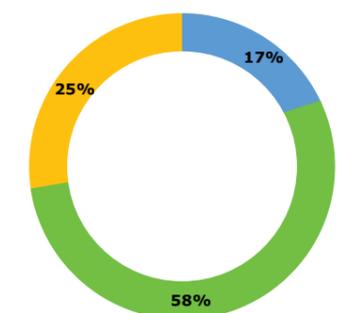
Lazy Lagoon, Baga – A Lemon Tree Resort, Goa

BOARD COMPOSITION

17%
25%
58%

- Executive Directors
- Non-Executive Independent Director
- Non-Executive Director

EFFECTIVE CORPORATE GOVERNANCE

Nomination and Remuneration Committee

Formulates the Nomination and Remuneration Policy that outlines the performance evaluation criteria for Independent Directors and the Board. The committee undertakes necessary approval/reappointment of Director/KMPs

Stakeholder's Relationship Committee

Address investor grievances, shareholders related issue and transfer of securities. The committee is responsible for reviewing statutory compliances pertaining to share/security capital, process, shareholders and depositories

Audit Committee

Oversees the integrity of the accounting, auditing and reporting practices along with regulatory compliances, Chief Risk Officer, Statutory Auditors and Internal Auditors report to the Audit Committee

Risk Management Committee

Oversees the enterprise risk profile, articulates the risk management policy and recommends a risk mitigation strategy to the Board. The committee is responsible for identifying new risks and evaluating existing risks for continuity, identifying key risk owners, recommending key risk indicators, measurement criteria and risk mitigation parameters

Corporate Social Responsibility Committee

Articulates the CSR Policy along with recommending an annual CSR strategy to the Board. The committee is responsible for overseeing the CSR programs and impact evaluation

Corporate Ethics Committee

Responsible for overseeing the enforcement of Lemon Tree's Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Committees is responsible for evaluating any POSH related Complaints

EMBEDDING ESG IN OUR BUSINESS THROUGH OUR GOVERNANCE STRUCTURE

Our efforts to integrate ESG across our business operations is effectively supported by a dynamic governance structure. A clear and compelling vision for strengthening our positive footprint on the environment and society has been articulated by the Board. Another important function of the Board is to set the overall agenda for the ESG taskforce as well as the management, in order to enhance our strategic focus on material ESG requirements and undertake high impact initiatives.

The Board	ESG Taskforce	Management
Sets the vision for meeting ESG requirements	Develops ESG strategy, policies and practices	Implements ESG related initiatives and programmes
Oversees the effectiveness of ESG strategy implementation	Make suitable recommendations to senior leadership	Develops monitoring and reporting mechanisms to assess performance

An ESG Taskforce has been established at Lemon Tree. This taskforce comprises the Vice President - Brand, Communications and Sustainability Initiatives, Executive Vice President - Projects and Engineering Services, Associate General Manager - Engineering Services, Vice President - Digital, eCommerce, Distribution and Rewards, Manager and Assistant Manager - Strategic Initiatives.

Initiatives include

1. Adoption of Green Energy/ Cleaner Fuels

This team outlines the sustainability strategy and ensures that quarterly review meetings are done with the CMD to apprise senior leadership of the status of ongoing initiatives.

2. Environmental footprint studies to evaluate areas of improvement (water, energy and waste)

3. Waste Management Pilot Programme

4. Employee centric programs to promote diversity and inclusion

5. Strategic partnerships

The taskforce has laid down the following ESG objectives

1. Develop and implement the ESG strategy of Lemon Tree Hotels

2. Run pilots and experiments in different areas of ESG that will lead to either an improvement in inclusion/ diversity outcomes, reduction in the usage of resources, promotion of a greener footprint through the adoption of RE and through waste recycling and reuse

3. Define ROI criteria and payback periods for capital intensive projects

4. Strategic partner development is crucial to support Lemon Tree's ESG goals. For instance, these would include NGO partners who understand disability and can support our sensitization and training needs; waste management vendors who can support us nationally

5. Build capability of the organization in multiple ways. This includes enhancement of the knowledge base and understanding of ESG trends (by the ESG Taskforce), sensitization of Corporate function leads and skilling of team members who implement ESG initiatives at the hotels

6. Making Lemon Tree Hotels best-in-class w.r.t. ESG practices in terms of policy making, implementation, transparency and disclosures

OUR APPROACH TO SUSTAINABILITY

Identifying the most relevant issues for our stakeholders is key to our sustainability strategy. One of the most important tools we have deployed is the Materiality Assessment, through which we assess and align the priorities of our stakeholders on the critical issues identified. The Materiality Assessment has been centered around the three pillars of Environment, Social and Governance.

ASSESSING MATERIALITY FOR LEMON TREE

We conducted our first materiality assessment in alignment with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) guidelines to assess the issues that have a significant impact on our ESG performance and substantially influence our stakeholders' perceptions and decisions.

We utilized a four-step process to identify material sustainability issues — those of most interest to our stakeholders and those where we can have the most significant impact.

- We conducted a peer review for **identification** of ESG topics relevant to our operations
- These 17 topics were then **categorized** under E, S and G

- **Prioritization** of these topics was based on a materiality matrix developed from the results of a comprehensive survey of our internal and external stakeholders

- Internally, management provided **validation** that the materiality matrix is a reasonable and balanced reflection of our business

We assessed the relative priorities of each stakeholder group by presenting the results onto a 'relevance to stakeholder' map, for each of the 17 ESG topics as shown below.
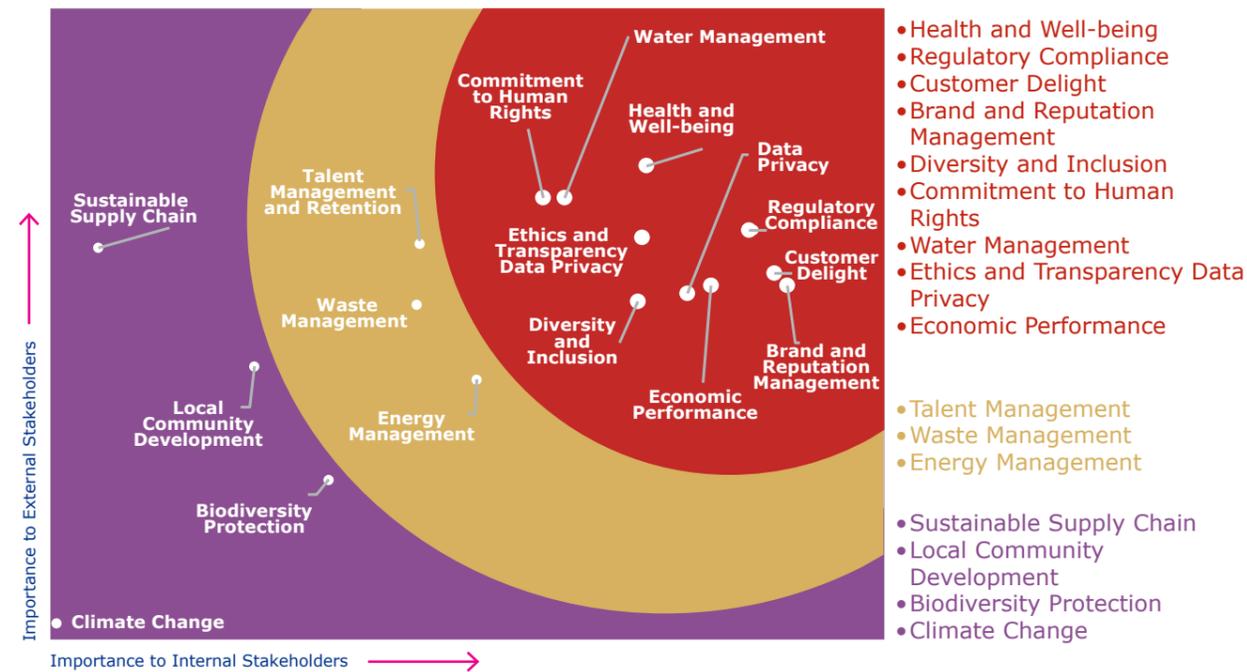
Material Topics	Internal Stakeholders			External Stakeholders				
	Employees	Board	Leadership	Investor	OTA Partners	Suppliers	Corporate Customers	NFOs
Environment								
Biodiversity protection	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
Climate Change	🟡	🟡	🟡	🟡	🟡	🟡	🟡	🟡
Energy	🟡	🟢	🟢	🟠	🟢	🟢	🟡	🟡
Waste management	🟠	🟠	🟢	🟠	🟢	🟢	🟠	🟢
Water management	🟠	🟢	🟠	🟢	🟢	🟢	🟢	🟢
Social								
Commitment to human tights	🟠	🟢	🟠	🟢	🟢	🟢	🟢	🟢
Customer delight	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Diversity and Inclusion	🟢	🟢	🟠	🟠	🟢	🟢	🟠	🟢
Health and well-being	🟠	🟠	🟢	🟠	🟢	🟢	🟢	🟢
Local community development	🟡	🟡	🟡	🟡	🟢	🟠	🟠	🟢
Supply chain related	🟡	🟠	🟡	🟢	🟢	🟢	🟠	🟠
Talent management and retention	🟠	🟠	🟢	🟠	🟢	🟢	🟢	🟢
Governance								
Brand and reputation management	🟢	🟢	🟢	🟠	🟢	🟢	🟡	🟢
Data privacy and security	🟢	🟡	🟠	🟢	🟢	🟢	🟢	🟢
Economic performance	🟢	🟡	🟢	🟢	🟡	🟢	🟢	🟢
Ethics and transparency	🟠	🟢	🟠	🟠	🟢	🟠	🟠	🟠
Regulatory compliance	🟢	🟠	🟢	🟠	🟢	🟠	🟠	🟠

🟢 High Importance 🟠 Medium Importance 🟡 Low Importance

Lemon Tree Hotel, Aurangabad

Lemon Tree Hotel's Materiality Assessment Analysis

Based on our analysis of responses for each ESG aspect, we mapped out the topics most critical to internal as well as external stakeholders.

Key material topics described under:

Environment

Energy management: We endeavor to monitor and reduce our energy consumption on an ongoing basis. We have implemented several initiatives including the use of renewable energy (RE) as well as adopting energy efficient systems across operations.

GRI disclosure: Energy and Emissions

Water Management: We acknowledge the need to ensure the most efficient use of water. We have implemented several initiatives to reduce our overall water consumption as well as adopt systems to effectively manage our water footprint.

GRI disclosure: Water and Effluents

Biodiversity Protection: One of our properties is close to a biodiversity sensitive area. In the coming years, we would strive to work in close proximity with the needs of these regions and work towards restoring and protecting the habitat.

GRI disclosure: Biodiversity

Waste Management: To operate responsibly we have ensured that we limit our waste-to-landfill by recycling on-site organic waste as well as manage non-organic waste through vendors.

GRI disclosure: Waste and Effluents

Climate Change: With the growing concerns around climate change, we recognize our role in mitigating the impact of our business on climate change.

GRI disclosure: Emissions

Social

Talent Management and Retention: As a service-oriented organization, we seek our strength from our employees. We believe that it is crucial to create a conducive workplace for our employees to thrive and grow.

GRI disclosure: Employment, Training and employment

Diversity and Inclusion: We consider diversity and inclusion as an important attribute for us to provide equitable growth opportunities. We continuously work towards creating an equal opportunity workplace for all our employees.

GRI disclosure: Diversity and Equal Opportunity

Sustainable Supply Chain: Building a more sustainable, resilient supply chain can help safeguard us from ESG related shocks. We understand that our sustainability initiatives need to be inclusive of our supply chain.

GRI disclosure: Procurement Practices; Supplier social assessment and Supplier Environmental Assessment

Commitment to Human Rights: As a business of people serving people, respecting human rights is core to our mission. We recognize that human rights, is a key risk to our business and supply chain.

GRI disclosure: Human Rights Assessment

Customer Satisfaction: Our customer-centric approach enables us to provide curated and customized experiences to our guests and cater to their requirements. We regularly conduct satisfaction surveys to obtain feedback on our services.

GRI disclosure: Stakeholder engagement; Marketing and labelling

Health, Safety and Well Being: this encompasses the health, safety and well-being of our employees as well as our customers. We continuously strive to enhance our policies and procedures in this regard.

GRI disclosure: Occupational health and safety management system

Local community development: We strongly believe in giving back to the society with our CSR efforts which is overseen by the CSR Committee of the Board. The committee sets the approach and monitors the progress of our community engagement initiatives.

GRI disclosure: Local communities

Governance

Ethics and Transparency:

We ensure that we conduct our business in an ethical and transparent manner. This includes following a code of conduct as well as ensuring that we are guided by our Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy and Vigil Mechanism.

GRI disclosure: Ethics and integrity; Governance

Regulatory Compliance: We understand that regulatory compliance is mandatory and non-negotiable. All our operations comply with the legal, environmental and social requirements as prescribed by regulatory bodies and law.

GRI disclosure: Environmental compliance; Socio-economic compliance

Economic Performance: We aim to deliver stable economic performance and create long-term value for our stakeholders.

GRI disclosure: Economic performance

Data Privacy: We constantly strive to implement stringent cybersecurity measures to safeguard customer data and information.

GRI disclosure: Customer privacy

We recognize that the business environment is constantly evolving as are the views and expectations of our stakeholders. Consequently, we plan to pursue a materiality assessment every three (3) to five (5) years to assess the results of our work on material issues.
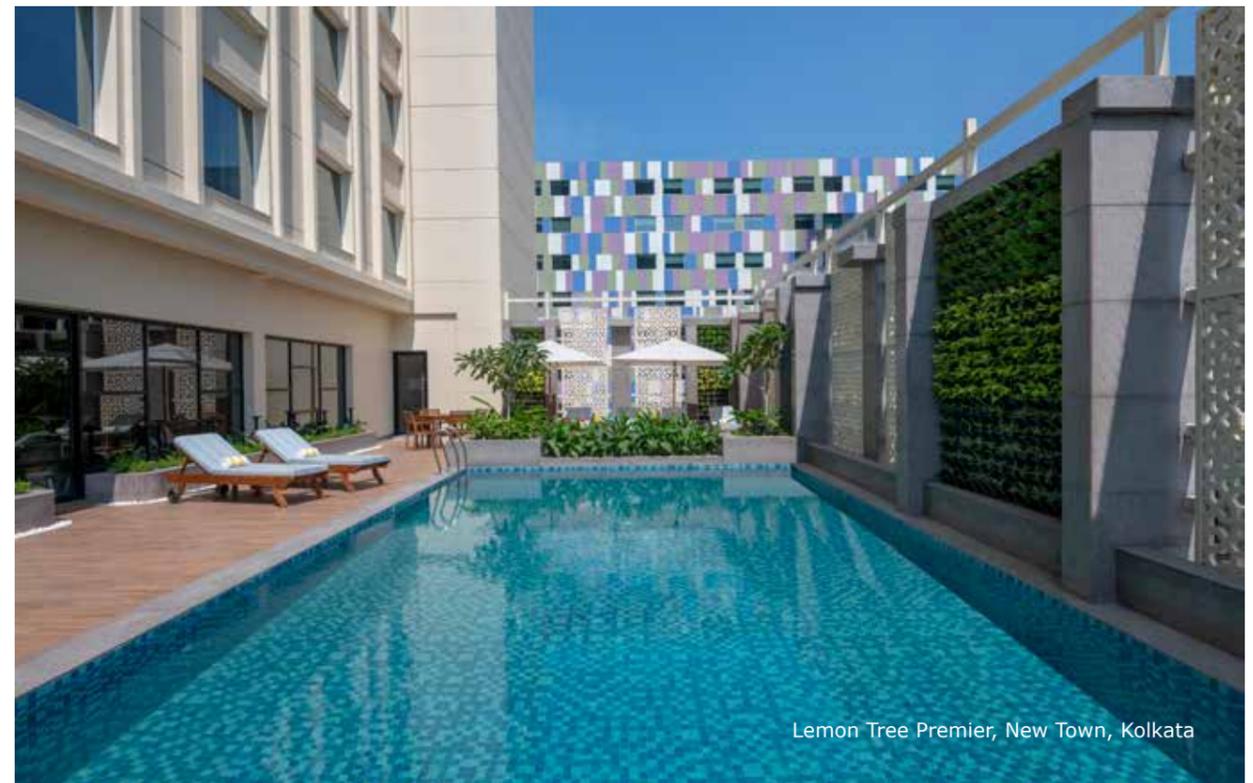
EFFECTIVELY ENGAGING WITH OUR STAKEHOLDERS

Engaging with our stakeholders helps us understand, align with and better meet their expectations. Their needs inform our goals and strategy. We have identified twelve (12) unique stakeholder groups and maintain clear commitments to each of these.

Stakeholder Category	Why we need to engage	How we engage
Employees	Our employees create guest experiences and ensure that their expectations are met and even exceeded. We rely on the service delivery of our employees to enhance our brand image through exceptional service.	We regularly engage with our employees through internal town halls and other mechanisms. Frequent team building exercises foster harmony and bring synergy in our team. We also rely on forums including new employee "fresh-eyes" discussion and weekly engagement chats between hotel managers and employees on a one-on-one basis to assess their needs.
Customers	Our customers are key stakeholders who experience our service delivery. Our revenues are directly linked with the trust and relationships that we nurture with our customers. Their feedback is critical to our financial success. Our brand standards too evolve based on this ongoing feedback.	We invite direct feedback from our customers prior to departure from our hotels. We also track their comments on our services after they have left our premises i.e. through Online Relationship Management (ORM) platforms. We monitor our social media engagement to understand live feedback of our customers. We update our customers about hotel launches, new services and/ or periodic offers, through our loyalty program (Lemon Tree Smiles) via emailers, newsletters, etc.

Lemon Tree Amarante Beach Resort, Goa

Stakeholder Category	Why we need to engage	How we engage
Regulatory Bodies and Government	We regularly engage with regulatory bodies and the federal/state/local governments. We seek their support in abiding with applicable laws and regulations	They issue operating licenses and permits, which are critical for us to conduct our business.
Investors and Shareholders	Our investors and shareholders are interested in the success and sustainability of our business. They have provided the foundation, by providing capital, for our business to grow. The motivation to meet/exceed the expectations of our investors inspires us to continuously improve and, in that process, also deliver better value to other stakeholders.	Our quarterly presentations and annual meetings serve as an opportunity to engage with investors and shareholders regarding our performance and get their feedback. We also invite their feedback on our annual disclosures.
Owners and Partners	Owners/partners who own managed hotels (run by Lemon Tree Hotels) are also responsible for maintaining our brand standards. This asset-light growth model is critical to our business success as it ensures quick geographic spread and penetration, and offers our customers a wide choice across the country.	Our business development team and marketing team engages with owners and partners to ensure they have the necessary tools and support to uphold and enhance our brand's reputation. We also have regular discussions through bilateral meetings with owners and partners.

Stakeholder Category	Why we need to engage	How we engage
Suppliers and Vendors	Engaging regularly with our suppliers and vendors is critical for our business, to ensure that the products and services they deliver to us meet our brand standards.	We engage with them frequently through informal interactions and periodical reviews. We discuss product quality, product specifications, timely supply, pricing and payment terms along with ethical and responsible sourcing.
Contractors	We are also supported by an outsourced workforce in providing quality services to our customers. This makes it critical for us to engage with our contractors who ensure the availability of trained staff who can deliver on our standards.	We engage with them frequently through informal interactions, meetings and periodical reviews to discuss matters pertaining to the well-being and engagement levels of our outsourced workforce.
Online Travel Agencies/ Portals	Online Travel Agencies support us in customer acquisition along with providing us insights into customer behavior and decision-making criteria. Reviewing customer feedback on their platforms is an important aspect of our business.	We maintain an open dialogue and conduct frequent meetings to stay connected with them.

