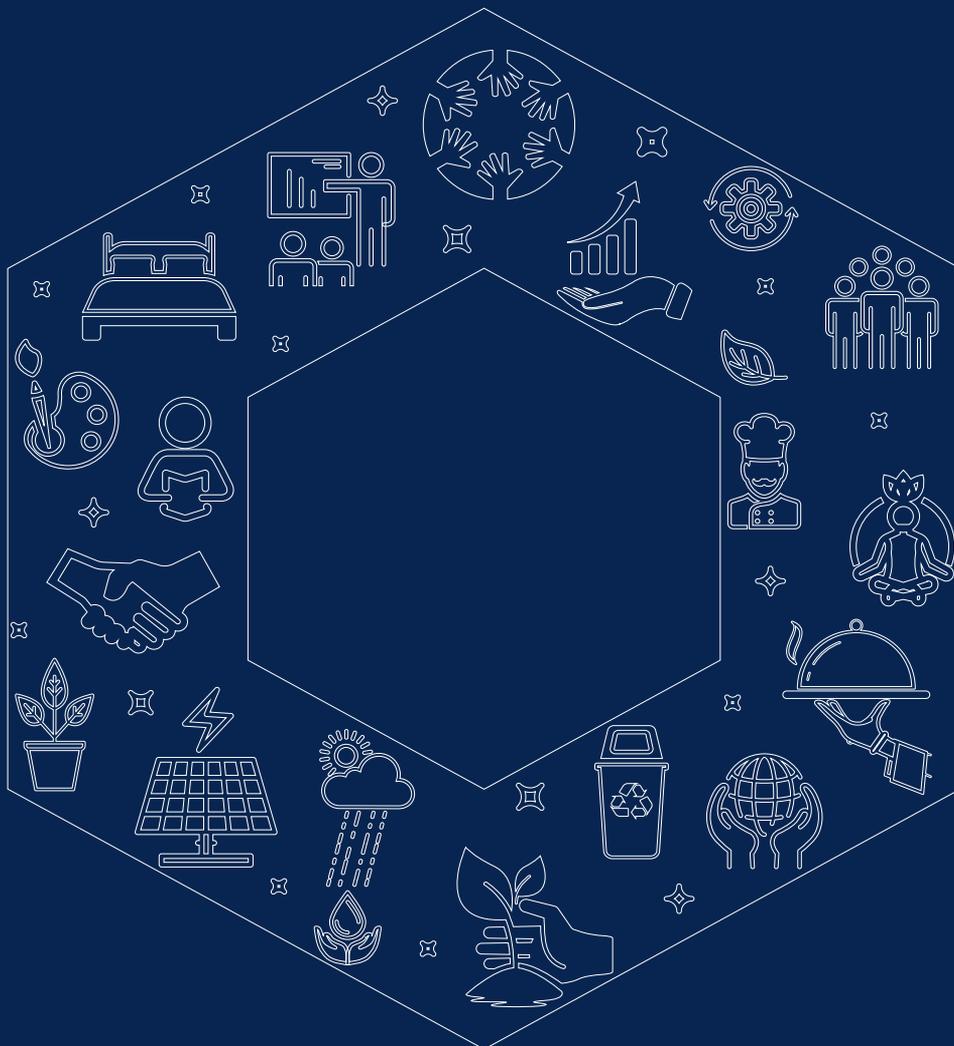


SHAPING OUR COMMON FUTURE

THE INDIAN HOTELS COMPANY LIMITED

CORPORATE SUSTAINABILITY REPORT 2017 - 18



IHCL

The theme chosen for the IHCL Sustainability Report 2017-2018 is 'Shaping our Common Future'. It is derived from the theme of the 150 year celebrations of the Tata Group: 'Potential for the Future in a Global Community'.

The theme describes how we are rooted in our legacy, while also exploring new frontiers in growth and sustainability. The Tata values remain at the core of our operations, and through initiatives across our value chain and in local communities, we aim to share the value we create with all our stakeholders.

We hope that this report encourages each of our employees, partners, community members, and collaborators to work with ever-greater enthusiasm towards shaping a promising common future for our company and the destinations in which we operate.

