

## LEMON TREE HOTELS LTD. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

### Objective

Lemon Tree Hotels Ltd (LTH) is committed to act in an ethical and responsible manner on environmental, social and governance (ESG) aspects recognizing the growing concern of our investors, consumers and all stakeholders. We firmly believe that ESG management is crucial to our long-term growth and profitability. This policy outlines our aim to help us deliver long-term value for our stakeholders, communities and the environment by integrating ESG considerations into our day-to-day business activities.

### Commitments on ESG Aspects

#### Environmental considerations:

- **Energy management** – In line with the global need for energy efficiency and a shift towards renewable energy, it is imperative for us to adopt measures to improve energy consumption. LTH utilizes a two-pronged approach – 1) reduction of energy consumption and 2) improving energy efficiency – towards designing and implementing focused energy management initiatives throughout its operations.<sup>1</sup>
- **Water management** – Most of LTH’s operations are in water stress areas in India posing a risk of water availability and subsequently volatile water prices. We are committed to effectively manage our water use and adopt all possible measures towards ensuring minimal water consumption and zero-discharge from our operations.<sup>1</sup>
- **Waste management** – Waste management is a significant aspect for ensuring sustainability across hotel operations. Our waste management process involves efforts on segregation, measurement, reduction, recycling and certified disposal of waste from our operations.<sup>2</sup>
- **Biodiversity protection** - Considering the hotel industry also works in proximity to/within biodiverse areas, it is important for us to consider assessing the risks and impact to eco-sensitive zones, as well as initiate programs to protect and preserve the biodiversity in areas where we are present.<sup>1</sup>
- **Climate change** – Climate change has become a critical aspect for all businesses and stakeholders to consider. We actively undertake initiatives for climate change mitigation and adaptation such as green buildings, low emission and resource efficient technologies, rainwater harvesting, etc.<sup>3</sup>

---

<sup>1</sup> Read more about our commitments on energy, water management and biodiversity protection in our Environmental Policy.

<sup>2</sup> Read more about our commitment on waste management in our Waste Management Policy.

<sup>3</sup> Read more about our commitment on combating climate change in our Climate Change Policy.

## Social considerations:

- **Talent management and retention** – Employees are pivotal for business continuity of any organization. Therefore, talent management and retention are central to LTH's HR strategy. We ensure opportunities on learning and development and career growth along with fostering a fair environment to thrive in.<sup>4</sup>
- **Diversity and inclusion** - Diversity and inclusion is linked to a responsible corporate culture, improved retention rates and a unique ability to reach target customers. We have focused our efforts on creating a socially inclusive work environment which seeks to employ people of different backgrounds, abilities and ethnicities. We believe that people who are opportunity deprived, whether physically, socially or economically, must be provided the same environment as others to realize their full potential and live their lives with dignity.<sup>5</sup>
- **Human rights** – Respecting, protecting and promoting human rights is at the core of the philosophy and values of LTH. We aim to conduct our operations in a manner that is in alignment with international human rights standards. Our commitment to human rights includes addressing issues that affect our guests, employees, workplace, supply chain and the community.<sup>6</sup>
- **Local community development** – Community engagement can help our business build trust with stakeholders as well as safeguard our social license to operate. We strive to effectively engage with the local community through programs implemented directly or through our NGO and local partners.<sup>7</sup>
- **Sustainable supply chain** – We are committed to improving any potential environmental and social impact across our supply chain. We strive to operate with utmost transparency, ethics and integrity in order to suitably address material supply chain related risks and opportunities.<sup>8</sup>
- **Health, safety and well-being** – this encompasses the health and well-being of both our employees as well as our guests. We are committed to creating a safe environment across our properties for all.<sup>9</sup>
- **Customer satisfaction** – In order for LTH to remain competitive, it is necessary to provide quality services to both attract and retain customers.<sup>10</sup>

---

<sup>4</sup> Our efforts on talent management and retention are supported by our General Service Rules and Regulations (GSRR).