Lemon Tree Premier, New Town, Kolkata

Stakeholder Category	Why we need to engage	How we engage
NGOs	NGOs help us deliver on our commitment to being an equal opportunity employer by supporting us in selecting and training candidates with disability and candidates from economically/socially marginalized backgrounds (together called Opportunity Deprived Indians (ODIs)). Moving forward, they will play a pivotal role in supporting the design and implementation of our CSR initiatives.	Our annual reports help our NGO partners assess our priorities and we engage with them regarding further opportunities for collaboration through regular meetings and specific engagement events.
Local Communities	We engage with local communities to understand their needs which helps us deliver greater impact through curated social welfare programs.	We engage with them through our NGO partners and/or local hotel teams.
Industry Associations	Industry associations serve as a platform for us to understand business trends and opportunities and collaborate with our peers in the travel and tourism industry.	We engage in multilateral meetings and events through the industry associations and utilize these platforms to communicate our initiatives and learn about initiatives of others.

Stakeholder Category	Why we need to engage	How we engage
Media	We leverage our relationship with media for brand building, engagement with local communities on different initiatives as well as release press notes on hotel launches, special promotions and offers.	We engage with media agencies and personnel regularly through press releases, press notes and briefings. The intent is to publicize our new hotel openings and initiatives. We curate news briefs exclusively for our media partners to keep them apprised of relevant updates about our operations.

Industry Association Memberships

Lemon Tree Premier, HITEC City, Hyderabad

ASSESSMENT OF KEY RISKS AND OPPORTUNITIES

While we focus on expanding our footprint and increasing our revenue, it is imperative for us to continuously assess and monitor the evolving risks and opportunities in our sector. The annual report captures our financial risks and opportunities. We acknowledge the following ESG specific risks and opportunities.

#	Risk	Associated Material topics	Opportunity areas to mitigate risks
1	**Cyber Security**	• Data Privacy • Ethics and Transparency • Brand and Reputation Management	• **Updating Data Privacy Policy** to inform all individuals on how their personal data is processed and used. • **Upgrading IT infrastructure and developing internal capabilities** as a part of the digital transformation strategy in order to identify systemic risks before they materialize. • **Cyber security training and awareness programs** for employees to enable them to understand, identify and report vulnerabilities and threats such as phishing, social engineering and hacking.
2	**Changing Consumer Preferences**	• Economic Performance • Brand and Reputation Management	• **Leveraging data analytics** by capturing, analyzing and acting on customer insight as part of the digital transformation strategy to address evolving customer needs. • **Customer engagement programs** through continuous and extensive communications with guests via mailers, social media campaigns, curated programs such as "Trippin with Lemon Tree" and guest satisfaction surveys. • **Loyalty programme – 'Lemon Tree Smiles'** – for members to accumulate points each time they use our hotels, which can be redeemed for free products and room nights. There are special offers and inclusive for members only.

#	Risk	Associated Material topics	Opportunity areas to mitigate risks
3	**Resource Consumption**	• Sustainable Supply Chain • Water Management • Energy Management • Waste Management	• **Adoption of Renewable Energy** through on-site solar PV rooftop installation and procurement of solar, wind and hydel energy through open-access. • **Adopting a comprehensive Waste Management Policy** in FY22 to streamline waste management efforts through reduction, reuse, recycle and recovery. • **Water Management** by committing to 'Zero Discharge' from our operations and utilizing rainwater harvesting, wherever possible. • **Strengthening Local and National supplier network** to develop resilience to supply chain disruptions.
4	**Health, Safety and Well-being**	• Customer Delight • Health and Well-being • Talent Management and Retention	• **Workplace safety training and drills** to help employees recognize and correct health and safety hazards, understand best practices and ensure a safe and healthy work environment. • **Clear SOPs for emergencies** to provide detailed operational guidance to our personnel in case of fire, terrorist activities, accidents, medical emergencies, etc. at our hotels. • **Health camps** to help our employees stay healthy and fit. • **Training on Human Rights,** in particular human trafficking, to inform employees of the critical intervention points, help them recognize signs of abuse and empower them to act against human trafficking.
5	**Debt Management**	• Economic Performance • Brand and Reputation Management	• **Focused monitoring of business performance and environment** to attain operational efficiencies by rationalizing all cost and operating metrics. • **Asset-light growth strategy** focused on expanding the managed hotels portfolio that does not require capital deployment. • **Continued asset monetization and capital recycling** efforts to reduce debt and free up capital.

#	Risk	Associated Material topics	Opportunity areas to mitigate risks
6	**Climate Change**	• Climate Change • Sustainable Supply Chain • Water Management • Energy Management • Waste Management • Biodiversity Protection	• **Designing Green Buildings** in line with the IGBC certification norms to ensure resource efficiency during both development and operational phases. • **Consistent Investment in Technology and Solutions** such as energy efficiency systems, Bureau of Energy Efficiency (BEE) certified equipment, key tag energy saver system, thermal insulation, etc. to limit the wastage of resources. • **Innovative Energy, Waste and Water Management Initiatives** such as electric vehicles pilot, waste management pilot, "half glass water", "3rd day linen change", etc. to minimize resource utilization and limit environmental footprint.
7	**Reputational Risk**	• Brand and Reputation Management	• **Loyalty Program** to deliver refreshing customer experiences and build customer loyalty. • **Strategic Networking** to gain new perspectives and establish meaningful relationships in the industry and amongst our peers. • **Community outreach** through CSR programs to effectively communicate and act on our social priorities. • **Building traction through Social Media platforms** to enhance our presence and improve recognition for our brand. • **Timely response and redressal of customer grievances** across all platforms, to ensure our values translate into our action.
8	**Dependence on OTAs**	• Data Privacy • Customer Delight • Brand and Reputation Management	• **Improvement in our own website user interface** to deliver a smooth online booking experience and serve our customers directly. • **Loyalty program** enrollment of guests who make bookings through OTAs to encourage them to directly make reservations where benefits of the loyalty program can be redeemed.

OUR ACCOMPLISHMENTS

2021 Travellers' Choice
Tripadvisor

IN FY21
37 out of 40*

OWNED/LEASED HOTELS AWARDED THE TRAVELERS' CHOICE AWARD BY TRIPADVISOR: AURIKA (1); LEMON TREE PREMIER (9); LEMON TREE HOTELS (15); RED FOX HOTELS (7); KEYS SELECT (5)

*eligible for FY21

As a group (including managed hotels) 68 out of 79* hotels were awarded the **Travelers' Choice Award by Tripadvisor.** This award is presented to recognize hotels and hotel groups that earn consistently great traveler reviews. Approximately 10% of businesses listed on Tripadvisor receive a Travelers' Choice award.

Lemon Tree Premier, Corbett, a managed hotel, also won **Best of the Best, putting it in the top 1% of all hotels worldwide.**

WORLD TRAVEL & TOURISM COUNCIL
Investing in People Award, Tourism for Tomorrow Awards
2019

The FT ArcelorMittal BOLDNESS IN BUSINESS AWARDS
Boldness in Business Award for Corporate Responsibility/ Environment
2018

IGBC MEMBER
Green Champion Award
2018

IGBC MEMBER
Gold Certification (6 hotels)
2018

Great Place To Work®

12th Best Large Workplaces in Asia

2018

Great Place To Work®

4th Best Company in India

2017

Role Model Company 2017 and 2012, NCPEDP Hellen Keller Award

2017

wtm responsible tourism
supported by UNWTO

World Responsible Tourism Award

2016

ASIAN HUMAN CAPITAL AWARD

Asian Human Capital Award

2015

Innovative and Impactful People Practices, Ministry of Manpower (Singapore) and Human Capital Leadership Institute

CORNELL UNIVERSITY FOUNDED A.D. 1865

Exemplary Practice Award

2014

for hiring People with Disabilities, Cornell University

Best Employer – National Award

2016 & 2011

Outstanding Work in the Creation of a Barrier-free Environment for Persons with Disabilities, 2012, Ministry of Social Justice and Empowerment, Government of India

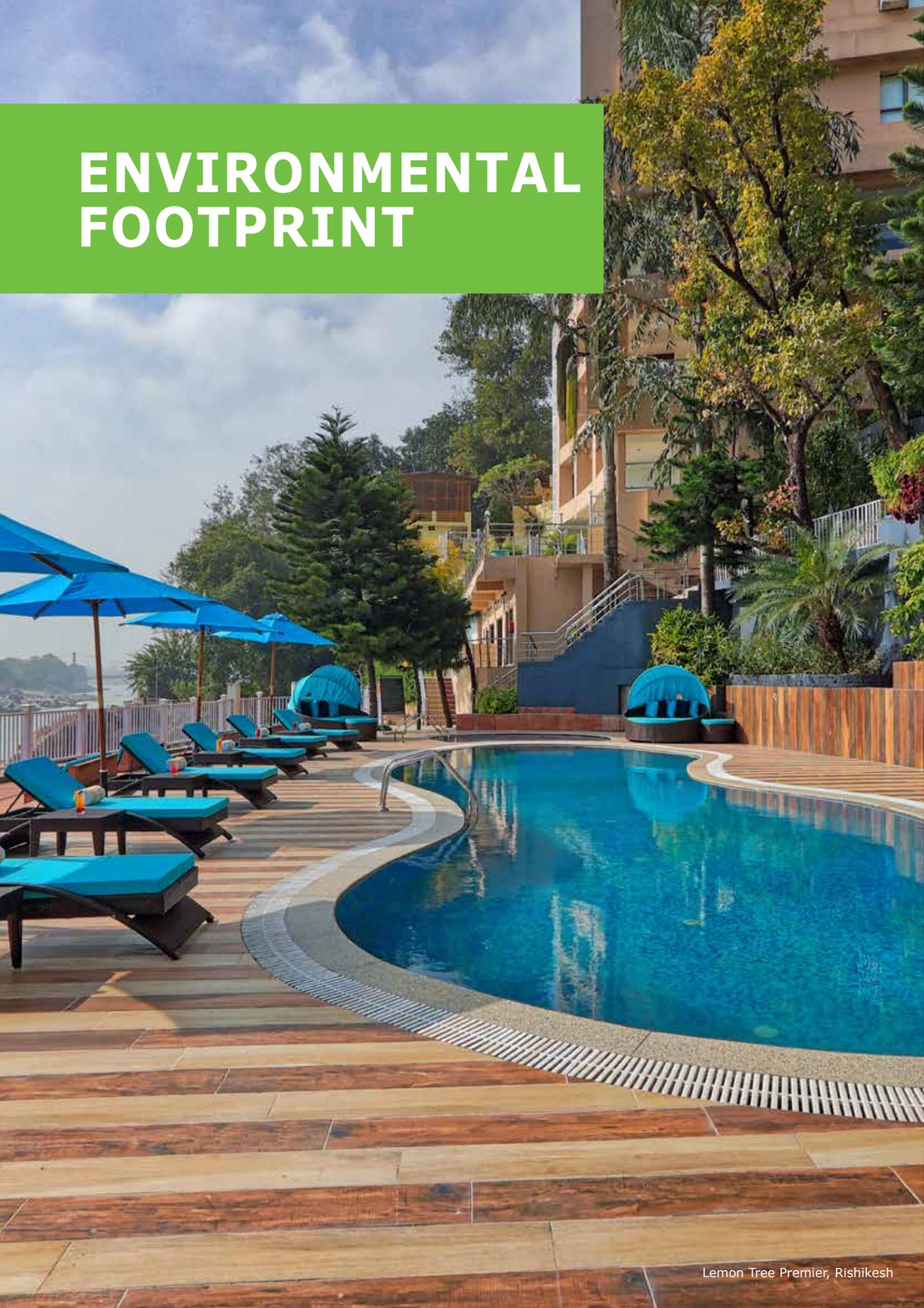# Other Accomplishments**

- Best Differently Abled Friendly Hotel, **FICCI Travel and Tourism Excellence Awards 2019**
- Best 3-star Hotel, **FICCI Travel and Tourism Excellence Awards 2019**
- Purpose-Led Brand Award 2019, **BW Pure Award**
- IT Excellence Award, **The Indian Express**
- Best Responsive Company Award 2019: **Schneider Electric**
- Corporate Excellence Awards for Best CSR Practices 2019, **Amity School of Science and Technology**
- 47 hotels out of 55 operating hotels (over 1 year) awarded **TripAdvisor's Certificate of Excellence 2019**
- Best 3 Star Hotel Award Category, **National Tourism Award 2016-17**
- Leadership Awards for Business Excellence by Leveraging IT 2018, **Amity School of Science and Technology**
- Best Loyalty Program in Services Sector 2018, **Customer Loyalty Awards**
- 26 hotels out of 41 operating hotels (over 1 year old) awarded **TripAdvisor's Certificate of Excellence 2018**
- #19 Best Company in Asia 2017, **Great Places to Work Institute**
- Among the best in the industry – Hotels and Resorts 2017, **Great Places to Work Institute**
- Among the best in the Special Category – Employer Branding 2017; Utilizing Analytics to Drive Great Place to Work Initiative 2017, **Great Places to Work Institute**
- Model Employer for Persons with Disabilities 2017, **Dr. Anji Reddy Memorial Award**
- Gold Winner - 'Best Accommodation for Responsible Employment' category' 2016, **WTM®, London**
- Excellence in Diversity and Inclusion 2016, **HR Innovation Award**
- Equal Opportunity Employer 2016, **BW Hotelier Editor's Choice Award**
- Sustainable Communities 2015, **HICAP Sustainable Hotel Award**
- Corporate (responsible business) for creating visual aids with sign language for differently abled employees 2015, **NASSCOM Award**
- Equal Opportunity Employer 2015, **BW Hotelier HR Excellence Award**
- Equal Opportunity Award 2014, **Nipman Foundation**
- Empowerment/CSR (Corporate Social Responsibility) 2013, **AajTak Care Awards**

**All owned/leased/managed hotels included

ENVIRONMENTAL FOOTPRINT

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Lemon Tree acknowledges the pressing need to combat climate change by adopting a philosophy of sustainable growth and using a holistic approach to minimize our environmental footprint.

We recognize that our ever-increasing presence across a range of locations – from metropolitan cities to biodiversity zones, some of which are major tourist attractions and experience heavy footfall - poses a significant risk to the resource availability at these locations. Consequently, a key part of our sustainability strategy involves:

a. minimizing resource utilization; and
b. improving efficiency in our consumption of energy, water and materials

These efforts minimize the negative impact on the environment from our operations and help us transition to a low-carbon footprint. We are continuously incorporating sustainable practices in designing and delivering our products and services and building a sustainable hotel

In FY21, no environment-related non-compliance incidents were noted across our operations.

portfolio with the lowest possible footprint of energy, emissions, waste and water.

We intend to focus our efforts by using internationally recognized certification schemes such as Indian Green Building Council (IGBC)/Leadership in Energy and Environmental Design (LEED) for construction and operations of our hotels. While we ensure all our hotels are built in accordance with green building certification requirements, six hotels in our portfolio have already received the IGBC/LEED Gold Standard certificate.

Considering our environmental impact, we are pursuing the following targets:

To reduce emission intensity by
40%
in FY26 compared to FY19 baseline.

To reduce energy intensity by
15%
in FY26 compared to FY19 baseline.

To reduce water consumption intensity by
10%
in FY26 compared to FY19 baseline.

To procure our electricity from renewable sources
35%
by FY26

50%
by FY30

To have IGBC/LEED Gold certification for
100%
of our owned hotels by FY26.

Lemon Tree Premier, Rishikesh

FY21 KEY PERFORMANCE HIGHLIGHTS*

160KWp
Installed capacity of solar rooftop across 41 hotels

~10%
Share of renewable energy in electricity consumption (compared to 6% in FY20 and 3% in FY18)

~61%
Reduction in Normalized Energy Consumption per total floor area** (compared to baseline FY18)

~18%
Reduction in Normalized Scope 2 Emissions per occupied room** (compared to baseline FY18)

~52%
Reduction in Normalized water withdrawal intensity per total floor area** (compared to baseline FY18)

*   owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic
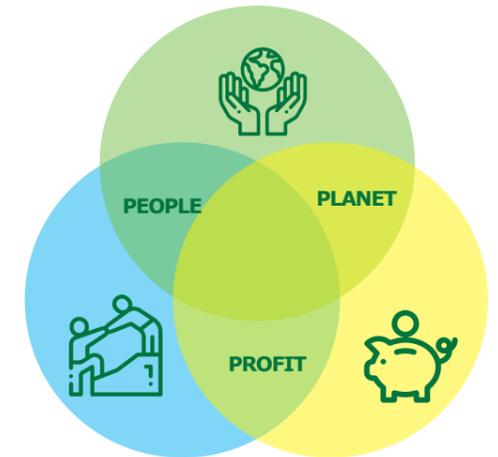
SHAPING OUR APPROACH

Lemon Tree Hotels intends to build a sustainable future, while creating refreshing experiences for guests and meaningful careers for employees. As a precautionary approach, we are focused on reducing our resource utilization and on improving consumption efficiency, to reduce the negative impact from our operations. We have incorporated several engineering solutions and sustainable practices in designing and delivering our product and services. This is a two-pronged approach that cuts across both the development and operations of our hotels.

Lemon Tree Premier, Delhi Airport

POLICIES THAT GUIDE OUR ENVIRONMENT STRATEGY

Our sustainability policy is based on the triple bottom approach – People, Planet and Profit – and builds an organization that is sustainable in all aspects including environment. The policy describes sustainability considerations which are integrated into our operations. Examples include obtaining green building certification, reducing emissions, improving energy efficiency, adopting green fuels and renewable energy (RE), water conservation and managing pollution.

Additionally, we are developing a waste management policy with defined goals and a robust waste reduction agenda backed by strong governance and oversight. This policy intends to minimize waste production throughout the hotel premises and to reuse, recycle and repurpose all types of waste produced.

PEOPLE   PLANET   PROFIT

OUR COMMITMENTS

Our commitment towards environmental sustainability is threefold.

Sustainability Driven Governance

We are committed towards evaluating our efforts and improving our processes to ensure we remain on track to achieving our ambitious targets. To that end, we have a dedicated governance structure – our ESG task force – to oversee our ESG strategy, take targeted actions for each material area and track our performance towards our goals.

Effective Communication

We are committed towards ensuring transparency in reporting and communication. On this account, we have been actively participating in annual GRESB disclosures for seven consecutive years, from FY15 to FY21. To effectively communicate around different facets of sustainability, we present this report to all our stakeholders to understand how we manage our footprint and operations.

Green Hotels

We are committed towards building hotels that offer energy savings, efficient use of water and other natural resources, reduction of carbon dioxide emissions and improvement in environmental quality. Consequently, all our hotels are designed to qualify for the IGBC/LEED Gold Standard.

Our actions and programs are designed to showcase our commitment and achieve the targets set out. To enable a smooth transition to a greener operating model, we have allocated INR 3.50 crore in the last three years towards key initiatives.

ENGAGING OUR CUSTOMERS TOWARDS A BETTER TOMORROW

A hotel's resource consumption in large part, depends upon its customers. Recognizing this dependence, we have started engaging our customers through different programs seeking their support in minimizing Lemon Tree Hotel's environmental footprint. Our "half glass water" program helps reduce water wastage in our restaurants while our "3rd day linen change" program prevents wastage of water from frequent/daily changing and washing of linen (for the same guest). We encourage our guests to help us conserve energy by using key tag enabled energy systems that disconnect the electricity supply to a room

Lemon Tree Premier, Mumbai International Airport

when it is not occupied. Furthermore, we plan on developing communication programs for our guests and loyalty club members, designed to increase their awareness of their stay's

environmental impact. Through these initiatives, we hope to engage and influence our customers in making behavior changes to help make our operations more environmentally sustainable.