C O N T E N T S

4	MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER	26	Growth and Scale
		26	i. Management Approach
		26	ii. Performance
7	MESSAGE FROM THE EXECUTIVE VICE PRESIDENT & GLOBAL HEAD–HUMAN RESOURCES	26	Brand and Reputation
		26	i. Management Approach
		27	ii. Performance
9	ABOUT THIS REPORT	28	EMBRACING ENVIRONMENTAL STEWARDSHIP
9	Scope and Boundaries	28	i. Management Approach
9	Changes in Reporting	30	Climate Change, Energy and Emissions
9	External Assurance	30	i. Boundary
10	COMPANY OVERVIEW	30	ii. Methodology
10	About IHCL	30	iii. Performance
10	Brands, Products and Services	33	Water
11	Organizational Presence		i. Performance
12	Workforce	35	Waste
13	Collective Bargaining Agreements	37	DEEPENING SOCIAL ENGAGEMENT
13	Supply Chain	38	Talent Management and Retention
13	Significant Changes to the Organization and Supply Chain	38	i. Management Approach
13	External Initiatives	39	ii. Performance
13	Membership of Associations	42	Safety and Security
15	KEY IMPACTS, RISKS AND OPPORTUNITIES	42	i. Management Approach
16	ETHICS AND GOVERNANCE	44	ii. Performance
16	Values, Principles, Standards and Norms of Behaviour	45	Community Development
16	Mechanisms for Advice and Concerns	45	i. Management Approach
16	Governance Structure	46	ii. Performance
18	STAKEHOLDER ENGAGEMENT	47	ANNEXURE 1: Hotels Covered in the Report
18	Stakeholder Engagement Approach	48	GLOSSARY
18	Our Stakeholders	49	ASSURANCE STATEMENT
20	MATERIALITY	52	GRI CONTENT INDEX
20	Defining Materiality		
21	Our Material Topics		
23	GENERATING ECONOMIC VALUE		
23	Financial Performance		
24	i. Management Approach		
24	ii. Performance		
24	Customer Delight		
24	i. Management Approach		
25	ii. Performance		



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER



We live in an era of transformation today. Our world is changing rapidly with the rise of new technologies, growing environmental concerns and a renewed, collaborative understanding of economic and social value. At the same time, we remain deeply rooted in history, with the great legacy of the 150-year old Tata Group keeping us anchored to our core values of integrity, excellence, unity, responsibility and pioneering spirit.

Puneet Chhatwal

Managing Director & Chief Executive Officer

The theme of this report, ‘Shaping our Common Future’, summarizes our continuing endeavor to create a promising shared future for all our stakeholders. Given our commitment to becoming the most iconic and profitable hospitality company, sustainability is now more critical than ever. This year, we have reviewed IHCL’s material issues to generate an incisive snapshot of our priorities, opportunities and areas for improvement, which are presented in this report.

Our business strategy seeks to maximize stakeholder value over the next 5 years through our Aspiration 2022 plan. By making IHCL the unifying identity under which all our brands operate, the company will engage with customers under one parent identity and maximize value for brand IHCL and its stakeholders. Restructuring to unlock value from efficiencies in scale; Re-engineering to embrace technological advances; and Re-imagining ourselves to address new customer segments will be the keys to growth.

Environmental stewardship is no longer something to feel good about, but a basic precondition for our operations. In 2017, global attention was drawn to what the UN described as the ‘planetary crisis’ of plastic pollution in our oceans; the international drive towards renewables continued to accelerate; and discussions about water security gained prominence across industries. Our stance on phasing out single-use plastic, exploring renewable energy, and strengthening water security are responses to these global concerns. Pursuing excellence in the operation of our facility management systems and procuring local, sustainable materials remain our priorities. We monitor our progress in these areas by continuously measuring our energy and water consumption, GHG emissions and renewable energy adoption.

On the social front, our alignment with the Skill India movement focuses on delivering quality training, offering disadvantaged youth the opportunity to find

employment in the hospitality sector. Integrating social responsibility into our company culture, our associates have supported a range of community organizations and emergency relief efforts through hundreds of volunteering hours. Heritage conservation and community upkeep projects run by our hotels contribute to the well-being of the destinations in which we operate. Tracking the number of youth trained and employed, the amount of volunteering time dedicated by our colleagues, and the achievement of project milestones enables us to quantify the value these projects create for our communities.

Our associates are the core of our business and our most valuable assets. Fostering their growth is the impetus behind our programs for employee development. Industry-leading steps such as including fertility treatments under medical cover, eliminating break shifts and providing day care centers in our hotels are all part of our commitment to employee wellness. Winning the Gallup Great Workplace Award for the 6th time this year has been a recognition of that commitment.