<sup>5</sup> Read more about our commitments on diversity and inclusion in our Diversity and Inclusion Policy.

<sup>6</sup> Read more about our commitments on human rights in our Human Rights Policy.

<sup>7</sup> Read more about our work towards community development in our Corporate Social Responsibility Policy and Social Enterprise Relationships Policy.

<sup>8</sup> Read more about our efforts towards building a sustainable supply chain in our Supplier Code of Conduct.

<sup>9</sup> Read more about our efforts in our Health and Safety Policy.

<sup>10</sup> Read more about our commitments towards our customers in our Customer Satisfaction Policy.

## Governance considerations:

- **Ethics and Transparency** – We ensure that we conduct our business in an ethical and transparent manner.<sup>11</sup>
- **Economic Performance** – We deliver stable economic performance and create long-term value for our stakeholders.
- **Data Privacy** - We implement cybersecurity measures in order to safeguard customer and company data and information.
- **Regulatory Compliance** – We adhere to all regulatory compliances. All our operations comply with the legal, environmental and social requirements as prescribed by regulatory bodies and governing laws.
- **Brand and Reputation** – We strive to uphold our brand values in everything that we do at LTH. The trust of our stakeholders is a reflection of our brand performance. We actively seek their feedback and use their reviews to drive initiatives at LTH.

## Monitoring and Evaluation

Proper documentation and record keeping enables us to keep track of our ESG performance. This also helps us monitor our risk exposure with respect to our material issues and evaluate any opportunities that arise for our business. The process below is followed to effectively monitor and evaluate our performance on material ESG aspects.

- **Target setting:** We have set specific targets to drive our performance on key ESG elements.
  - 15% reduction in energy consumption (intensity based) by FY26 over FY19 baseline
  - 50% share of renewable energy (RE) in the electricity mix by FY26
  - 40% reduction in GHG emissions – Scope 1 and Scope 2 (intensity based) by FY26 over FY19 baseline
  - 10% reduction in water consumption (intensity based) by FY26 over FY19 baseline
  - 100% certified green buildings (hotels) by FY26
  - 30% Opportunity Deprived Indians (ODIs) in the workforce by FY26
  - 15% women across the workforce by FY26

These targets have been set by the ESG taskforce in consultation with the CMD and relevant corporate function heads. The targets have been communicated to all stakeholders through internal communications as well as to the general public through our annual ESG Report.

---

<sup>11</sup> Ethics and transparency is reinforced at LTH through the Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy and Vigil Mechanism.

- **Monitoring:** We have developed templates and processes for maintaining records of data and relevant supporting documents. Record keeping practices are also reviewed periodically through internal audits.
- **Review and Analysis:** the ESG Taskforce and relevant function heads review the data being monitored on an ongoing basis to assess whether or not the performance is in line with the targets. The data analysis informs decision making on areas of improvement and required course corrections.
- **Reporting and Disclosure:** Performance on ESG aspects is disclosed to our stakeholders and the public through the annual ESG report prepared in accordance with the Global Reporting Initiative (GRI) disclosure requirements and Sustainability Accounting Standards Board (SASB) guidelines. We also provide disclosures on our performance through the Global Real Estate Sustainability Benchmark (GRESB) survey.

### **Decision making process**

Senior management is the owner of this policy and responsible for overseeing its implementation across our operations. The ESG team along with the CMD provide strategic direction on all elements of this policy. The ESG team provides internal guidance on ESG aspects and engages with internal and external stakeholders to emphasize the importance of sustainability for our business.

We conducted our first materiality assessment in FY21 and aim to conduct a comprehensive review once every 3 years to identify the emerging ESG issues material to our business. Our efforts are directed towards consistently improving our performance for the identified material ESG topics.

### **Suggestions to this policy**

As we strive to successfully implement our ESG policy, we encourage you to participate in the process. To provide your suggestions or report any concerns on the aspects of this policy, write in to [ESG@lemontreehotels.com](mailto:ESG@lemontreehotels.com).