OUR MATERIAL TOPICS

Based on the results of our materiality assessment exercise, the following are our material topics with regards to the environment:

Energy	Climate Change and Emissions	Water	Waste	Biodiversity

The following sections provide a detailed account of our strategy, actions, performance and targets on each of these parameters.

Aurika, Udaipur

ENERGY MANAGEMENT

Lemon Tree Hotels understands that energy is one of the most significant resources required to run operations. We are investing in renewable energy, improving energy efficiency and ensuring minimum energy wastage at all our hotels.
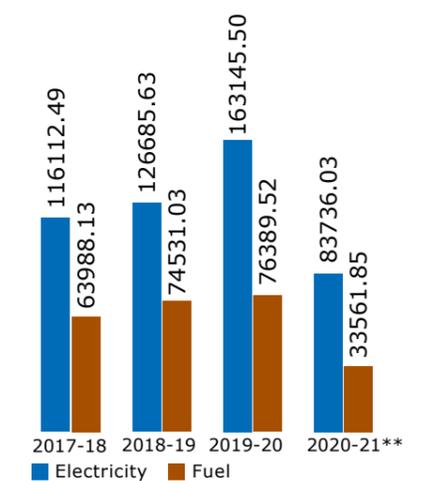
We strongly believe our hotels can reduce energy usage without compromising on the quality of services offered. We have taken several initiatives towards delivering 'conscious' service by reducing our energy consumption, improving our energy efficiency and adopting renewable energy across our operations.

By FY26, Lemon Tree aims to **reduce its energy intensity by 15%** compared to FY19 baseline and **increase the share of renewable energy in our portfolio to 35% and 50% by FY26 and FY30, respectively.**

We recorded **~35% reduction** in combined fuel and electricity consumption in FY21[3] and an increase of ~33% in FY20[4] compared to FY18. In the coming year, we plan to enhance our energy efficiency initiatives across our operations.

We have also built a strategic partnership with Energy Efficiency Services Limited (EESL) which will help us identify additional areas of improvement and ramp up our efforts towards reducing our absolute energy consumption.

Energy Consumption*
in GJ

Year	Electricity	Fuel
2017-18	116112.49	63988.13
2018-19	126685.63	74531.03
2019-20	163145.50	76389.52
2020-21**	83736.03	33561.85

■ Electricity ■ Fuel

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Lemon Tree Premier, Mumbai International Airport

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[3] We attribute this reduction partly to our initiatives while being cognizant of the partial shutdowns for some of our assets during the year.
[4] We attribute this increase to the addition of 3 new hotels in the portfolio in FY20 and takeover of 7 operating hotels (Keys) in November 2019.

53

Fuel-wise energy consumption within the organization* (in GJ)

Fuel	FY18	FY19	FY20	FY21**
Petrol	224.35	263.68	226.12	56.10
Diesel - Vehicles	37,360.30	42,035.62	45,147.39	20,320.91
Firewood	15,354.74	16,448.97	14,705.98	8,487.61
Charcoal	4,693.94	6,344.18	5,165.23	1,839.48
LPG	6,354.81	9,403.80	10,994.83	2,649.82
CNG	0.00	34.78	149.98	207.94
Total	**63,988.13**	**74.53**	**76.39**	**34.48**

Fuel Consumption

One of our primary services to guests is providing food and beverage at our hotels. Our major fuel consumption is of LPG and CNG. We also rely on the use of charcoal for different services across our kitchens making it the third largest fuel type, by consumption. We witnessed a decline of ~49% in our fuel consumption in FY21 compared to FY18, while it increased by ~25% in FY20 compared to FY18.

Electricity consumption within the organization from different sources* (in GJ)

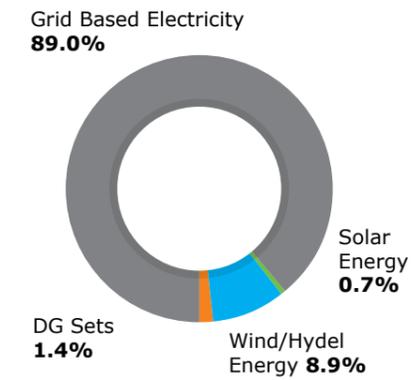| Source	FY18	FY19	FY20	FY21**
Grid Based Electricity	111,170.33	122,178.95	150,014.51	74,316.18
Solar Energy	0.47	14.07	629.43	600.34
Wind/Hydel Energy	4,153.67	3,777.25	9,120.74	7,669.26
DG Sets	788.02	715.37	3,380.82	1,150.24
Total	**116,112.49**	**126,6685.63**	**163,145.50**	**83,511.59**

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic
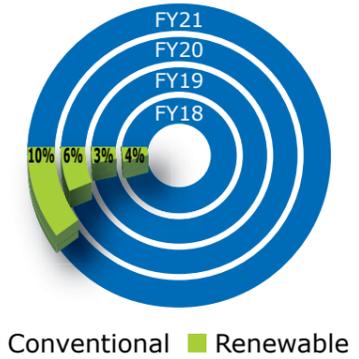
54

Electricity Consumption

Grid-based electricity comprised a significant share (~89%) of our electricity consumption in FY21. However, we are transitioning to cleaner electricity sources to meet our energy needs. We have enhanced our share of electricity consumption through Solar, Wind and Hydel energy to ~10% as well as reduced usage of DG sets (declined to ~1.4% in FY21 from ~2% in FY20 on account of a more stable grid supply across India).

Source of Electricity in FY21

Grid Based Electricity
89.0%

Solar Energy
0.7%

DG Sets
1.4%

Wind/Hydel Energy **8.9%**

Share of Renewable and Conventional Energy in Total Electricity Consumption*

FY21
FY20
FY19
FY18

10% 6% 3% 4%

■ Conventional ■ Renewable

Lemon Tree Premier, New Town, Kolkata

Building Our Renewable Energy Portfolio

We are determined to reduce our dependency on fossil fuels and are making conscious efforts to shift to renewable energy sources.

We have taken up onsite solar PV rooftop installation and are sourcing solar, hydel and wind energy through RE distributors. Through the year, we increased our share of renewable energy from 6% to 10% of the total electricity consumed, moving closer to our FY26 targets.

RE PERFORMANCE HIGHLIGHTS*

~10%

Electricity procured from renewable sources

1,66,894 kWh

Electricity consumed from onsite solar rooftop**

21,32,055 kWh

Electricity procured from wind and hydel open access projects**

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

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Adoption of RE: Greening Our Energy Mix

We believe that Renewable Energy (RE) is the key to achieving low carbon growth and managing our environmental footprint. In alignment with our target to increase the share of RE to 35% of our total electricity consumption by FY26, we have taken several measures towards greening our energy portfolio. This is through onsite solar PV rooftop and Open-access clean energy procurement.

As on 31 March 2021, our asset portfolio had 10% RE in its energy mix. At present we have incorporated solar PV with a combined capacity of 160 kWp in six of our hotels. We plan to commission an additional 440 kWp capacity in seven more hotels by 31 March 2022, to achieve a total installed capacity of ~600 kWp.

Furthermore, since 2011 we have been procuring Open-access wind energy so that currently five hotels procure both Open-access wind and hydel energy. Additionally, we are actively pursuing channels to purchase an additional ~1.2 M units of solar power from Open-access in the coming year. This will help us further reduce our dependence on conventional sources of energy.

We now plan to install a pilot biogas plant in a hotel to utilize our kitchen waste and generate clean fuel, which can substitute the conventional fuel currently being used in the kitchen.

SDG 7: Affordable and Clean Energy

Target 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

SDG 12: Responsible Production and Consumption

Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources

% share of RE in the Electricity Mix

Hotel	%
Lemon Tree Hotel, Chennai	90.84%
Lemon Tree Premier, City Center, Pune	54.60%
Lemon Tree Premier, Mumbai International Airport	37.20%
Lemon Tree Premier, Delhi Airport	21.79%
Red Fox Hotel, Jaipur	12.79%
Lemon Tree Hotel, Sector 60, Gurugram	5.81%
Lemon Tree Premier, City Center, Gurugram	4.46%
Lemon Tree Premier, New Town, Kolkata	0.08%

Improving Energy Efficiency

We have consciously implemented various initiatives in our existing operations to reduce our energy footprint. Aligned with SDG 12, we intend to improve our energy efficiency and systematically manage energy use across our operations. Our energy efficiency measures include green building design, technology changes and integrating an energy management system.

Energy Efficiency: Embracing Technology to Conserve Energy

We have invested in innovative technological solutions to enhance the efficiency of our equipment and appliances:

- **Variable Refrigerant Volume (VRV)** technology for air-conditioning which alters the refrigerant flow subject to the cooling demand of the room. This optimizes the amount of refrigerant pumped through the system making the air conditioning system more energy efficient in comparison to the conventional one.
- **Heat Recovery Ventilators (HRV)** is a heat recovery system designed to supply conditioned fresh air to occupied spaces, by extracting heat from the outgoing conditioned air, which reduces the load on air-conditioning and saves energy.
- **Hydro-Pneumatic System with Variable-frequency Drive (VFD)** motors maintains a constant pressure throughout the water supply system, eliminating the need for constant use of a pump. This system optimizes both water and energy consumption.
- **Heat Pump:** Produces hot water for domestic use and simultaneously produces cooling (by-product) that can be utilized for air conditioning.
- **Stabilized Power:** installation of Low-Tension Voltage Stabilizer or On-Load Tap Changing Transformer (OLTC) to help prevent damage to equipment due to power fluctuations and to minimize wastage of energy.

Note: As a result of government COVID-19 guidelines in FY21, our normalized energy consumption reduced by 37% per occupied room and by 56% per total floor area.

SDG 7: Affordable and Clean Energy

Target 7.3
By 2030, double the global rate of improvement in energy efficiency

SDG 12: Responsible Production and Consumption

Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources

Target 12.8
By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

Climate Action

Target 13.2
Integrate climate change measures into national policies, strategies and planning

These initiatives have helped us to move closer towards our energy intensity reduction targets. In FY21, we achieved a reduction of ~56% in 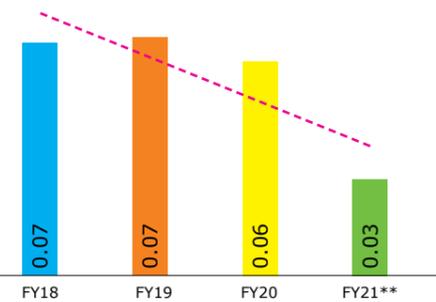our normalized[5] energy consumption per square foot[6] and a reduction of ~37% in normalized energy consumption per occupied room, which represent reduction of ~61% and ~22%, respectively, since FY18. The reduction in normalized energy consumption per square foot in FY20 compared to FY18 was 8.41% while normalized energy consumption per occupied room increased by ~25% in FY20 compared to FY18.
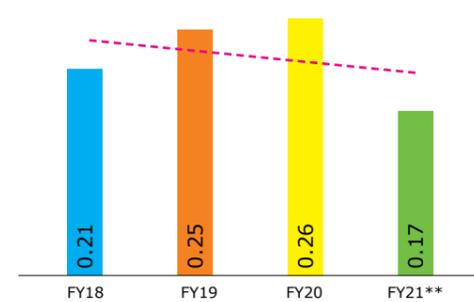

Lemon Tree Premier, Mumbai International Airport

Normalized Energy Intensity per total floor area*
in GJ per sq. ft.

FY18	FY19	FY20	FY21**
0.07	0.07	0.06	0.03

Normalized Energy Intensity per total floor area
Linear (Normalized Energy Intensity per total floor area)

Normalized Energy Intensity per occupied room*
in GJ per occupied room

FY18	FY19	FY20	FY21**
0.21	0.25	0.26	0.17

Normalized Energy Intensity per occupied room
Linear (Normalized Energy Intensity per occupied room)

Energy Intensity*	FY18	FY19	FY20	FY21**
Normalized Energy Intensity based on total floor space (GJ per m^2)	0.07	0.07	0.06	0.03
Normalized Energy Intensity based on number of occupied rooms (GJ per occupied room)	0.21	0.25	0.26	0.17

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

[5] Intensity calculations are normalized to account for the variation in months of operation of different hotels in each year based on the date of opening.
[6] This reduction is largely due to COVID-19 and the resultant closure of many hotels for a few months in the year.

CLIMATE CHANGE AND EMISSIONS

Climate change has been recognized as a key risk for the world as a whole. Lemon Tree has been responding to this critical risk by operating green buildings, adopting innovative technologies and promoting de-carbonization through reduction in emissions across all aspects of our operations.

Climate change is a critical threat to our customers, business, economy and the planet at large. A significant part of our commitment is to help tackle this global challenge which requires a unified approach from businesses, governments and society.

Our commitment towards combating climate change:

- Take action to reduce our emissions.

- Recognize our impact on the environment as well as the impact of climate change on our operations.

- Recognize our role within the industry to responsibly engage and respond to local needs for climate change.

- Work in partnership with hospitality sector peers to improve sectoral performance and increase industry's influence in policy development.

- Contribute towards reducing emissions from the use of fossil fuels through investments in low emissions technology.

- Over time map all our operational sites for key climate change risks and hazards.

Our efforts for combating Climate Change are aligned with the following SDGs and targets:

SDG 7: Affordable and Clean Energy

Target 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

Target 7.3
By 2030, double the global rate of improvement in energy efficiency

SDG 13: Climate Action

Target 13.2
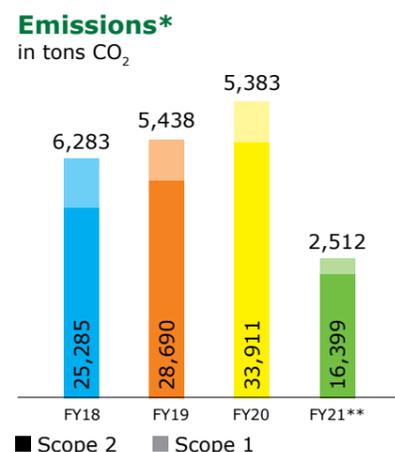Integrate climate change measures into national policies, strategies, and planning

Target 13.3
Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

MANAGING OUR EMISSIONS

Lemon Tree plans to effectively contribute to the national agenda of transitioning to a low-carbon economy. We intend to participate in climate change mitigation efforts by reducing our carbon emissions.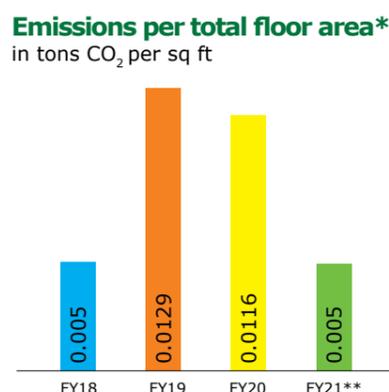 We are increasing our adoption of clean sources of energy to support our operations by investing in renewable energy and energy efficient technology. We have also made a commitment to reduce our emission intensity in FY26 by 40% from FY19 baseline.

The primary source of our Scope 1 and Scope 2 emissions is energy consumption. Our continued efforts towards energy efficiency and renewable energy utilization is helping us manage our emissions.
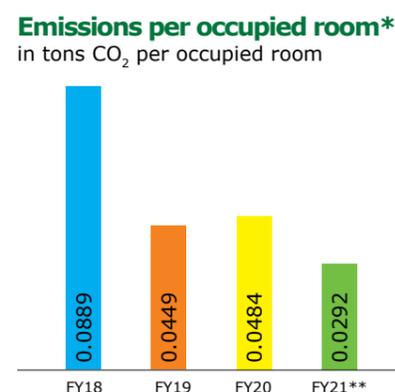
Emissions*
in tons CO_2

- ■ Scope 2   ■ Scope 1

Emissions (in tons CO_2) *	FY18	FY19	FY20	FY21**
Direct Emissions (Scope 1)	6,283	5,438	5,383	2,512
Indirect Emissions (Scope 2)	25,285	28,690	33,911	16,399
Total Emissions (Scope 1 + Scope 2)	**31,568**	**34,128**	**39,294**	**18,911**

In FY21, we achieved a ~67% reduction in normalized emissions per occupied room compared to FY18 while normalized emissions per total floor area decreased by ~0.2% compared to FY18.

We are working aggressively towards reducing Scope 2 emissions by adopting RE and installing biogas plants to convert our wet waste to energy. Our energy management initiatives and green building design will also contribute towards significant reduction of emissions.

Emissions per total floor area*
in tons CO_2 per sq ft

Additionally, we are exploring innovative solutions such as replacement of internal combustion cars with Electric Vehicles (EVs) for all owned vehicles and subsequently

Emissions per occupied room*
in tons CO_2 per occupied room

for outsourced cars as well. We are also exploring mechanisms to offset our carbon emissions and participate in the carbon credits market.

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Electric Vehicles (EVs) Pilot

In line with the national goal of reaching 30% Electric Vehicle (EV) penetration by 2030, Lemon Tree Hotels plans to have a ~100% EV fleet across operations by FY31.

Red Fox Hotels, Dehradun
We are running a pilot at Red Fox Hotel, Dehradun to provide EV services to guests for airport transfers, local sightseeing, short trips, etc.

Through this pilot drive, we have observed cost savings of ~40% on shorter routes and ~20% on longer routes. Furthermore, we are confident that this initiative will result in ~40-50% CO_2 emissions reduction (per trip).

Benefits of the programme:
1. Lower Scope 3 emissions (vs IC vehicles)
2. Help improve air quality, by avoiding emissions (from fuel)
3. Cost savings on operations and maintenance

From the learnings of this pilot, we will plan the way forward for our national implementation, based on a cost-benefit analysis for owned cars as well as outsourced cars.

SDG 7: Affordable and Clean Energy

Goal 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

Goal 7.3
By 2030, double the global rate of improvement in energy efficiency

SDG 9: Industry, Innovation, and Infrastructure

Goal 9.4
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies

SDG 11: Sustainable Cities and Communities

Goal 11.2
By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all

Aurika, Udaipur

We have also deployed an all-electric fleet of 15 golf-carts at Aurika Hotels and Resorts, Udaipur. Considering the property is built on a hill with four blocks spread across varied heights, making it imperative for us to use vehicles to ferry guests across the property. For this purpose, we chose to adopt an all-electric fleet to ensure we prevent air pollution and avoid fossil fuels.

SDG 12: Responsible Production and Consumption

Goal 12.2
By 2030, achieve the sustainable management and efficient use of natural resources

Aurika, Udaipur

In line with our climate conscious commitments, Lemon Tree constructs all hotels as per IGBC certification norms. Our design strategy includes a sustained approach on green material sourcing along with several resource efficiency considerations. This enables us to reduce our end-to-end environmental footprint.

CASE STUDY

Green Buildings: Built for Efficiency and Comfort

Designing green buildings is an integrated approach and keeps in mind the life cycle impact of resources used. We believe that utilization of green concepts and techniques in the construction and operation of hotels can aid in addressing several issues like water efficiency, energy efficiency, reduction in fossil fuel use, handling of consumer waste and conserving natural resources. Most of our hotels meet the 'existing building' certification norms of the Indian Green Building Council (IGBC) and we intend to certify all i.e. 100% of our assets by FY26.

The IGBC Gold Certification has been awarded to six hotels for outstanding performance in sustainable design of buildings in line with energy savings, efficient use of water, reduction of carbon emissions and overall improvement in environmental quality.