Shaping our Common Future demands that we aim for excellence—in business performance, customer delight, environmental stewardship and social responsibility. Our approach in this context is simplification to concentrate on core priorities, synergy between internal teams and with external collaborators, and scale to multiply positive impacts.

In a constantly changing world, our sustainability goals will certainly evolve as we and our industry grow. However, our commitment to creating shared value for our stakeholders, communities, and planet will remain our steadfast foundation.

Best Regards,
Puneet Chhatwal



P. V. Ramana Murthy
Executive Vice President &
Global Head-Human Resources

MESSAGE FROM THE EXECUTIVE VICE PRESIDENT & GLOBAL HEAD—HUMAN RESOURCES

Dear Stakeholders,

I am delighted to present to you IHCL's sustainability priorities and performance for the year 2017-18. This report, one of the first in the Indian hospitality sector that meets the rigorous new GRI Standards, reaffirms our commitment to transparency. The aim of shaping our common future is the basis of all our undertakings towards environmental stewardship, social responsibility and business performance.

We are happy to share our achievements in several areas such as maximizing renewable energy, developing skills in local communities, and initiatives for employee well-being. At the same time, we acknowledge that we have opportunities to strengthen our performance in certain indicators. The process of reporting has helped us reflect on where we stand today, and on the steps that will take us forward into a shared future of sustainable growth for all our stakeholders.

During our break from reporting in the last two years, we have strengthened our systems for collecting data and measuring performance—an effort that will continue in the coming months. Therefore, this report highlights areas where methodologies have been updated and data analyses refined. Starting with the 60 hotels covered in this disclosure, we plan to roll out robust measurement systems and extend reporting coverage to the entire business as we go ahead.

Through this report, which also serves as our 'Communication on Progress' (COP), we continue our commitment to the United Nations Global Compact. Our support to the SDGs, specifically Goal 8 (Decent work and economic growth) and Goal 12 (Responsible consumption and production) places our environmental and social programmes within the larger global context and sustainability agenda.

Collaborations with our partners have been invaluable in our sustainability journey. Various NGO and industry partners have been committed participants in our efforts to improve environmental performance and create positive social impact. The dedication of our employee volunteers, our associates' enthusiasm to collaborate across verticals, and the support of senior leadership have been instrumental in our progress. I extend my thanks to each one of them.

As we step forward into an era of unprecedented global challenges and countless opportunities, we are proud of our rich legacy as part of the 150-year old Tata Group. With this legacy comes responsibility as caretakers of our planet and contributors to building our society. This report summarizes our efforts to fulfil these responsibilities and our vision for the next stage of our journey.



ABOUT THIS REPORT

SCOPE AND BOUNDARIES

The 13th sustainability report of the Indian Hotels Company Limited covers the economic, social and environmental aspects of the business. It spans the period April 2017 to March 2018, corresponding with the Indian financial year. IHCL has been publishing its annual sustainability report since the financial year 2001-02. We took a conscious break from reporting in 2015-16 and 2016-17, while we refined and refocused our sustainability strategy. Our last report was in 2014-15.

Details of entities covered in the consolidated financial statements are available in pages 121-268 of our [annual report](#). Of the hotels under these entities, this report covers only those hotels specified in [Annexure 1](#).

As a first step in our transition to the GRI Standards, this report covers 60 of our hotels with the most significant socio-environmental footprint. It includes hotels owned by the Indian Hotels Company Limited (IHCL) and its subsidiaries Benares Hotels Limited (BHL), Piem Hotels Limited (Piem), United Hotels Limited (UHL), the joint venture Taj GVK Hotels Limited (GVK) and some hotels under management contracts. The complete list of hotels covered in this report is provided in Annexure 1. Except where specified, the disclosures in this report refer to this set of 60 hotels. The data in this report pertains to India and 'significant regions of operation' in all indicators refers only to India, except where specified otherwise. Data is therefore not segregated according to region.

The hotel units are at different levels of data tracking and implementation of sustainability practices. This sustainability report has helped us to identify gaps and

areas for further improvement in standardizing performance measurement and disclosure practices. For additional clarity, we offer a description of data coverage where appropriate throughout the report.

There are no restatements of information from previous reports.

CHANGES IN REPORTING

Our priority material topics are consistent with the last report. This year however, we have conducted a formal stakeholder engagement process and have explored these priority topics in greater detail.