Some of the key features that have been incorporated across all our hotels are:
a. LED lighting
b. Thermal insulation
c. Double-glazed vacuum sealed windows (with an additional "Green glass" at some hotels)
d. Strategic window-wall ratio of less than 40% on the exterior walls of our hotels
e. AAC blocks (fly ash)
f. Non-toxic and low-emitting alternatives of adhesives, sealants and paints
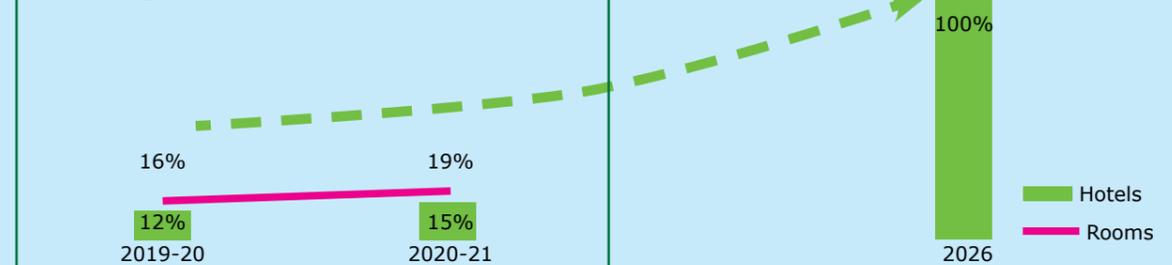g. Recycled materials such as wood, rubber wood, particle board and sawmill shavings

SDG 11: Sustainable Cities and Communities

Target 11.b
By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels

In FY21, one (01) more hotel from our portfolio received the IGBC Gold Certification, taking our total **certified portfolio up to 15% hotels with 19% rooms.**

We are ramping up our efforts to achieve our goal of having IGBC certification for all i.e. **100%** of our hotels by FY26.

	100%
16%	19%	
12%	15%	
2019-20	2020-21	2026

Hotels
Rooms

These features aid in energy savings on account of temperature control within the building; maintain a balance between illumination and insulation; and keep the in-room atmosphere comfortable for our guests. All this while ensuring minimal environmental impact.

WATER MANAGEMENT

Water consumption in the hotel sector is substantial on account of 24x7 services including water used in rooms, kitchens and the swimming pool. In order to minimize our water footprint, we are committed to finding best-in-class solutions.

Water management, including conservation and recycling is a key focus area and we are committed towards enhancing water efficiency. We aspire to reduce our water intensity by 10% by FY23 compared to FY19 baseline and have taken several initiatives towards this goal.

MAINTAINING OUR OPERATIONAL WATER EFFICIENCY

We are conscious of our reliance on freshwater withdrawal and are working towards limiting usage by adopting efficient water fixtures at our hotels. We have installed aerators/flow restrictors, including the dual flush systems, that maintain the pressure of water while reducing the outflow. The faucets and fixtures installed at our hotels are water efficient and reduce water consumption. Auto-flush systems have been installed in all public urinals, thereby minimizing water wastage. We have also equipped our hotel buildings with rainwater harvesting systems, wherever possible, to protect and replenish ground water levels.

Our efforts towards Water Management are aligned with the following SDGs and targets:

SDG 6: Clean Water and Sanitation

Target 6.3
By 2030, improve water quality by reducing pollution, eliminating dumping, and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally

Target 6.4
By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

Target 6.a
By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling, and reuse technologies

SDG 12: Responsible Production and Consumption

Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources

Water Withdrawal[7] (in KL)*	FY18	FY19	FY20	FY21**
Municipal Water Source	324,936.50	268,517.87	314,243.03	206,287.00
Bottled Water	1,605.38	3,666.91	3,153.43	1,850.00
Third Party Water	115,061.00	196,452.50	167,556.30	37,215.00
Other Sources#	74,723.00	175,201.59	218,923.21	166,633.65
Total	516,325.98	643,838.87	703,875.97	411,985.65

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic
\# includes water withdrawn from borewells

Aurika, Udaipur

ENCOURAGING WATER SAVING THROUGH GUEST ENGAGEMENT

Each year, we serve over half a million guests which makes it imperative for us to engage them in the process of water management. We do this through programs such as "3rd Day Linen Change" for guests who stay more than 3 days and the "Half Glass Water" service in our restaurants. By participating in these initiatives, our guests support our commitment to water conservation.

help us avoid water wastage. We have placed a tent card on each table and actively

engage our dining guests to adopt this practice and help us conserve water.
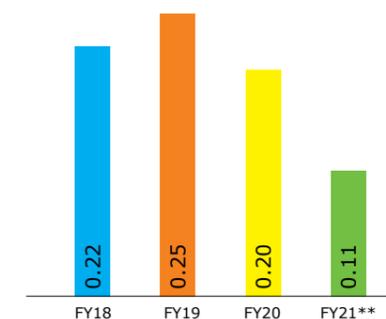
Half Glass Water service

We believe that serving only half a glass of water to a guest in the restaurant can

3rd Day Linen Change

Across our operations, 6% of our guests usually plan long stays with us (5 nights or more). We recognize the large amount of water that is utilized in the washing of bed linen and towels and view this as an opportunity to reduce water at source. We have been encouraging our guests to allow us to change linen on the third day of their stay. This endeavor can help us save (per occupied room) enough water for a man to drink for one month[8].
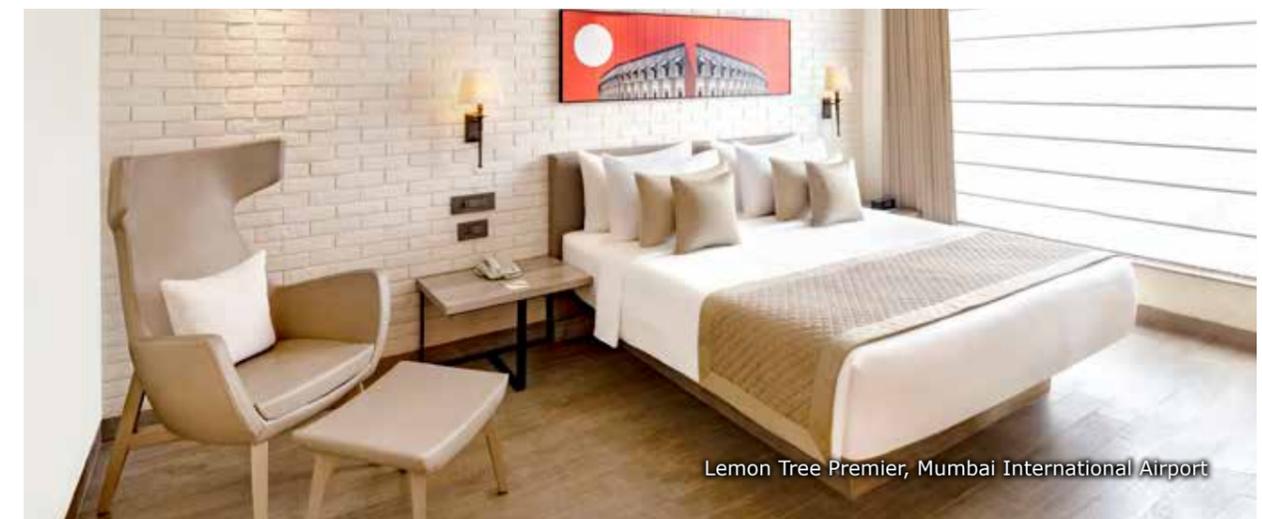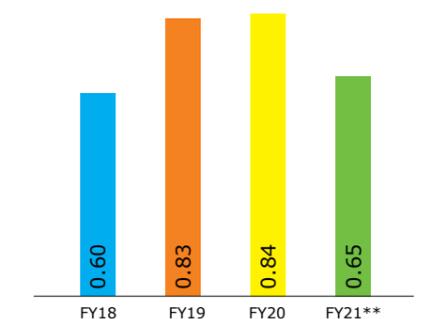
Through these initiatives, we have reduced our normalized water withdrawal per total floor area by ~52%[9] in FY21 compared to FY18 baseline. In FY20, our normalized water withdrawal per total

floor area decreased by 8.79% compared to FY18 baseline. Our normalized water withdrawal per occupied room increased by ~39% and ~8% in FY20 and FY21, respectively, compared to FY18.

Water Consumption per total floor area*
in KL per sq ft

Water Consumption per occupied room*
in KL per occupied room

	Water Consumption per total floor area				Water Consumption per occupied room		
FY18	0.22				0.60		
FY19		0.25				0.83	
FY20			0.20				0.84
FY21**				0.11			0.65

Lemon Tree Premier, Mumbai International Airport

WASTEWATER RECYCLING AT LEMON TREE

Our approach towards water management also involves managing our water discharge in a responsible manner. To ensure that we do not pollute natural water sources through our water discharge, we have installed Sewage Treatment Plants (STP) with a combined capacity of 3239 KL per day. For example, in Sector 60, Gurugram, we have been

using MBBR technology to reduce organic matter and maintain Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) of the recycled water as per government norms. Recycled water is then used in the gardens, cooling towers and flush systems helping us move towards zero discharge operations.

139,449 KL
Water Recycled in FY21**

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

[7] Water withdrawal for water stressed areas is the same as the represented water withdrawal, as all locations have been categorized as high and very-high water stress areas.

[8] Source: Business India 14 June 2009
[9] The overall occupancy levels were impacted due to partial shutdown of operations in FY21 resulting in a corresponding drop in our water consumption.

STRIVING TO ELIMINATE WASTE

We believe that waste management can only be achieved through an alignment of culture across the organization. Our waste management philosophy and strategy focus on diverting waste away from landfill through recycling, reusing, composting and responsibly managing it through third party vendors.

Lemon Tree utilizes a two-pronged approach to remain compliant with applicable waste management guidelines. First, we seek opportunities to reduce the amount of waste produced at our hotels and second, we attempt to recycle waste materials to divert them away from landfill.
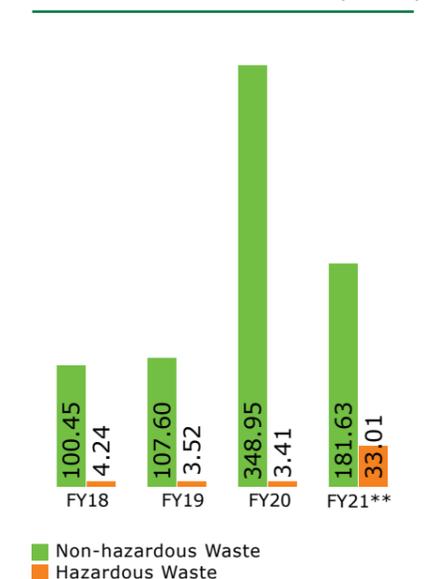
Waste Generation* (in metric tons)

Category	FY18	FY19	FY20	FY21**
Hazardous Waste	4.24	3.52	3.41	33.01
Non-hazardous Waste	100.45	107.60	348.95	181.63
Total Waste Generated	**104.69**	**111.12**	**352.36**	**213.64**

During the current pandemic, our hotels continue to stand by the community. We have established quarantine facilities in collaboration with the government/partner hospitals at select hotels and have developed systems to manage biomedical waste i.e. contaminated masks and personal protective equipment (PPE). Thus, although the main source of hazardous waste in our operations is waste oil, due to COVID-19 protocols, our hotels now also generate biomedical waste. This has resulted in an increase of more than 8 times (867%) in our hazardous waste generation in FY21.

Our non-hazardous waste is composed of scrap items i.e. paper and plastic waste. In FY21, due to our ongoing efforts towards improving waste management protocols at our hotels and due to the partial shutdown of operations, our non-hazardous waste decreased by ~48%.

Going forward we will be segregating waste at source and recording the different components of hazardous and non-hazardous waste being generated such as metals, plastics, paper, food waste, waste oil, filters, etc.

Waste Generation* (in tons)

Bar chart showing:
- FY18: 100.45 / 4.24
- FY19: 107.60 / 3.52
- FY20: 348.95 / 3.41
- FY21**: 181.63 / 33.01

■ Non-hazardous Waste
■ Hazardous Waste

*   owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

REDUCE AND RECYCLE RESIDUAL FOOD WASTE

Our hotels serve over a million meals per year making food waste management a critical area of concern. We are committed towards significantly reducing food waste and driving an appropriate culture change across our hotels. Our upcoming waste management policy incorporates this as a strategic intervention area which will enable all our hotels to identify and minimize wastage and quantify/effectively manage waste through onsite initiatives.

As a part of our efforts to minimize food waste, we have substantially reduced our buffet spread by eliminating items that we found were not being consumed by guests. Further, we have introduced buffet guides i.e. dedicated personnel who assist guests in understanding each item on the menu so that they can make an informed choice about the dishes they want to consume. Our cooking strategy has also been modified from 'bulk' to 'batch' cooking to avoid wastage and leftovers. This has led to a significant decline in our food wastage. We have taken measures to reduce food waste from our staff cafeterias - we display the amount of food wasted on the notice board daily to encourage staff to help control this. We have also installed Organic Waste Converters across hotels to convert food waste into compost.

Our efforts for utilizing sustainable materials are aligned with the following SDGs and targets:

SDG 12: Responsible Production and Consumption

Target 12.2
By 2030, achieve the sustainable management and efficient use of natural resources

Target 12.3
By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

Target 12.4
By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

Target 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

Target 12.6
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

TACKLING THE PLASTICS CHALLENGE

Our waste management strategy also seeks to deal with the global issue of plastic pollution that poses a severe threat to the environment. We intend to make our hotels single use plastic free, thereby reducing the plastic waste generated from our operations. To achieve this, we have transitioned from individual toiletries to refillable dispensers across all our hotels. Further, to minimize the waste from packaging materials, we have started procuring materials in larger quantities instead of small portions of processed or packed food.

In addition to these focused initiatives, we have also launched a pilot program in April 2021 to adopt sound waste management policies/practices and to create a high-impact driven waste management model. Pilot projects are underway in hotels in Delhi, Gurugram and Mumbai.

Waste Management Policy Definition and Pilot at Delhi, Gurugram and Mumbai

The global hotel industry is a major contributor to waste generation considering hotels are a significant consumer of materials and resources. Lemon Tree Hotels has recently initiated adoption of sound waste management policies/ practices to create an impact-driven waste management model. Pilot projects are underway in hotels in Delhi, Gurugram and Mumbai, the key components of which are:

Objective

to understand how best to manage and improve waste management practices in 3 cities before rolling out the new policy across 50 cities in India; find mutually aligned partners and consolidate this partner network; and find alternative solutions to reduce and manage waste.

Categorization of waste

it is important to categorize the types of waste being generated in our hotels to ensure effective management by focusing on three key components i.e. kitchen waste, front office waste and general departmental waste. For instance, kitchen waste will include organic food waste, meat-based waste, cooked food waste along with plastic waste with each type of waste being segregated and sent for further processing as each type of waste has a different recycling and/or disposal method.

Segregation at source

a key element is segregation of waste at the source as that will help us handle our waste in a more efficient manner and maximize resource recovery from the waste. For this purpose, we will use different color-coded waste bins to collect different categories of waste. Segregation also allows us to understand which items are needlessly wasted and helps operational teams review their production and take corrective measures to reduce wastage.

Measurement of waste

the aim is to focus on waste measurement with kitchen waste being reviewed and measured twice daily and front office and general departmental waste being reviewed and measured once daily. This exercise will play an important role in helping us assess the volume of waste generated, feasibility and viability of waste reduction and collection, operational challenges and the resources and manpower required to scale up nationally.

Composting

we have adopted composting of organic waste by installing organic waste converters (OWCs) for organic waste (fruits, vegetables, salads, breads, etc.) at some hotels. Compost offers several environmental and soil-related benefits, including reuse and recycling of wet waste. We are in the process of finding the right partners to assist us with the suitable use and application of the compost generated on our premises.

We are hopeful that our pilot project will provide valuable insights that will further inform our strategic policy framework and streamline our waste management efforts. Lemon Tree Hotels plans to formalize a waste management policy in FY22 that will outline our vision, key objectives, measurement protocol and roles and responsibilities of our team members. Through the pilot project and our policy framework, we intend to manage our waste in a more sustainable manner by actively imbibing the principles of reduce, reuse, recycle and recover.

Waste Management Pilot Data for Q1 FY22

Waste generated (in kgs)	LTH60	LTPDL1	LTPMB1
Waste for Organic Waste Converter	6765.00	11414.00	25008.10
Plastic	2131.60	4042.30	3911.89
Paper and Cardboard	1006.70	682.44	5452.15
Crockery, Cutlery and Glassware	113.50	33.60	288.00
Bio Medical	31.57	330.02	77.70
Metal/e-Waste	12.30	28.00	1.00
Compost	0.00	780.10	0.00

Lemon Tree Wildlife Resort, Bandhavgarh

BIODIVERSITY

We recognize our responsibility to conserve the environment in which we operate and have taken steps to assess our biodiversity risk. Our footprint across India has been expanding, making us accountable for management of these risks. Our goal is to ensure that we build a brand that can promote better places for people to both live in and to visit.

Situated in the heart of the forest, Lemon Tree Wildlife Resort, Bandhavgarh, which is spread across 6 acres, is our only property located adjacent to a national park.

During the construction of the resort, conscious efforts were made to preserve the natural habitat surrounding the resort. Some of the measures taken by us to minimize our environmental footprint in the area include:

Waste Management
We have discontinued the use of packaged drinking water, plastic cutlery, miniature toiletries and single use plastic. We have also selected a local partner to process and manage our kitchen waste and the compost generated through this is used in and around the reserve.

Water Management
The water we use at the resort is treated at the Sewage Treatment Plant and reused to maintain the gardens at our hotel while ensuring no harmful water discharge in and around the resort.

Supporting Local Flora and Fauna
We recognize our role in supporting the local forest division for managing forest fires near the resort. Furthermore, we have also planted over 100 trees within our premises to maintain the greenery of the surrounding areas.

These initiatives have helped us in ensuring that our operations are not in conflict with nature.

Lemon Tree Wildlife Resort, Bandhavgarh

Our efforts towards biodiversity risk management are aligned with the following SDGs and targets:

SDG 15: Life on Land

Target 15.1
By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands, in line with obligations under international agreements

Target 15.9
By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

RESPONDING TO COVID-19

The COVID-19 pandemic has been a global crisis that has affected the health, safety and livelihoods of billions of people. The hospitality industry has been profoundly affected across the globe. Lemon Tree Hotels has worked towards adapting its operations in this 'new normal' while maximizing efficiency, sustaining business performance and remaining a brand of choice for consumers.

Our Approach

The COVID-19 pandemic created significant challenges for all sectors and deeply impacted the hospitality industry, with travel coming to a virtual standstill. Given the unprecedented circumstances, our top priority was to protect the health and safety of our employees, partners and customers, in close collaboration with local health authorities.

We initiated the implementation of strict health and safety protocols and took appropriate measures across all our hotels, including implementing temperature screening, social distancing, mask-wearing and work-from-home policies, where applicable. We deployed a two-dimensional approach to address COVID-19 related challenges including:

1. Safeguarding our employees, i.e. keeping our frontline staff healthy and confident

2. Ensuring the safety of guests across our hotels

Steering through the pandemic

Initiatives like "Rest Assured" and "Lemon Tree Cares" helped us deliver services in a diligent manner without compromising on employee health and well-being.

We value our employees and acknowledge the care and concern they have shown to our guests, while catering to their needs during these difficult times. Lemon Tree has run quarantine centers at many hotels and in those hotels, our employees have catered to COVID positive guests.

Our 'Rest Assured' initiative, in partnership with Diversey, defined sanitization protocols, laid down a set of new house rules and preventive measures to be followed by guests, visitors and team members at our properties. The SOPs for hotels that were converted to quarantine centers, were refined in accordance with the guidelines issued by the World Health Organization (WHO), Ministry of Home Affairs (MHA) and respective state governments. These revised SOPs ensured we maintained the stringent safety and hygiene standards while serving our guests during their stay. Furthermore, a great amount of emphasis was placed on ensuring safety during food handling and preparation across our hotels.

Select hotels worked closely with local administration and other stakeholders to provide free packed meals to marginalized communities during the lockdown period.

Lemon Tree Premier, Delhi Airport

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We also run hotels

This resilient approach allowed us to respond to urgent community needs. Through partnerships with state governments, we converted a number of our hotels into quarantine centers for Indians returning from foreign countries. Our commitment in the coming year remains to provide a safe and hospitable environment at out hotels.

Under our program, 'Support by Lemon Tree', we provided ad hoc infrastructure to house COVID patients at our hotels in partnership with leading hospital chains. As of June 2021, we have provided more than 1000 rooms to our hospital partners.

Our Partnerships for providing COVID-19 Care

Ahmedabad Municipal Corporation (AMC)	Apollo Hospital	Bombay Municipal Corporation (BMC)	Bruhat Bengaluru Mahanagar Palika	CMHO Jaipur
Delhi Police	Government of Karnataka	HCG Hospital, Turning Point Hospital, Apollo Hospital	Health Care At Home (HCAH)	Kauvery Hospital
Manaveer Hospital (JITO Hyderabad COVID Care Center)	Manipal Hospital	Medanta Medicity	Primary Health Care Center	Sasoon Hospital
MGM	MY	MTH Hospital	RUHS	SMS Medical Hospitals

A snapshot of our efforts...

7
Quarantine Centers

10
COVID Care Centers

4
Accommodation centers for doctors and medical staff

Standing Strong in Solidarity

This disruptive environment gave us a chance to rethink our workforce strategy and re-engineer our operating model to ensure job security for all our employees.

To protect the present and future well-being of our company, it was important for us to curtail our operating expenses to the maximum extent possible. As a result, our senior management and leadership team took significant salary cuts. Our Chairman and Managing Director took a 100% salary cut whereas senior leaders such as Assistant Vice Presidents, Vice Presidents and Senior Vice Presidents took a cut of 66%. Additionally, other employees were encouraged to take leave to spend time with family, while the business regained momentum and stability.

Caring for our employees

During the year, we launched 'Lemon Tree Cares' to provide comprehensive support to our employees and their families. Under this initiative, Lemon Tree covers:

- Three weeks paid leave for all employees who test positive for COVID-19

- For home quarantine cases: medical expenses (including oxygen, if required)

- For hospitalization cases (severe): additional expenses beyond the insured amount

- Free hotel stays and medicines for employees who need to isolate themselves

- Compensation in the unfortunate case where an employee passes away: graded plan based on tenure in the company. Additionally, the employee's spouse/child will be trained/employed by the company, if requested by the family

- All vaccination expenses for employees and their families (dependents)

SOCIAL GROWTH

ENHANCING OUR SOCIAL GROWTH

Lemon Tree believes that sustainable growth is a function of investing in a diverse talent pool, as well as defining a socially responsible strategy that resonates with all stakeholders. We are focused on building an equitable company that respects human rights.

As a homegrown Indian brand, we are deeply rooted in our core values and cater to local development needs in areas where we operate. Lemon Tree Hotels follows global best practices while providing best-in-class services to our guests. In most of our hotels we exceed the standards equivalent to our market segment i.e. in the mid-market and delight our guests.

Owing to the diverse nature of our operations and the presence of multiple stakeholders, Lemon Tree Hotels consciously promotes diversity at the workplace, builds safe and inclusive hotels and fosters a healthy relationship with communities. We believe that a strong social footprint is of paramount importance for us to grow in a sustainable manner.

We align our social engagement practices with the Sustainable Development Goals (SDGs) for accelerating responsible business growth. Leveraging the SDG framework in a strategic manner allows us to act as a catalyst and bring about positive impact in our industry.

How we generate value for our stakeholders

Through its employee-centric philosophy, Lemon Tree Hotels has actively empowered new talent and created future leaders. Alongside employee development, we focus on maintaining an exceptionally safe culture and ensure the health and well-being of our employees. We have built an inclusive culture by creating employment for Opportunity Deprived Indians (ODIs) i.e. individuals who lacked opportunity to become self-sufficient members of society. This includes Employees with Disability (EWD) and Employees from Economically/Socially Marginalized (EcoSoc) backgrounds. Our strategic partnership with various NGOs enables us to identify, skill and onboard ODI employees.

An engaged workforce has a significant impact on customer satisfaction and affinity to our brand. Delighting our guests and surpassing their expectations is what helps us stand out amongst our peers and keeps us competitive. Through our unique customer engagement initiatives and focus on data privacy, we strive to gain the trust and loyalty of our customers.

We are building a responsible and sustainable supply chain network through our supplier relationship management. We also plan to engage with our suppliers to ensure responsible sourcing practices, protection of human rights and reduction of adverse impact on the environment.

Driving social value through our leadership

Lemon Tree has generated a significant social impact through its operations, effectively led by various stakeholders both within and outside the organization. This includes our Board, top management, ESG taskforce, learning and development, human resources and operations teams, all of whom collectively execute our social impact initiatives. We also forge partnerships with NGOs who help us address urgent community needs and sensitize our employee workforce. We are confident that our vision, well-defined practices and continuous efforts collectively creates a compelling change in our operating environment.

Key material social aspects that we focus on include

DIVERSITY AND INCLUSION	LEARNING AND DEVELOPMENT	COMMITMENT TO HUMAN RIGHTS & AN ETHICAL SUPPLY CHAIN

CUSTOMER SATISFACTION	HEALTH, SAFETY AND WELL-BEING	COMMUNITY DEVELOPMENT

TALENT MANAGEMENT AND RETENTION

We are deeply committed to putting our people first. Through our ongoing strategic initiatives, we focus on attracting and nurturing new talent. Our best-in-class skilling and leadership development programs create meaningful and enriching careers for our employees.

Our employees are our greatest strength. They play a major role in driving our business growth and in helping us build a loyal customer base across multiple geographies. We firmly believe in embracing an employee-centric work culture that is built around the key pillars of communication, engagement, innovation, team spirit and growth. Over the last decade, team members have seen quick growth and enriched roles, as the company has expanded.

Our Employee Categories	Number of Employees* in FY21
Senior Management (Band 8 to 12A and CMD)	55
Mid- Management (Band 5 to 7A)	703
Executives (Band 4B, MT, ET)	506
Associates (Band 4, 4A, FTC and Retainers)	1722
Trainees/Apprentices	159

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

TOTAL EMPLOYEES*

Year	Value
2017-18	3112
2018-19	3210
2019-20	3876
**2020-21	3145

Lemon Tree Hotel, Jumeirah, Dubai

As on 31st March 2021, our total employee count stands at 3,145 of which 2% and 23% are our senior and mid management members. The remaining workforce comprises 16% executives, 54% associates and 5% trainees. Our flat organization structure helps build greater team involvement and team spirit on account of the reduced number of layers between leaders and their two (or more) levels removed team members. We have developed an employee growth program wherein we identify high-performing employees i.e. Super High Achievers (SHAs, typically top 5-10%) and High-Potential Employees (Hi-Pots, typically next 15-20%), who display the attitude and competencies to grow into leadership positions over time. The program motivates employees to perform well and give their best at work.

Gender Diversity (Corporate Office and Hotels*)

Total Employee Gender Diversity (FY21)
11%
89%

■ Male Employees ■ Female Employees

Gender Diversity at Corporate Office (FY21)
21%
79%

■ Male Employees ■ Female Employees

Gender Diversity at Hotels* (FY21)
10%
90%

■ Male Employees ■ Female Employees

Growing our employee base

New Employees* (Age-wise)

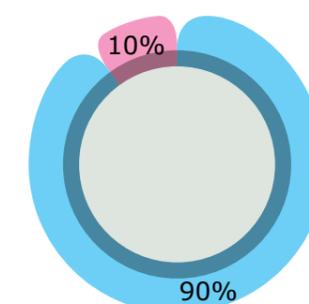|	FY18			FY19			FY20			FY21**		
	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years
Senior Management	0	2	1	0	2	0	0	6	2	0	0	0
Mid- Management	45	62	0	63	106	2	67	121	4	3	18	1
Executives	104	21	0	106	40	0	162	59	0	9	15	0
Associates	780	85	5	749	70	1	728	104	6	130	37	4
Trainees/Apprentices	0	0	0	0	0	0	267	8	0	21	8	0

New Employees* (Age-Wise)

New Employees* (Age-Wise): FY2017-18, FY2018-19, FY2019-20, FY2020-21** — each grouped by <30 years, 30-50 years, > 50 years. Legend: Senior Management, Mid-Management, Executive, Associates, Trainees/Apprentices

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

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New Employees* (Gender-wise)

Bands	FY18		FY19		FY20		FY21**	
	Males	Females	Males	Females	Males	Females	Males	Females
Senior Management	3	0	2	0	7	1	0	0
Mid- Management	100	7	156	15	167	25	22	0
Executives	95	30	125	21	184	37	23	1
Associates	775	95	704	116	710	128	157	14
Trainees/ Apprentices	0	0	0	0	208	67	28	1

New Employees* (Gender Wise)

New Employees* (Gender Wise): FY2017-18, FY2018-19, FY2019-20, FY2020-21** — each grouped by Male, Female. Legend: Senior Management, Mid-Management, Executive, Associates, Trainees/Apprentices

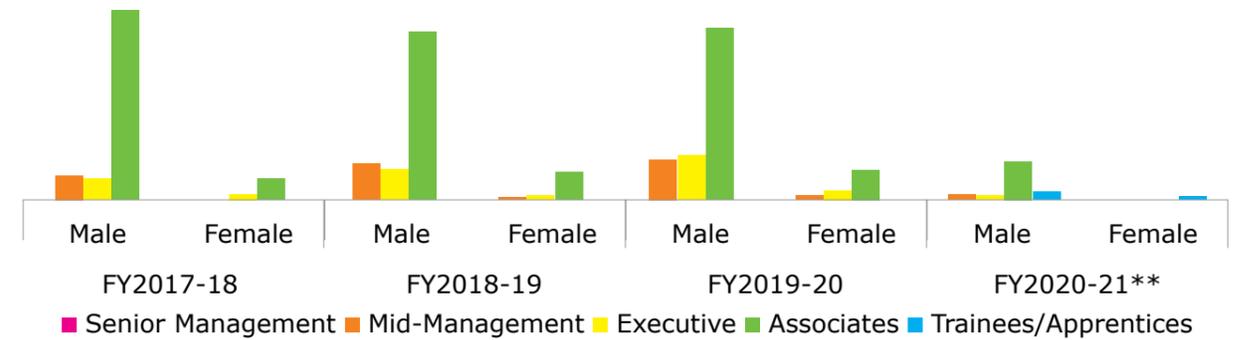* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

In the current financial year, we hired 246 new employees, of which there were 230 male employees and 16 female employees. Approximately 19% of these new employees were inducted at mid-management and executive levels while others joined in other roles. A majority of our new employees are less than thirty years of age, which aligns with our emphasis on developing a young talent pool that can infuse a fresh perspective in the organization.
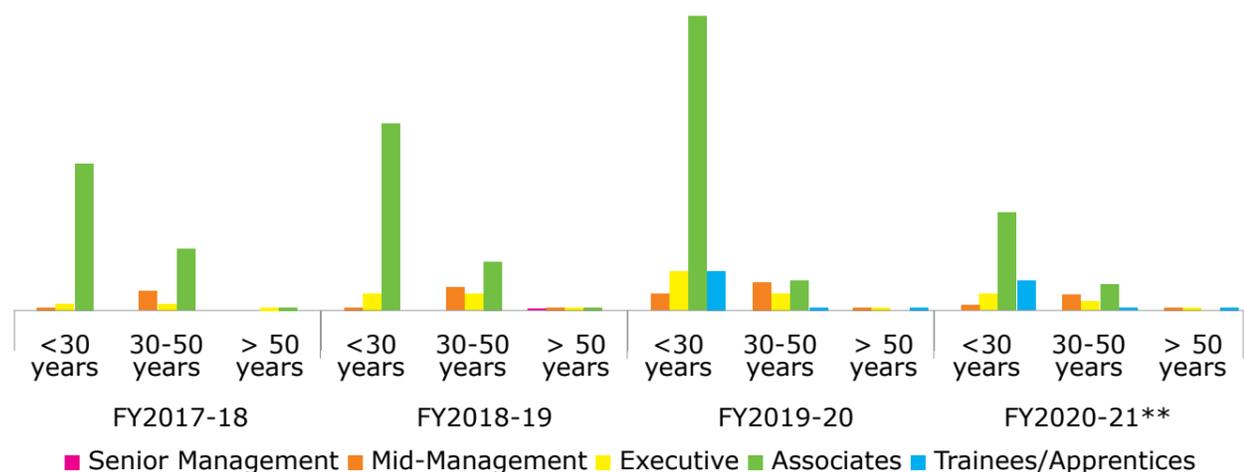

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Retaining our Talent Pool

Employee Turnover* (Age-wise)

Bands	FY18			FY19			FY20			FY21**		
	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years
Senior Management	0	1	0	0	3	1	0	3	1	0	3	1
Mid- Management	14	89	0	19	103	3	70	138	7	25	78	10
Executives	35	36	1	84	82	2	182	85	0	81	47	0
Associates	696	294	4	885	236	11	1397	143	4	465	125	12
Trainees/ Apprentices	0	0	0	0	0	0	186	3	0	148	7	0

Employee Turnover* (Age-Wise)

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Lemon Tree Premier, New Town, Kolkata

Employee Turnover* (Gender-wise)

Bands	FY18		FY19		FY20		FY21**	
	Males	Females	Males	Females	Males	Females	Males	Females
Senior Management	1	0	4	0	4	0	4	0
Mid- Management	94	9	104	21	187	28	100	13
Executives	60	12	136	32	224	43	96	32
Associates	883	111	997	135	1348	196	517	85
Trainees/ Apprentices	0	0	0	0	148	41	125	30

Employee Turnover* (Gender Wise)

* owned/leased hotels only
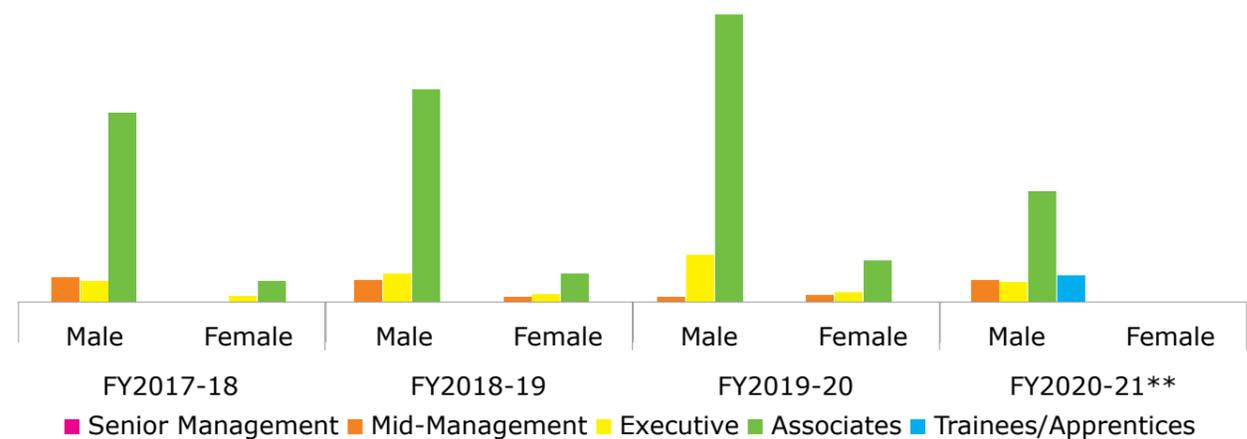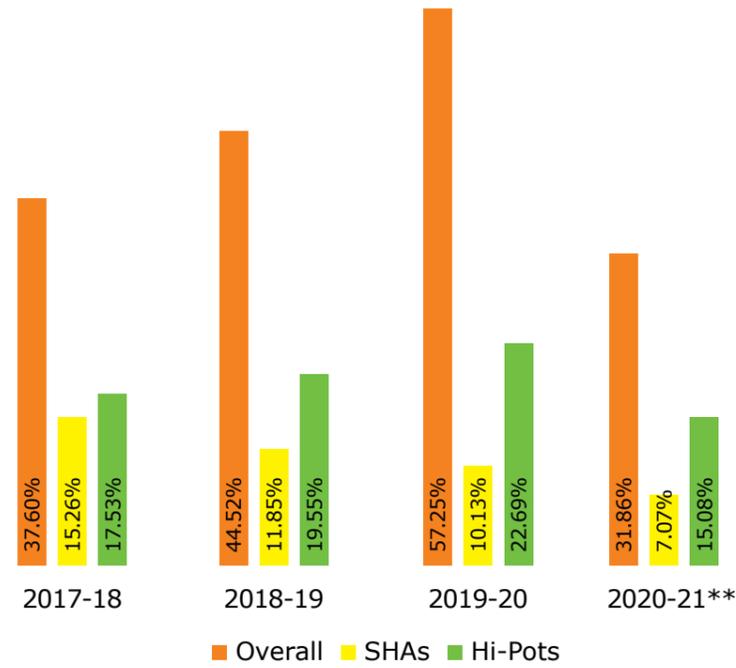** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Our workforce turnover for the FY21 was 1002, marking a significant reduction from the previous financial years. Gender-wise employee turnover was higher for male employees and age-wise employee turnover was highest for "less than 30 years" across all bands.

When we analyze company turnover, it is important to examine the turnover percentage amongst SHAs/Hi-Pots vs. the overall number. Our aim is to minimize high performing talent attrition and retain SHAs/Hi-Pots – thereby successfully adding to our leadership pipeline. The chart below shows that clearly.

Employee Turnover* (Overall vs. SHAs and Hi-Pots)

	2017-18	2018-19	2019-20	2020-21**
Overall	37.60%	44.52%	57.25%	31.86%
SHAs	15.26%	11.85%	10.13%	7.07%
Hi-Pots	17.53%	19.55%	22.69%	15.08%

■ Overall ■ SHAs ■ Hi-Pots

We study and understand the pattern of turnover amongst new employees, as shown below:

New Employee Turnover* (Age-wise)

Bands	FY18			FY19			FY20			FY21**		
	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years
Senior Management	0	0	0	0	0	0	0	1	0	0	0	0
Mid- Management	4	13	0	3	20	1	17	29	0	0	2	0
Executives	14	7	0	30	24	0	74	26	0	0	3	0
Associates	264	66	0	400	81	1	685	53	1	25	3	0
Trainees/ Apprentices	0	0	0	0	0	0	174	3	0	4	0	0

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Lemon Tree Hotel, Gachibowli, Hyderabad

New Employee Turnover* (Age-Wise)

<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years	<30 years	30-50 years	> 50 years
FY2017-18			FY2018-19			FY2019-20			FY2020-21**		

■ Senior Management ■ Mid-Management ■ Executive ■ Associates ■ Trainees/Apprentices

Lemon Tree Premier, Ulsoor Lake, Bengaluru

New Employee Turnover* (Gender-wise)

Bands	FY18		FY19		FY20		FY21**	
	Males	Females	Males	Females	Males	Females	Males	Females
Senior Management	0	0	0	0	1	0	0	0
Mid- Management	17	0	21	3	33	13	2	0
Executives	18	3	45	9	79	21	3	0
Associates	284	46	418	64	642	97	28	0
Trainees/ Apprentices	0	0	0	0	139	38	4	0

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic
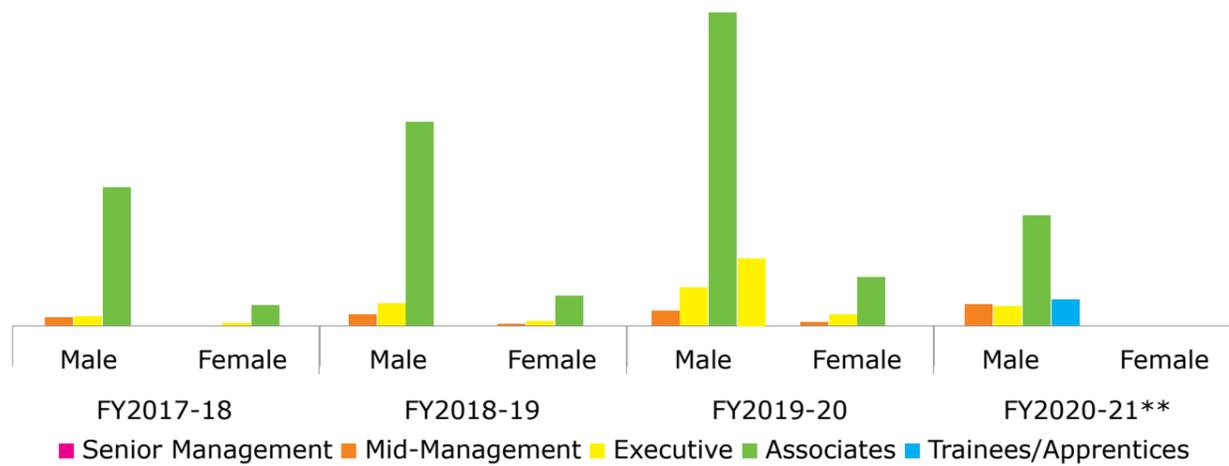
New Employee Turnover* (Gender Wise)

	FY2017-18		FY2018-19		FY2019-20		FY2020-21**	
	Male	Female	Male	Female	Male	Female	Male	Female

■ Senior Management ■ Mid-Management ■ Executive ■ Associates ■ Trainees/Apprentices

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

Our commitment towards smoothly on-boarding new team members helped us retain 85% of them in FY21. Our new employee turnover rate for male employee was 16% and zero for female employee. Furthermore, the attrition ratio for our high performing employees (7%) is significantly lower as compared to our overall workforce (31.9%)

Lemon Tree Amarante Beach Resort, Goa

CASE STUDY

Wealth Creation Opportunity: ESOP Program

We believe that our 'Employee Stock Option Program' (ESOP) rewards employees for their creativity, effort and performance, while creating a feeling of trust and loyalty. This motivates employees to play an active role in supporting the growth and profitability of our business.