The current report covers 60 hotels as compared to 130 hotels covered in the 2014-15 report. This is a first step in our return to reporting after a 2-year hiatus and the upgrade from GRI G3.1 to the GRI Standards.

In this report, we have used a new and more robust unit of measure for specific performance, migrating from Room Nights to Guest Nights. This has improved the granularity of calculations of resource use per guest, and is aligned with best practice in the industry.

This report has been prepared in accordance with the GRI Standards: Core Option. The focus of the report is on topics that are material both to the business and to our stakeholders.

EXTERNAL ASSURANCE

We have sought external assurance for this report, which has been carried out by KPMG; the assurance provider's statement is presented in the final section of this report. KPMG is also the statutory auditor for IHCL for 2017-18. External assurance for this report has been recommended and approved by the IHCL Sustainability Advisory Committee.

COMPANY OVERVIEW

ABOUT THE INDIAN HOTELS COMPANY LIMITED

The Indian Hotels Company Limited (IHCL) is among Asia's leading hospitality companies, with 165+ hotels in 80 locations globally. Launched in 1903, we offer a fusion of warm Indian hospitality and world-class

service. Anchored to the pillars of Trust, Awareness and Joy, we are focused on Shaping a Common Future to create value for each of our stakeholders.

BRANDS, PRODUCTS AND SERVICES

Our portfolio spans multiple segments and customer profiles in the hospitality industry in India, North America, the UK, South Africa, Zambia, UAE, Malaysia, Sri Lanka, Maldives, Bhutan and Nepal. Our iconic Taj hotels are the core of our luxury offerings, while the Vivanta hotels dominate our upscale segment. The Ginger brand addresses the midscale and economy segment. We offer adventure and back to nature experiences at our Taj Safaris lodges, and a holistic approach to wellness at the Jiva Spas.

TajSATS provides air catering services as well as non-airline services. Corporate products include Taj

Wedding Studios, Timeless Weddings, Taj Holidays and the Taj Experiences Gift Card. All these, along with the Taj Salons, the Taj Khazana chain of lifestyle boutiques, and our specialty restaurants and bars, come together in a portfolio that aims to meet the high expectations of our luxury guests, business travellers and smart customers.

Legal Form

The nature of ownership and legal form is described in pages 64-75 of our annual report.



165+
HOTELS



20,000+
ROOMS



32,242
COLLEAGUES



30,56,000
GUESTS

**ORGANIZATIONAL
PRESENCE**



₹2,583.95 cr.
NET SALES



₹6,177.84 cr.
TOTAL CAPITAL EMPLOYED
₹ 4,393.96 Cr. EQUITY | ₹ 1,783.88 Cr. DEBT

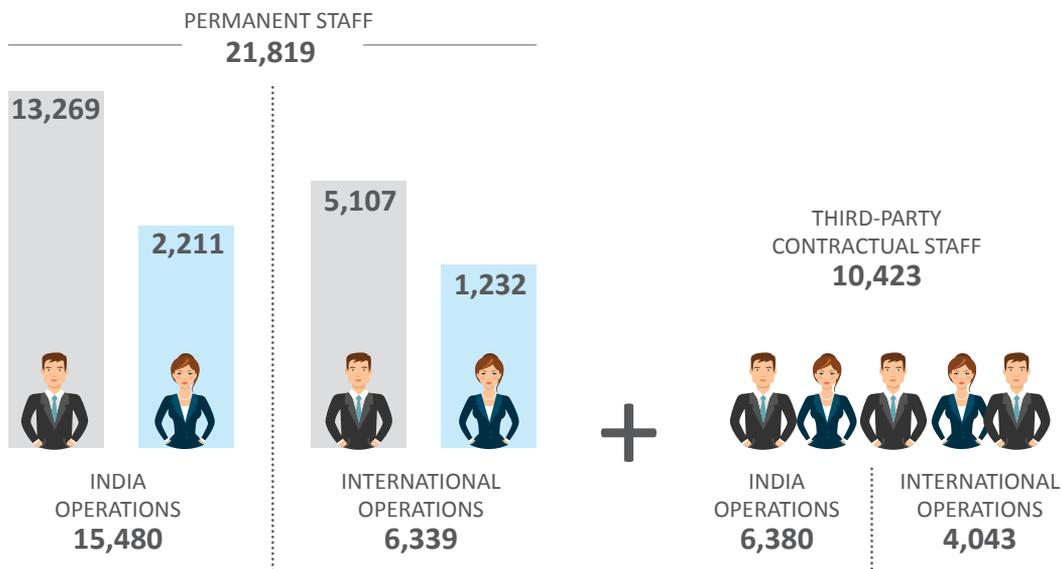
WORKFORCE

As a global company emphasizing quality of service, the diversity and operational skills of our employees are crucial for growth and competitiveness. Our aim is to acquire the best talent and provide opportunities for growth and learning, with a focus on local employment and enhancing the presence of women in the workforce.