The smooth execution of our ESOP strategy is overseen by our Trust and Compensation Committee. This committee plays a significant role in determining the eligibility criteria, quantum of options, terms and conditions, procedures and approvals in accordance with applicable laws.

Under this plan, eligible employees are offered shares of the company at a pre-determined price (capped at a cumulative 7.5% of the total issued share capital).

Over the nineteen years of Lemon Tree's existence, we have on 3 occasions created great wealth opportunities for employees and for the leadership team. This stands testimony to the success of the program.

SDG 10: Reduced Inequalities

Target 10.4
Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

The Chairman and Managing Director is not entitled to participate in this program.

We offer parental leave to female employees in line with national regulations. Over the years, a majority of our employees returned back to work post maternity leave. During FY21, only 2 employees availed parental leave.

EMPLOYEE SATISFACTION SURVEY 2019: KEY STATISTICS

90%
Overall Engagement Score

100
Percentage of Employees Covered

81.3%
Survey Response Rate

LEARNING AND DEVELOPMENT

Lemon Tree understands that training and development is important to ensure brand standardization, to maintain quality of customer service and to motivate team members. We provide functional, technical and behavioral training to all employees in line with the training needs assessment. We are dedicated to developing the capabilities of our colleagues to ensure that they remain updated and relevant.

We have inculcated a culture that fosters continuous learning and growth of our employees. Our vision is to nurture talent at all organizational levels and create a steady pipeline of future leaders within the organization. Through our learning and development efforts, our major focus is to drive service excellence and sustainable business growth.

We provide training to our new employees, job-specific

coaching to employees across functions along with training employees at senior levels. By offering well-conceptualized career development

programs, we actively support our employees to build on their existing skills and enhance their leadership abilities.

25,455

Training Man Hours*
(FY21)

8

**Training Man Hours
Per Employee***
(FY21)

Human Resources Approach: 2X2 Matrix

As Lemon Tree grows its footprint, it provides unique growth opportunities to employees. We create a strong hotel leadership pipeline and build team strength to adequately support our vision and business growth.

Our program helps us identify high-performing employees i.e. Super High Achievers (SHAs, typically top 5-10%) and High-Potential Employees (Hi-Pots, typically next 15-20%), who display capabilities to grow into leadership positions over time. The program motivates employees to perform well and give their best at work.

An important element of the program is to provide inter-departmental learnings and on-ground exposure. Briefly:

- **HGM (Hotel General Manager) in the Making:** Advanced Preparatory Leadership Program: involves training SHA/Hi-Pot employees on diverse business functions i.e. sales, operations, finance, HR as well as enhancing soft skills and leadership abilities.

- **EA (Executive Assistant) Ship Program:** provides our front-line managers with an in-depth and nuanced understanding of how Corporate departments/Regions function through experiential learning and engagement with senior leaders.

- **Skill-up or LEAP (Learn Engage Apply Perform) Program:** provides cross-functional training opportunities to employees and supports a smooth transition to future roles.

- **GSE (Guest Service Executive) Program:** SHA/Hi-Pot employees at the supervisory entry level are trained in soft skills and customer service along with basic departmental and cross departmental training.

- **MT (Management Training) Program:** targets both external campus hires and internal employees. This programme trains candidates on the fundamentals of all departments and then places them in their preferred department as an Assistant Manager in order to learn experientially.

- **ET (Executive Training) Program -** Food Production: provides basic training to executives on Food and Beverage (F&B).
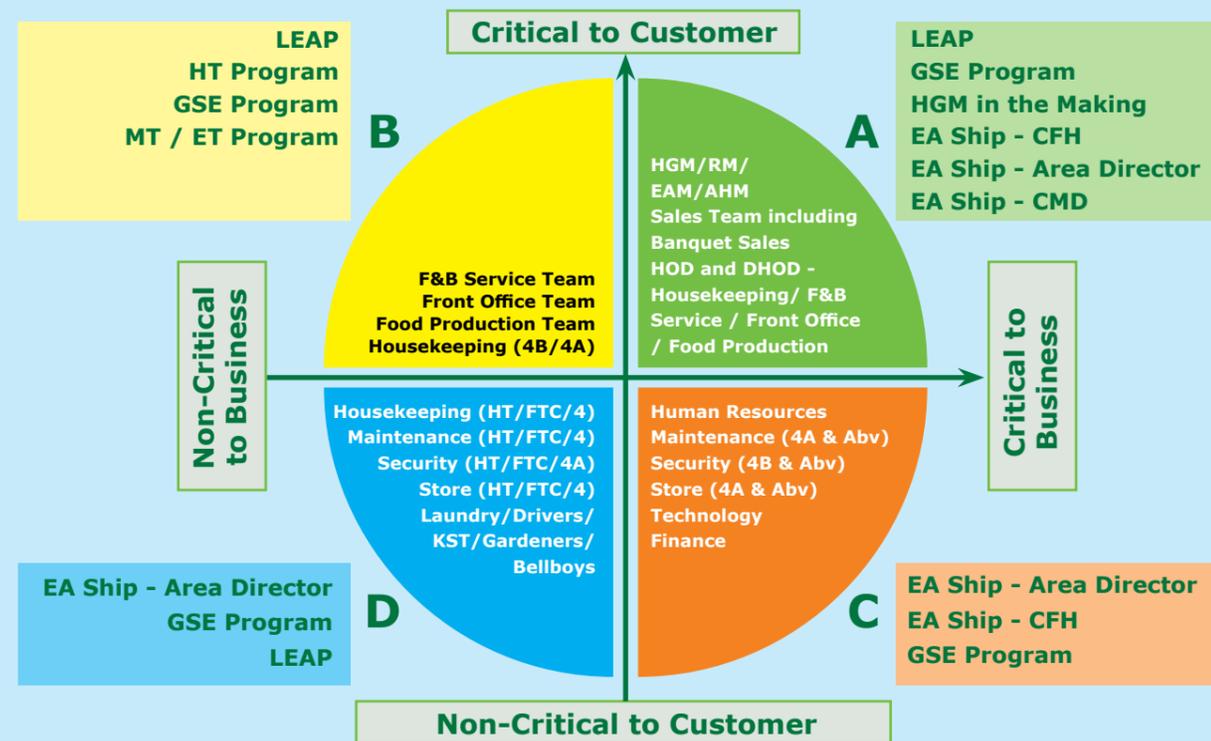
In order to adopt a streamlined approach towards supporting the training and development needs of our SHA/Hi-Pot employees, we have developed a 2X2 role matrix that helps us align our training programs with our business requirements. This matrix is based on two key parameters on an XY scale and uses four quadrants to define roles viz. Critical to Business and Critical to Customers; Critical to Customer and Non-critical to

Business; Critical to Business and Non-critical to Customer; and Non-critical to Customers and Non-critical to Business (see diagram).

Corresponding to each quadrant and associated roles, we have mapped career development programs that are curated and delivered to

SHA/Hi-Pot employees. As the employees move through this matrix, they acquire new skills and grow with the organization.

B
LEAP
HT Program
GSE Program
MT / ET Program

Critical to Customer

A
LEAP
GSE Program
HGM in the Making
EA Ship - CFH
EA Ship - Area Director
EA Ship - CMD

HGM/RM/ EAM/AHM
Sales Team including Banquet Sales
HOD and DHOD - Housekeeping/ F&B Service / Front Office / Food Production

Non-Critical to Business

F&B Service Team
Front Office Team
Food Production Team
Housekeeping (4B/4A)

Critical to Business

Housekeeping (HT/FTC/4)
Maintenance (HT/FTC/4)
Security (HT/FTC/4A)
Store (HT/FTC/4)
Laundry/Drivers/ KST/Gardeners/ Bellboys

Human Resources
Maintenance (4A & Abv)
Security (4B & Abv)
Store (4A & Abv)
Technology
Finance

D
EA Ship - Area Director
GSE Program
LEAP

C
EA Ship - Area Director
EA Ship - CFH
GSE Program

Non-Critical to Customer

SDG 8: Decent Work and Economic Growth

Target 8.5
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.6
By 2020, substantially reduce the proportion of youth not in employment, education or training

SDG 16: Peace, Justice and Strong Institutions

Target 16.b
Promote and enforce non-discriminatory laws and policies for sustainable development

C A S E   S T U D Y

Fostering a culture of innovation through Learning and Development

Our emphasis on upskilling employees allows us to maintain a highly engaged and motivated workforce. Lemon Tree Hotel's Learning and Development (L&D) function is outsourced to a specialist organization called Mind Leaders (an associate company where we own 35%) which is led by an expert founder along with a team of L&D experts with multi-industry experience. The L&D team assesses the skilling needs of employees and designs impactful training programs to promote experiential learning, innovation and creativity. The aim with new employees, especially at the entry level, is to train them fully and equip them to perform their roles effectively and immediately, as per defined standards.

The L&D effort for Employees with Disability (EwDs) and Employees from Economically/Socially marginalized backgrounds (EcoSoc) is to skill them functionally, regardless of their education levels. We ensure they are ready to be a part of the operating team and can contribute to productivity, as any other team member does.

Apart from dedicated career development programs for our high-performing employees, we undertake various innovative L&D initiatives including:

- **ADDIE (Analyze, Design, Develop, Implement and Evaluate) Model -** Utilizing this structured training model, our L&D team along with other stakeholders has developed a short-term training program for employees. Through this residential training program, our goal is to enhance the service efficiency of our employees in the front office, housekeeping, food and beverage service and sales teams, thereby creating consistent customer experiences across hotels.

- **Train-The-Trainer Program -** Our L&D team actively guides 'trailblazers' (department trainers) to develop specific training content and to teach this content effectively to others in their department. In addition, the team analyses all guest feedback to build a customized improvement plan for each hotel.

- **Empowering employees with special needs -** Our L&D team actively works towards fostering personal development and career growth of our employees with special needs. We have an in-house Indian Sign Language (ISL) expert who conducts customized sessions for our speech- and hearing-impaired employees. Additionally, together with the sustainability and operations teams, L&D supports traineeships for people with intellectual and developmental disability, over a period of 6 to 12 months. This is done through periodic performance reviews, on-the-job observations and dialogue with the team to understand and rectify training gaps.

- **Gamification -** For incentivizing employee learning, our L&D team incorporates the gamification learning technique in programs. This involves the use of key gaming elements in the training approach. Our employees participate in group and individual learning-based tasks that serve as innovative techniques to ensure engagement.

SDG 8: Decent Work and Economic Growth

Target 8.5
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.6
By 2020, substantially reduce the proportion of youth not in employment, education or training

SDG 16: Peace, Justice and Strong Institutions

Target 16.b
Promote and enforce non-discriminatory laws and policies for sustainable development

Prioritizing Employee Welfare

We care about our employees and place utmost emphasis on investing in their well-being and security. Our wide range of benefits demonstrates our commitment towards our employees. These benefits include the employee emergency loan scheme in case of medical emergency or children's wedding, leave policy that includes all purpose leave, national holidays, festivals, birthdays, compensatory off and maternity/adoption leave, employee discounts on food and beverage services and rooms in our hotels, Provident Fund for all employees, payment of Gratuity Scheme and insurance coverage policy that includes a mediclaim policy and a personal accident insurance policy.

CASE STUDY

Traineeship Model for Autism and Intellectual and Developmental Disability (IDD)

We have worked with Autism and Intellectual and Developmental Disability (IDD) i.e. Down Syndrome, Slow Learner, Mild MR for seven years. The marginalization (in society) faced by a person with an intellectual disability is more profound than that of a person with a physical disability. Hence their access to education, skilling and simple everyday activities outside their home, is significantly impaired. Lemon Tree Hotels recognized this and worked on a model whereby such candidates could receive inputs in stages and learn how to engage with the world at large, before being placed in a hotel role.

Traineeship Model

In this case we reversed the 'hire and then train' model used for candidates with physical disabilities to a 'train and then hire' model. We developed an internship model along with our strategic partners i.e. specialist NGOs who work with young adults with Autism (Action for Autism) or IDD (Muskaan). There are three phases in this model:

- **Pre-employment training:** done by the NGO with the trainee, on their premises. This covers basic life skills, self-management, professional skills and vocational skills

- **Internship:** done by Operations, Sustainability and L&D with the NGOs assistance on our premises i.e. at a Lemon Tree hotel. Usually for 6 months

- **Extended learning, where required:** if the intern needs more time to learn all the relevant tasks, we extend the internship for up to a maximum of 1 year

Job Mapping and Role Definition

In the hotel industry there are three kinds of tasks in any operational role:

1. **Skilled:** this involves industry knowledge and learning e.g. recommending what a guest can order for a meal or handling a special garment (for laundry/ironing)

2. **Semi-skilled:** this involves some understanding of details but it is simpler than the first kind e.g. setting up and maintaining the floor trolley on guest floors or setting up and re-filling the buffet in the coffee shop

3. **Unskilled:** these are simple, repetitive tasks that do not require knowledge and instead are handled with good hand-eye co-ordination and practice e.g. mopping, dusting, setting up tea/coffee/milk amenities in the room or table setup and water service in the coffee shop

For the IDD and Autism internships we focused on roles where the third and second kind of tasks constituted the entire role. They were then paired with a buddy – either a person without disability or a person with a physical disability who was trained to handle those additional tasks, in addition to their own role. Together, these two employees achieved the desired productivity and the shortfall/gap on account of one employee's intellectual challenge was mitigated.

The next step was to get a detailed job mapping done, separately for Autism and IDD. Both NGOs spent a number of days on our premises to observe the flow of tasks, decision making abilities required, independent tasks vs. team tasks, level of skill/socializing required and so on. They studied three departments i.e. front office (FO), food and beverage service (F&B (S))

and housekeeping (HK), both front-of-the-house and back-of-the-house.

The outcome

- **The best fit for Autism is HK –** the Room Boy role (on guest floors). This role mostly requires independent work with a little shared work done with the buddy. It is within a dynamic space (moving from room to room and floor to floor) so the supervisor does timed rounds on each floor in order to address any doubts. Most of the tasks of a Room Boy are predictable and do not change. This is very comforting for a person who is Autistic as they like predictability in their daily life. It was for

this reason that we did not map them to public area cleaning or back-of-the-house cleaning as things are dynamic there

- **The best fit for IDD is F&B (S). This role requires teamwork and is done within a defined space** – the coffee shop and the kitchen – so they can be supervised from a distance by a supervisor/manager, especially when they face a challenge or an unusual situation. A person with IDD can work well with clearly defined tasks by following Standard Operating Procedures (SOPs) and they like the simplicity and predictability of these tasks. They also like to try new things, are

flexible to a degree and enjoy socializing.

These traineeships have yielded ~50 employees with either Autism or IDD across certain hotels and has been made possible through 14-15 traineeship batches. Feedback from guests and team members is very positive and encouraging. They feel these employees are full of energy and enthusiasm and want to make sure they do the job very well. In many ways they are perfectionists.

Once we get past the pandemic we will roll-out more traineeships immediately and grow the size of this initiative.

SDG 8: Decent Work and Economic Growth

Target 8.4
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

SDG 10: Reduced Inequalities

Target 10.2
By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Driving Social Change through Skilling of Youth

Our apprenticeship programs are driving social change by reducing youth unemployment and improving workforce productivity. We regularly hire apprentices who work for 18 months across different hotel departments at Lemon Tree. They receive high-quality training on various aspects of our business which enhances their ability to seek meaningful employment opportunities upon completion of their tenure. Our apprentices are able to understand operational nuances, hone their skills and demonstrate to future employer their strong customer orientation and the potential to generate higher economic value.

EMPLOYEE HEALTH AND WELL-BEING

The physical, emotional and psychological well-being of employees is a function of how they perceive the organizational culture. We build a workplace that is safe, equitable and conducive for employees to thrive.

It is our endeavor to maintain a safe and accident-free working environment for our employees. Our Occupational Health and Safety (OHS) initiatives include extensive workplace safety training programs centered around fire safety as well as onsite engineering. To provide operational guidance to our personnel, we have developed a set of standard operating procedures (SOPs) for emergency situations such as fire evacuation, terror activities, onsite accidents, on site medical emergencies, first aid and more. In order to promote well-being, we also organize employee health camps at our hotels.

We are in the process of strengthening our existing processes by incorporating key new elements of OHS and employee well-being, thereby enhancing our safety performance across our hotels. Going forward, we will also lay greater emphasis on enhancing the mental well-being of our employees.

Our Focus Areas

- Occupational Health
- Personal Well-being
- Process Safety

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8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Decent Work and Economic Growth

Target 8.8
Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment.

Responding to COVID-19: Lemon Tree Cares

Given the customer-facing nature of our industry, we faced a unique challenge in maintaining the safety of our workforce during the pandemic alongside executing our 24X7 business operations. During these challenging times, adopting a compassionate and empathic approach towards our employees was our topmost priority. Under the umbrella of the 'Lemon Tree Cares' initiative, we introduced several welfare initiatives for our employees and their families*

(*See 'Responding to COVID-19' section for details)

Lemon Tree Hotels has undertaken several initiatives for promoting employee well-being:

- Training employees on first aid
- Conducting health checkups in partnerships with hospitals
- Blood donation camps
- Dental hygiene camps

During FY21, ZERO health and safety related incidents were reported at our under-construction sites

(Lemon Tree Resort, Shimla and Aurika, MIAL, Mumbai)

DIVERSITY AND INCLUSION

Lemon Tree is deeply committed towards promoting diversity and gender equality within the organization, which in turn helps us cater to often neglected talent pools. We are an equal opportunity employer and place utmost emphasis on building a diverse, safe and inclusive work environment.

Diversity at the workplace revolves around appreciating individual differences along with enabling every employee to reach their true potential. It plays a crucial role in bringing unique ideas to the forefront, fostering innovation and strengthening employee satisfaction. By instilling this mindset, Lemon Tree has been consistently working towards building an inclusive workplace wherein everyone, irrespective of who they are and where they come from, can work collectively towards shared goals.

We recognize that equitable employment generation is the key to accelerating sustainable socio-economic development of the nation. We have been working diligently in the domain of diversity and inclusion by hiring ODIs (Opportunity Deprived Indians) i.e. citizens who do not have access to opportunities to grow and prosper in life. ODIs include Employees with Disability (EwD) and the Economically/ Socially marginalized segment (EcoSoc). Through our hiring practices and initiatives, our goal is to mainstream ODIs into our workforce, thereby empowering them to lead their lives with dignity.

Through our diversity and inclusion practices we contribute towards the following SDGs:

SDG 5: Gender Equality

Target 5.5
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life

SDG 8: Decent Work and Economic Growth

Target 8.5
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

LTH aims to increase ODIs in its workforce to 30% by FY26

LTH currently has 14.5% of ODIs in its workforce*

(*Owned/Leased Hotels only)`

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We are proud to be an equal opportunity employer and we maintain a 1:1 pay ratio for male and female employees at all levels.

98% of our senior management and 50% of the employees are hired from local community

Employees with Disability (EwD)

Lemon Tree began its journey of hiring employees with special needs in 2007. Over the years, we have been strongly committed towards hiring individuals with special needs and creating an accessible and growth-oriented work environment for them. This includes individuals with:

- **Physical disabilities:** Speech and Hearing Impaired (SHI), Orthopedically Handicapped (OH), Acid Survivors, Low Vision and

- **Intellectual and Developmental Disability (IDD):** Down Syndrome, Slow Learner, Mild MR, IDD and Autism
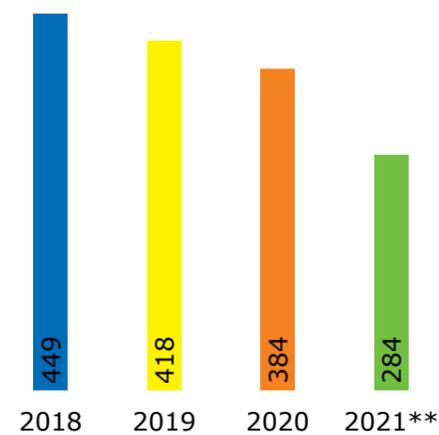
Across all our hotels, we have a significant presence of SHIs, followed by OH. Through our strategic partnerships with NGOs that focus on training of individuals with Intellectual and Developmental needs, we plan to continuously enhance and expand our traineeship model.
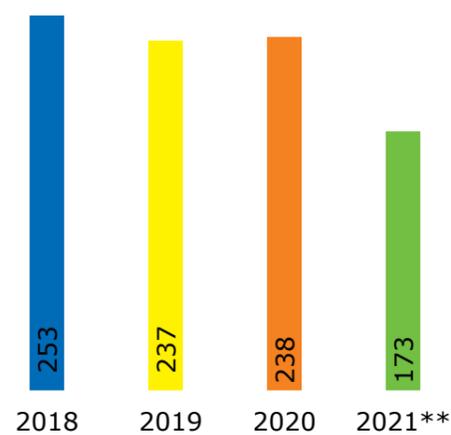
Economically/Socially marginalized segment (EcoSoc)

We have focused on hiring people who belong to socially and economically weaker sections of society since 2016. This includes individuals who fall below the poverty line, widowed or destitute women, orphans/abandoned girls, transgender persons and those from select states that rank low on education and employment opportunities. By generating employment for these people, we effectively contribute towards poverty alleviation and social justice.

Number of EwD Employees*

2018	2019	2020	2021**
449	418	384	284

Number of EcoSoc Employees*

2018	2019	2020	2021**
253	237	238	173

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

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Mainstreaming Opportunity Deprived Indians (ODIs)

APPROACH

In the memorable words of Mahatma Gandhi, "True development puts first those that society puts last." In line with this ideology, Lemon Tree believes that the brand should stand for more than 'just profit'. Over the past fourteen years, we have created a socially inclusive work environment which seeks to bring in people from neglected/non-traditional talent pools comprising different backgrounds, abilities and ethnicities to offer them work as part of a highly engaged team, working towards a common goal. We believe that persons with disabilities (which can be physical, social or economic disabilities leading to an opportunity deprivation) must be provided the same opportunities as others to realize their full potential and live with dignity. By creating a supportive environment in the organization that allows them to deliver their best and redefining roles where required to make their disability irrelevant, we are able to play a part, however small, in social inclusiveness, opportunity/livelihood creation and therefore nation building.

Definitions

We have defined the goal as mainstreaming 'Opportunity Deprived Indians' i.e. ODIs into the workforce. ODIs include:

Employees with Disability (EwD):

Physical Disability
- Speech and Hearing Impaired (SHI)
- Orthopedically Handicapped (OH)
- Acid Survivors (AS)
- Going forward, also Visually Impaired (VI), Low Vision (LV)

Intellectual Disability
- Down Syndrome
- Autism

People from Economically/Socially (EcoSoc) Marginalized segments:
- Below Poverty Line (BPL) individuals
- Widowed or abandoned/battered/destitute/divorced women
- Orphans/abandoned girls
- Transgender
- Individuals from economically weak families
- Communities who do not get education and employment opportunities easily i.e. North Eastern States, Bihar, Jharkhand, Chhattisgarh, Orissa, tribal/interior areas of any state, etc.

For any of the above segments (except #2), we consider those who have dropped out of school prior to graduating Class 10.

Implementation

In the past 14 years, over 2500 ODIs have trained at our company/continue to work with us. Today 14.30% of the employee base of owned/leased hotels are ODIs.

We have developed an inclusion model which comprises seven pillars. This maps our journey and the manner in which we have visualized and implemented our inclusion strategy. Briefly:

1. **Defined Vision:** the inclusion vision comes from the very top of our company and has been cascaded to the leadership team from the beginning. Today it is part of our culture and is embedded in our DNA

2. **Dedicated Resources:** the initiative is driven at a senior level by two key resources – head of Sustainability and head of HR. They define the approach, set the scope of pilots/experiments and work closely with Operations and L&D to implement the program

3. **Sensitization:** to cascade this strategy to all our employees it is imperative that we sensitize them regarding why Lemon Tree believes in inclusion, what is the business sense in doing so and how can an employee work with/guide/train a person with disability (done for each individual disability type)

4. **Job Mapping:** is an elaborate process of observing and mapping each task of a Lemon Tree role e.g. Guest Service Associate in the coffee shop, w.r.t. each disability type. The goal is to redefine roles such that the disability becomes irrelevant. We take the support of our partner NGOs to conduct such studies and do job mapping

5. **Partner and Collaborate:** building inclusion in the company requires expertise across disability types, training techniques for people with special needs, engagement with the family of the ODI employee and more. We have built an extensive partnership program with NGOs/training organizations to support this

6. **Training and Review:** for each new disability type, we start by conducting a pilot/traineeship which is run for 3-6 months or more. Each stage of the pilot is monitored, reviewed and course correction implemented, as required

7. **Scale up Hiring:** for us to be an equal opportunity employer, each of the above pilots then becomes a national policy and hiring is scaled up across the group

Our goal is to take our ODI percentage up to 30% by FY26, as a group, and this will entail the three aspects below. As the pandemic comes to a close and the hotel industry slowly returns to normalcy we will move forward and focus on:

1. Restarting recruitment, including ODIs and build back to pre-COVID numbers
2. Add more ODIs to the roles and for the disability types we have already job mapped
3. Conduct further job mapping for new roles (for existing disabilities) and for new disability types like special learning disability (ADHD, Dyslexia and more), intellectual disabilities like cerebral palsy and others

Lemon Tree Hotels: Seven Pillar Inclusion Model

Defined Vision for Inclusion Strategy

Dedicated Resources

Sensitization

Job Mapping

Partner and Collaborate

Training and Review

Scale up Hiring

Knowledge Sharing with Industry in India and Abroad

In India, the last decade has seen a growing awareness of inclusion and diversity and why it makes business sense to industry. Organizations are able to see the benefits of widening the talent pool and the impact it has on engagement amongst employees. Reduced attrition numbers are also a welcome outcome of building diverse teams especially with differently abled team members. There is however still a gap in the understanding of how to go about building diversity and what the essential steps an organization should take to become truly inclusive.

Through the past fourteen years, as Lemon Tree has built its understanding and knowledge of skilling and mainstreaming ODIs, a number of companies have connected with us to understand how the initiative works. They are looking to understand the ideal process to follow to successfully hire persons with disability in their organization. Lemon Tree has welcomed such interest and our leadership team has been happy to share ideas and best practices.

On numerous occasions our Chairman and Managing Director has addressed large forums of industry leaders, emerging leaders and students - simultaneously talking to select groups of managers at MNCs and at large Indian business houses. The dialogue is usually around his strategic vision behind making inclusion an HR strategy at Lemon Tree Hotels and the best way to go about it. Also, in his role of (hitherto) Chairman of the Skill Council of Persons With Disability – a skill council under the aegis of the National Skill Development Council – he has advocated inclusion to the fullest degree and has had strategic dialogues with members of industry and Governments.

Similarly, several interactions have been done by our Vice President-Sustainability. Initiatives with companies from various sectors including hospitality, retail, ecommerce, IT/ITES, BFSI, pharma, manufacturing, education and skilling, etc. These are typically large global companies with operations in India as well as well-established Indian business houses. The knowledge sharing has cut across a basic understanding on why an organization should go for inclusion, what the business benefits of diversity are to an in-depth view and dialogue around the seven-pillar model

developed by Lemon Tree Hotels. Some of these companies have done 2-3 rounds of discussions including a familiarization visit at a Lemon Tree hotel to observe how diversity works on the ground and we have also provided assistance with job mapping (at the premises of that company to keep it relevant to their business). A few of these companies have come full circle and have gone ahead and started hiring persons with disability.

Another powerful aspect of our knowledge sharing has been the engagement we have had with organizations across the world. These include:

1. In Glasgow, Scotland with a university under the UK India Educational Research Initiative

2. In Singapore with a leading hotel chain and a large regional player in banking

3. In Switzerland with the International Labor Organization (ILO)

4. Globally, with the World Travel and Tourism Council (WTTC)

The engagement in Glasgow has been ongoing since 2016. There have been teams of people traveling each year from India to Scotland (including the Lemon Tree team) and vice versa. The focus has been on training and hiring people with

Down Syndrome. Through the university, Lemon Tree Hotels has interacted with a number of companies in Scotland at an industry meet as well as one-on-one meetings. We have also regularly met the First Minister and Deputy First Minister of Scotland at their office, at a conference and in the case of the latter at a familiarization visit to our hotel in New Delhi.

The Singapore interaction has taken place over two years and culminated in a visit by each team (to the other country) for best practice sharing and understanding of industry practice. Lemon Tree Hotels was asked to be the Keynote Speaker in Singapore at an HR leaders conference, which cut across multiple industries.

The ILO dialogue was a round table discussion about the requirements of sensitization, training, awareness building around hiring persons with disability (PwD) as well as the process of skilling PwD employees.

The WTTC interaction was at an annual event wherein Lemon Tree Hotels was able to share best practices and won the Tourism For Tomorrow Award for its people practices.

This extensive interaction with both industry and academia in India and across the world has helped further establish Lemon Tree Hotels as a leader in the space of inclusion and hiring of PwD.

SDG 8: Decent Work and Economic Growth

Target 8.5:
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.6:
By 2020, substantially reduce the proportion of youth not in employment, education or training.

SDG 10: Reduced Inequalities

Target 10.2:
By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

CUSTOMER SATISFACTION

Customers are the source of our revenue as well as the means to build recognition of our brand. Our priority while serving our guests, is to respond to their needs with a high-quality product and service, made available at the ideal price. Through our customer engagement initiatives and exciting loyalty program we strive to create memorable guest experiences... and become the preferred choice for our customers.

Lemon Tree strives to nurture long lasting relationships with guests by curating customized offerings and memorable experiences.

Our customer centric approach due to the consistent efforts of our team has enabled the growth of our business over the years. Several online travel platforms have recognized our efforts and have been rewarding us for our customer focused approach and effective corporate governance practices.

In order to suitably incorporate the viewpoint of our guests, we actively engage with them and review their feedback from different channels both offline and online, proprietary and 3rd party on an ongoing basis. We ensure that we address any concerns through a well-defined response mechanism. Through this mechanism we work in an effective and timely manner towards recording customer concerns and incidents of non-compliance with regards to our brand standards.

Transforming the way we operate

As our industry evolves, we recognize that digital transformation can help us reconnect and effectively engage with our customers. In the coming year, we will embark upon our digital transformation journey, with the aim of leveraging data analytics and tools to address evolving customer needs. Furthermore, this journey will be complemented with an updated data privacy policy to safeguard our guests' privacy as per global standards. These dynamic changes in our operations will enable us to provide seamless customer experiences to all our guests.

On an average our guests rated us 94.6% on "overall satisfaction" from our services

On an 94.11% average our guests said that they would "return" for our services.

Approximately 27% of our guests seek our services on a regular basis and are categorized as 'repeat guests'.

	FY19	FY20	FY21**
Long Stay Guests %* (5 nights+)	5.55%	5.78%	8.51%
Repeat Guest %*	27.48%	27.13%	26.64%

* owned/leased hotels only
** FY21 may not be comparable as a number of hotels were closed for a large part of the year, due to the pandemic

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Through our initiatives we contribute towards the following SDGs.

SDG 12: Responsible Consumption and Production

Target 12.8
By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

SDG 16: Peace, Justice and Strong Institution

Target 16.10
Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

CASE STUDY

Digital Transformation

With the rapid acceleration and adoption of digital technologies, it is imperative for organizations to restructure their existing operating models. Lemon Tree Hotels is in the process of digitally transforming its business model/operations to better manage/improve complexity of growth/scale (in both room supply and customer acquisition/loyalty), costs/efficiencies, internal/external customer experiences and risk management/mitigation.

Given our reach across different customer segments and the scale of our operations, our digital transformation strategy will play a critical role in pivoting Lemon Tree Hotels to a resilient and future-ready enterprise that can thrive in the face of complexities and growing macro/micro uncertainties.

At present we are in the process of assessing our existing digital capabilities and identifying gaps, engaging with key stakeholders and aligning our digital aspirations with Lemon Tree's strategic objectives to build a holistic and comprehensive digital strategy and roadmap. The core elements of our digital strategy would include:

- Ensuring that active data is future oriented i.e. analytical decision making

- Comprehensive digitalization of our operational functions

As a part of our digital transformation strategy, we are keen to develop an integrated business intelligence platform that can seamlessly incorporate
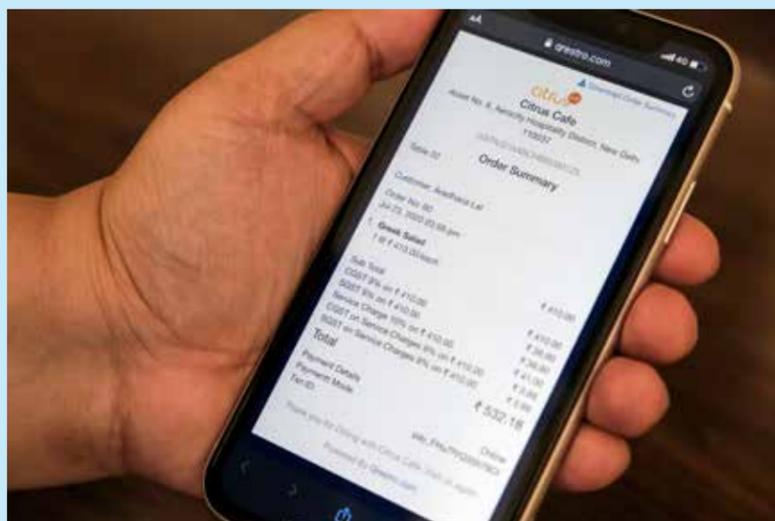
data from multiple sources and give us a 360-degree view of our business, our customers and our operations. This will align with our long-term goal to transition to an asset light company enabling us to monetize our brands, network and capabilities and thereby enhancing our business agility and sustainability.

As we begin this journey, we recognize that our digital transformation journey will not be an independent activity but will bring about a larger cultural and behavioral shift within the company and redefine the way in which we operate as a business. We are also confident that this will help us set new benchmarks for the mid-market hotel customers of the future.

Valuing our Customers

To ensure that our guests feel valued, we have designed an engaging loyalty programme, Lemon Tree Smiles' which makes them an active part of our brand's journey. We have over 1.2 million guests with whom we actively engage. We offer a wide range of rewards to our members such as reward points, best rates and discounts, surprise check-in offers, vouchers, white goods, easy redemptions, dedicated help desk, among other others. This helps us to go beyond usual customer expectations and ensure a rewarding experience for them.

Our Resilience in COVID times

As a responsible hotel company, we responded swiftly to the COVID-19 crisis by converting select hotels into COVID care and quarantine centers in collaboration with key stakeholders such as government departments and private hospitals.

To strengthen the safety of our hotels, we launched our sanitization initiative 'Rest Assured' in partnership with Diversey, a global leader in the domain of cleaning and hygiene products. Under this initiative, we deployed specialized disinfection chemicals, operating checklists, training support and other materials in collaboration with Diversey for mandating the highest levels of safety and hygiene across all Lemon Tree Hotels. Another key component of 'Rest Assured' is our robust set of house rules and measures that are to be adopted by our team members and guests across all properties.

Through our adaptive and resilient approach, we were able to respond to urgent community needs in a timely manner.

During FY21, to ensure the safety of our guests while honoring the nation-wide travel restrictions, we introduced, **Trippin with Lemon Tree** in partnership with Evo India. Under this initiative, we are enabling small travel groups to go on invigorating road trips across the country, while experiencing our hospitality in a unique and safe manner.

Lemon Tree encouraged guests to experience travel in the 'new normal' by inculcating a sense of safety in traveling by road (and staying at our hotels that had implemented the Rest Assured sanitization program). We also asked them to support local businesses, while traveling.

COMMITMENT TO HUMAN RIGHTS AND RESPONSIBLE SOURCING

Lemon Tree proactively works towards providing services in a socially ethical and sustainable manner. Respecting human rights within our operations, as well as in our supply chain is core to our philosophy.

Upholding Human Rights

We respect human rights followed globally including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labor Organization (ILO) Core Conventions on Labor

We are a responsible employer and do not engage any child labor and/or forced labor across our operations. We recognize construction sites to be a human rights violation risk hotspot and actively engage with our contractors to prevent human rights violation of any kind. As an organization we do not tolerate abuse and/or exploitation of any kind.

Standards and have built our organizational culture accordingly. These practices help us operate in an ethical manner and safeguard the interests of all our stakeholders.

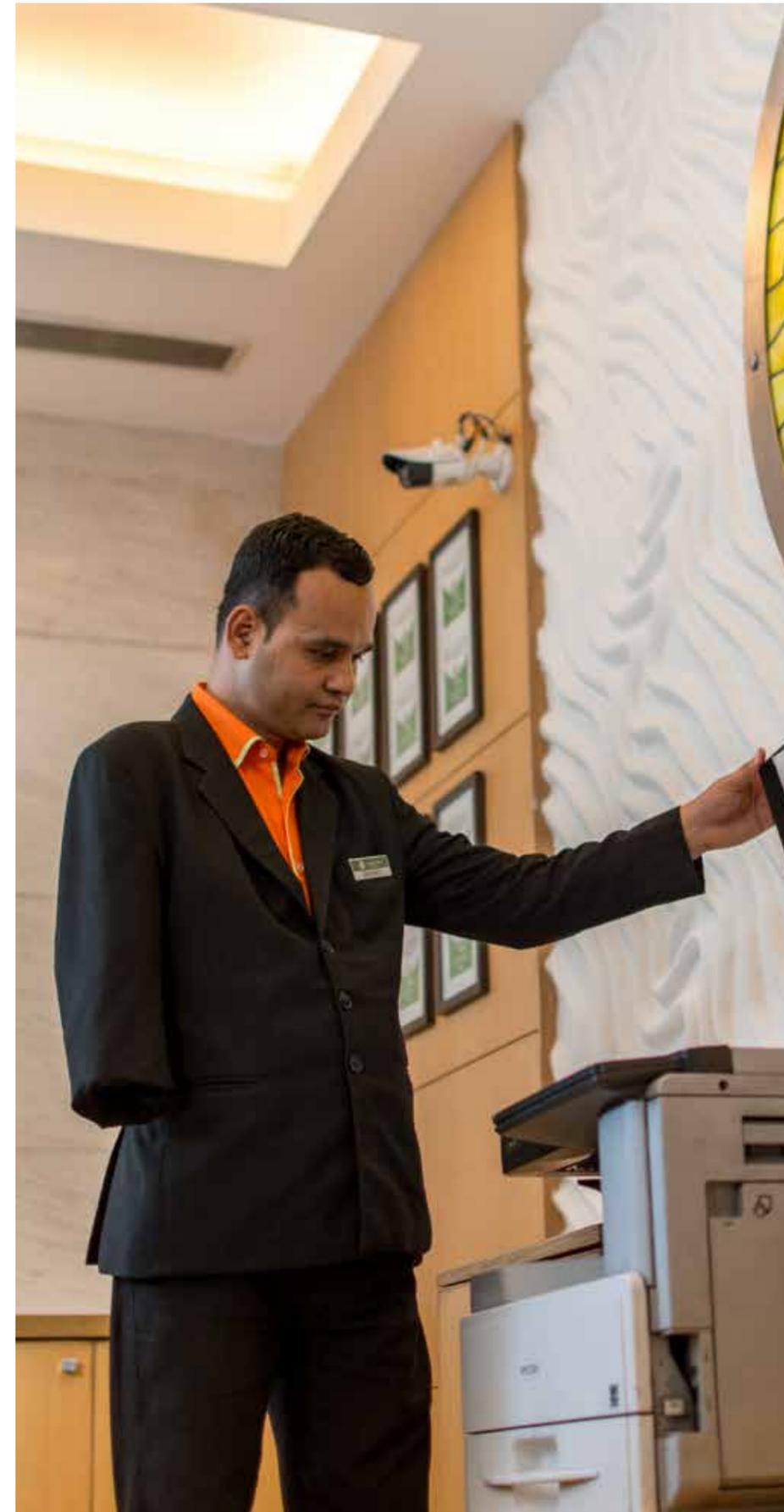**Through our initiatives we contribute towards the following SDGs.**

SDG 8: Decent Work and Economic Growth

Target 8.7
Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

Target 8.8:
Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Responsible Sourcing

Responsible supply chain management is a key element of any business through which social and environmental considerations are embedded within sourcing practices.

Lemon Tree's supplier relationships are built on the pillars of ethics, transparency and accountability. As a part of our responsible sourcing efforts, we aim to actively encourage our local and national suppliers to ensure prohibition of child labor, decent working conditions, fair wages, process safety and reduction of adverse environmental impact.

We are working towards developing a Code of Conduct for our suppliers in alignment with Lemon Tree's Code of Conduct. Going forward, we will undertake periodic evaluations of compliance by suppliers to build a responsible supply chain. This will all allow us to address relevant ESG related concerns across our supply chain, both at local and national levels and ensure that we procure in a sustainable manner.

Through our initiatives we contribute towards the following SDGs.

SDG 12: Responsible Production and Consumption

Target 12.7
Promote public procurement practices that are sustainable, in accordance with national policies and priorities

WORKING WITH OUR COMMUNITIES

Lemon Tree views Corporate Social Responsibility (CSR) as a powerful tool for accelerating integrated and inclusive development. We have always prioritized the well-being of our local communities and supported building their resilience.

As a socially responsible organization, we strongly believe in giving back to society and enabling shared value creation. We undertake strategic CSR interventions that are centered around addressing crucial development needs of unprivileged and marginalized communities, thereby improving the quality of their lives. Lemon Tree CSR efforts are not standalone in nature, rather they are closely linked with our business goals and activities, which in turn enables us to create a positive impact for our target beneficiary groups.

We believe in engaging with local communities to pursue shared goals and objectives. We collaborate with select NGOs to train and upskill youth with special needs with the objective of improving their employability. These NGO partners typically have an experience of over 2 decades of supporting communities. They have an impact creation history through their work with people with special needs, sensitization of communities and helping these people realize their full potential through skill development.

In order to respond to local needs, our employees are encouraged to collaborate

with old age homes, orphanages, Cheshire homes and more.

Being an environmentally and socially responsible organization, we frequently undertake tree plantation and cleanliness drives in areas surrounding our hotels.

We believe we have an opportunity and a responsibility, to use our knowledge and our capabilities to help address some of the world's most pressing challenges. Leveraging our existing partnerships allows us to address societal issues that we deeply care about. While remaining responsive to the ever-changing needs of society, we continue to invest in our communities to generate opportunities and create sustainable solutions. In the coming years, we intend to further empower our communities by adopting an integrated approach to enhance societal value for all.

IN FY21, THE CSR EXPENDITURE OF LEMON TREE STANDS AT RS. 93 LAKHS.

OUR NGO PARTNERS

- Action for Ability Development and Inclusion (AADI)
- Sai Swayam Society
- Sarthak Educational Trust
- Muskaan NGO
- Action for Autism
- Aasra Trust
- Noida Deaf Society

Through CSR Programmes we aim to contribute to the following SDGs:

SDG 4: Quality Education

Target 4.4
By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

SDG 8: Decent Work and Economic Growth

Target 8.5
By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Target 8.6
By 2020, substantially reduce the proportion of youth not in employment, education, or training.

POOCH POLICY

Like the fruit they are named after, Lemon Tree Hotels are fresh, cool and sparkling with zest. They are geared towards offering our guests a 'refreshingly different' experience. An endearing element of our brand is the Pooch (K9) Policy.

Most of our hotels adopt at least one dog who stay on-site and perform specific roles, some of which are self-defined and inscrutable. For example, some popular roles are Top Dog, Guest Protection Services; K9 Security Squad; EA to a more senior pooch; and Wellness Associate. Our dogs are always street dogs who are in need of a good home. Typically, we adopt them as pups of the street, inoculate them and then retain them as residents of the hotel. Our employees and often guests too, look forward to engaging with our dogs. All members of our pooch squad also function as brand ambassadors for their hotel.

OUR ACCOMPLISHMENTS

2021 Travellers' Choice Tripadvisor
IN FY21

37 out of 40*

OWNED/LEASED HOTELS AWARDED THE **TRAVELERS' CHOICE AWARD BY TRIPADVISOR:** AURIKA (1); LEMON TREE PREMIER (9); LEMON TREE HOTELS (15); RED FOX HOTELS (7); KEYS SELECT (5)

*eligible for FY21

As a group (including managed hotels) 68 out of 79* hotels were awarded the **Travelers' Choice Award by Tripadvisor.** This award is presented to recognize hotels and hotel groups that earn consistently great traveler reviews. Approximately 10% of businesses listed on Tripadvisor receive a Travelers' Choice award.

Lemon Tree Premier, Corbett, a managed hotel, also won **Best of the Best, putting it in the top 1% of all hotels worldwide.**

Investing in People Award, Tourism for Tomorrow Awards
2019

Boldness in Business Award for Corporate Responsibility/ Environment
2018

Green Champion Award
2018

Gold Certification (6 hotels)
2018

Great Place To Work
12th Best Large Workplaces in Asia
2018

Great Place To Work
4th Best Company in India
2017

Role Model Company 2017 and 2012, NCPEDP Hellen Keller Award
2017

wtm responsible tourism
World Responsible Tourism Award
2016

Asian Human Capital Award
2015
Innovative and Impactful People Practices, Ministry of Manpower (Singapore) and Human Capital Leadership Institute

Exemplary Practice Award
2014
for hiring People with Disabilities, Cornell University

Best Employer – National Award
2016 & 2011
Outstanding Work in the Creation of a Barrier-free Environment for Persons with Disabilities, 2012, Ministry of Social Justice and Empowerment, Government of India

Other Accomplishments**

- Best Differently Abled Friendly Hotel, FICCI Travel and Tourism Excellence Awards 2019

- Best 3-star Hotel, FICCI Travel and Tourism Excellence Awards 2019

- Purpose-Led Brand Award 2019, BW Pure Award

- IT Excellence Award, The Indian Express

- Best Responsive Company Award 2019: Schneider Electric

- Corporate Excellence Awards for Best CSR Practices 2019, Amity School of Science and Technology

- 47 hotels out of 55 operating hotels (over 1 year) awarded TripAdvisor's Certificate of Excellence 2019

- Best 3 Star Hotel Award Category, National Tourism Award 2016-17

- Leadership Awards for Business Excellence by Leveraging IT 2018, Amity School of Science and Technology

- Best Loyalty Program in Services Sector 2018, Customer Loyalty Awards

- 26 hotels out of 41 operating hotels (over 1 year old) awarded TripAdvisor's Certificate of Excellence 2018

- #19 Best Company in Asia 2017, Great Places to Work Institute

- Among the best in the industry – Hotels and Resorts 2017, Great Places to Work Institute

- Among the best in the Special Category – Employer Branding 2017; Utilizing Analytics to Drive Great Place to Work Initiative 2017, Great Places to Work Institute

- Model Employer for Persons with Disabilities 2017, Dr. Anji Reddy Memorial Award

- Gold Winner - 'Best Accommodation for Responsible Employment' category' 2016, WTM®, London

- Excellence in Diversity and Inclusion 2016, HR Innovation Award

- Equal Opportunity Employer 2016, BW Hotelier Editor's Choice Award

- Sustainable Communities 2015, HICAP Sustainable Hotel Award

- Corporate (responsible business) for creating visual aids with sign language for differently abled employees 2015, NASSCOM Award

- Equal Opportunity Employer 2015, BW Hotelier HR Excellence Award

- Equal Opportunity Award 2014, Nipman Foundation

- Empowerment/CSR (Corporate Social Responsibility) 2013, AajTak Care Awards

**All owned/leased/managed hotels included

SENIOR LEADERSHIP AND ESG TASKFORCE

Patanjali Govind Keswani
Chairman & Managing Director
Patanjali is a B. Tech. in Electrical Engineering from IIT Delhi and holds a Post Graduate Diploma Degree in Management from IIM Kolkata. He was presented the Distinguished Alumni Award by IIT Delhi in 2011 and by IIM Kolkata in 2012. Patanjali worked for 17 years in the Tata Administrative Services, including as the Senior Vice President – Special Projects. Subsequently he has also worked with A.T. Kearney Limited, as an Associate Consultant and Director in their India Office.

Rattan Keswani
Deputy Managing Director
An alumnus of the Oberoi School of Hotel Management, Rattan started his career with The Oberoi Hotels, Mumbai. A hotelier for over 30 years, he was President of Trident Hotels of the Oberoi Group, prior to joining Lemon Tree Hotels. A highly respected figure in the Indian hotel industry, Rattan brings to Lemon Tree Hotels several years of experience in managing high performance teams across multiple functions and geographies.

Vikramjit Singh
President
Vikramjit is a Harvard Business School alumni, having completed the Advanced Management Program in 2019. He is a graduate from Shri Ram College of Commerce, University of Delhi and has a Post Graduate Diploma in Hotel Management and Administration from the Taj Group of Hotels. With over 22 years of experience, Vikramjit has played a leadership role at Lemon Tree Hotels with a special focus on revenue/sales and hotel operations. Vikramjit drives the efficient running of hotels along with the core Operations team. Before being appointed as President, he was the Chief Sales Officer of the company.

Jagdish Kumar Chawla
Executive Vice President - Projects & Engineering
JK holds a Diploma Degree in electrical engineering from Pusa Polytechnic, Delhi and has more than 40 years of experience in the field of engineering, constructions and operations with National Thermal Power Corporation, Bharti Electric Steel Company Limited and Mother Dairy, The Taj Group of Hotels and Lemon Tree Hotels. He is a founding team member at Lemon Tree and leads Project and Engineering Services.

Davander Singh Tomar
Executive Vice President - Corporate Affairs
Davander is a B. Com., M.A. and an L.L.B. from University of Delhi and has 18 years of experience with The Taj Group of Hotels as the Area Security Manager of Taj Palace Hotel, New Delhi. He has over 30 years of experience in the hospitality industry. He is a founding team member at Lemon Tree and leads Corporate Affairs.

Kapil Sharma
Executive Vice President & Chief Finance Officer
Kapil is a B. Com. graduate from University of Delhi and a qualified Chartered Accountant. His last assignment was as Head-Finance and Accounts, Leroy Somer & Controls India Private Limited. Kapil has close to 22 years of experience in the finance and commercial function, and has previously worked with Onida Finance Limited and AFL Limited. At Lemon Tre Hotels, Kapil leads the Finance strategy and implementation plan.

Aradhana Lal
Vice President – Brand, Communications & Sustainability Initiatives
AL is TedX speaker, an MBA from Indian Institute of Management, Ahmedabad and has 27 years of experience in Sales, Marketing, Corporate Communications and Sustainability with The Taj Group of Hotels, Hindustan Unilever and Lemon Tree Hotels. She is a founding team member at Lemon Tree and leads Brand, Communications & Sustainability Initiatives.

Prasad Iyer
Vice President – Digital, eCommerce, Distribution & Rewards
Prasad has an MBA from University of Technology, Sydney, Australia and has 20 years of experience in Digital, eCommerce & eBusiness marketing, Business Development, Supplier Relations and Managing Alliances with Cox & Kings, ClearTrip.com, the Australian Cruise Group, Marriott International, The Taj Group of Hotels and Lemon Tree Hotels. He leads the Digital, eCommerce, Distribution & Rewards along with all the retail business initiatives for the company.

Praveen Agrawal
Associate General Manager – Engineering
Praveen is an Electrical Engineer from Bhopal University and has 25 years in the hospitality sector across The Oberoi, Grand Hyatt, Starwood and Lemon Tree Hotels. Praveen's expertise lies in pre-opening projects/ engineering, property assessment and improvement plan formulation as well as in day-to-day engineering operations. He has specifically focused on environmentally friendly practices including energy conservation, reduction of emissions and carbon footprint through energy efficiency programs, the use of renewable energy and more. Praveen leads Engineering Services at Lemon Tree.

Ishaan Handa
Assistant Manager-Strategic Initiatives, CMD Office
Ishaan is a Young India Fellow and a Finance graduate from HKUST Business School, Hong Kong. He has 4 years of experience in Organization Strategy, Business and Product Planning, Business Development and Investment Banking with Krishi Star, J.P. Morgan Hong Kong and Lemon Tree Hotels. Currently, he co-pilots key Strategic Initiatives and Investor Relations as a part of the CEO's office at Lemon Tree.

Nipun Sehrawat
Manager-Strategic Initiatives, CMD Office
Nipun holds an MBA in Finance and Marketing from Indian Institute of Management, Ranchi and has 4 years of experience in Strategic Planning, Credit Underwriting, Financial Assessment and Stakeholder Management with ICICI Bank, Cadila Pharmaceuticals and Maruti Suzuki. At Lemon Tree Hotels, he takes care of the Investor Relations, Strategy Projects, Business Analysis and Profitability Management and works directly with the CMD.

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103	Management approach disclosure	Environmental Footprint	47-50
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418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	No known significant breaches occurred during the reporting period.	
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419-1	Non-compliance with laws and regulations in the social and economic area	No known significant non-compliances were noted during the reporting period.	

ASSURANCE STATEMENT

Deloitte
Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A-G
CTS No. 185/A, Jay Coach
Western Express Highway
Goregaon (East)
Mumbai – 400063.
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

Independent Limited Assurance Statement on Key Performance Indicators disclosed in the Annual Sustainability Report of Lemon Tree Hotels Limited for the financial year ended March 31, 2021

The Board of Directors of Lemon Tree Hotels Limited

We have been engaged by the Management of Lemon Tree Hotels Limited ("the Company"), to provide a Limited Assurance Statement on Key Performance Indicators ("Sustainability KPIs") described below and disclosed as per the Global Reporting Initiative ("GRI") Standards (herein the "GRI Standards Disclosures") in its Annual Sustainability Report (the "Report") for the year ended March 31, 2021.

Subject Matter

We are required to provide limited assurance on the following Sustainability KPIs, presented in the Report, in accordance with management's basis of preparation for the year ended March 31, 2021 and other relevant records and the GRI Standards Disclosures.

The terms of management's basis of preparation and GRI Standards Disclosures comprise the criteria by which the Sustainability KPIs are to be evaluated for purposes of our limited assurance engagement.

The subject matter includes the following:

Sustainability KPI	GRI Disclosure
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Direct (Scope 1) GHG emissions	305-1
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Regd. Office: One International Centre, Tower 3, 27th-32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013, Maharashtra, India (LLP Identification No.AAB-8737)

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The scope of limited assurance covers the Company's pan-India standalone operations and information pertaining to the period April 1, 2020 to March 31, 2021.

Responsibility of the Management

The Company's management is responsible for the selection, preparation and presentation of the Sustainability KPIs for the year ended March 31, 2021 and year(s) prior to that as disclosed in the Report, in accordance with the criteria mentioned above. This responsibility includes identification, preparation and reporting of Sustainability KPIs in accordance to GRI Standards Disclosures, the identification of stakeholders and stakeholder requirements, material matters and commitments with respect to sustainability performance. The management is also responsible for design, implementation and maintenance of adequate internal controls to facilitate collection, calculation, aggregation and validation of the data, relevant to the Sustainability KPIs and preparation of the Report, that is free from material misstatement, whether due to fraud or error.

Our Independence, Ethical Requirements and Quality Control

Our team comprising multidisciplinary professionals, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability KPIs set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2021, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in accordance with International Standard on Assurance

Engagement 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (herein referred as "ISAE 3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence about whether the Sustainability KPIs are free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of process followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we:

- Interviewed key personnel including senior executives to understand the governance, systems, internal control environment, risk assessment process and information systems during the reporting period, relevant to the Sustainability KPIs set out in the subject matter paragraph;

- Tested data, reviewed records and relevant documentation submitted by the Company, to arrive at the data presented in their Report; and

- Reviewed key systems and processes relating to collation, aggregation, validation and reporting of the Sustainability KPIs on sample basis.

We have relied on the information, documents, records and explanations provided by the Company for the purpose of our review.

Our procedures are restricted to detailed testing of source data for the year ended March 31, 2021 and do not include any such testing for the year ended March 31, 2020 or any years prior to that or the testing of the operating effectiveness of internal controls or review of the Company's financial performance or any other Sustainability KPIs for years prior to and including year ended March 31, 2021.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Sustainability KPIs have been presented, in all material respects, in accordance with management's basis of preparation.

Further, a limited assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

Deloitte
Haskins & Sells LLP

Our Conclusion

The procedures we have performed and the documents and records that were made available to us and the information and explanations provided to us by the Company in connection to the review of the Sustainability KPIs, set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2021, provide an appropriate basis for our conclusion.

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability KPIs set out in the subject matter paragraph for the year ended March 31, 2021, are not presented, in all material respects, in accordance with the management's basis of preparation and GRI Standards Disclosures.

Other Matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report. The maintenance and integrity of the Company's website is the responsibility of its management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information on the website, the Report or our independent assurance report that may have occurred since the initial date of presentation.

Restriction on use and distribution

Our work has been undertaken to enable us to express a limited assurance conclusion on the Sustainability KPI disclosures to the management of the Company in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

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For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

R. Vasudevan
Partner
(Membership No.: 10701)
UDIN Number: 21107013AAAABS2010

</div>

Place: Mumbai
Date: September 28, 2021