Our workforce is composed of permanent employees (68%) and contracted employees (32%). Contracted employees perform operational roles in verticals such as horticulture, cleaning, security, kitchen stewarding and laundry, and are sourced through third-party contractors. Workforce data is compiled from the corporate HRMS, which consolidates data across all business units.

Total employees by contract (permanent vs contract), region and gender

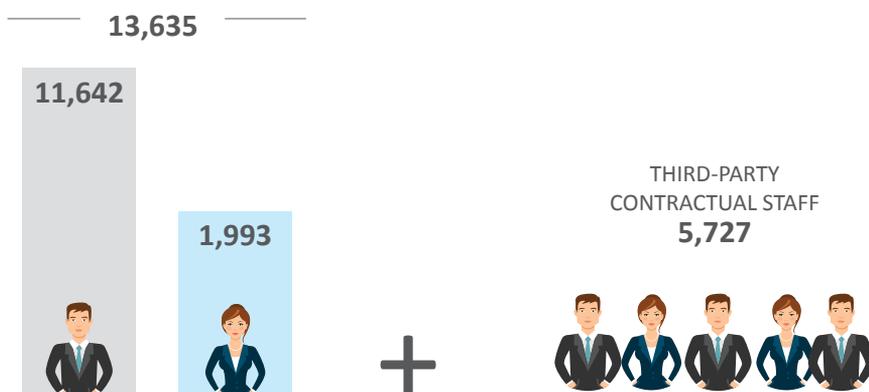
The following data pertains to IHCL's business in its entirety, including the 60 hotels covered in the detailed disclosures of this report.



Grand Total: 32,242

The following data is specific to the 60 hotels covered in the detailed disclosures, and is the basis for employee hiring and turnover calculations in subsequent sections.

Number of employees



Grand Total: 19,362

COLLECTIVE BARGAINING AGREEMENTS

Employee unions and collective bargaining entities are present in 45 of our hotels. In the hotels where collective bargaining platforms exist, 38.41% of our employees are members.

SUPPLY CHAIN

As a hospitality business, we are large-scale buyers of a variety of products. Our procurement processes are organized at two levels—Central and Regional. Our Central Materials Group manages relationships with large, branded business partners who supply essential items to multiple locations based on our brand standards and through company-wide contracts. Our Regional Procurement is managed by Area Materials Managers and Hotel Materials Managers, who organize procurement from local suppliers in each business location. They are supported by the Central Materials Group as required.

Our supply chain partners include major brands, small-scale suppliers of perishable items, providers of entertainment services such as artisans and tourist guides, and third party contractors. Our larger value chain also includes providers of logistics and transport services, downstream services such as waste management, and professional support services such as auditors. The procurement of construction and building materials for new hotels and hotels under renovation is managed jointly by the Corporate Real Estate and Technical Services team and the Central Materials Group.

In 2017-18, we sourced a total of Rs 1,078 Crore worth of products and services from more than 13,000 suppliers.

SIGNIFICANT CHANGES TO THE ORGANIZATION AND SUPPLY CHAIN

In 2017-18, we opened 10 new hotels, adding 697 rooms in 8 locations in India. A description of our share capital structure and any related changes is available in our Annual Report. There have been no significant changes in the structure of the supply chain, or in locations and relationships with suppliers.

EXTERNAL INITIATIVES



We support the UN Sustainable Development Goals, in particular Goal 12 (Responsible consumption and production) through our environmental commitments, and Goal 8 (Decent work and economic growth) through our CSR programme. This is reinforced by our voluntary participation in the United Nations Global Compact (UNGC) since 2005. We also report to the CDP every year since 2010.

MEMBERSHIP OF ASSOCIATIONS

We participate in industry associations relevant to the hospitality sector and in trade associations, which are:

1. Hotel Association of India
2. World Travel and Tourism Council India Initiative (WTII)
3. Experience India Society
4. World Tourism Organization (UNWTO)
5. The Federation of Hotel & Restaurant Associations of India (FHRAI)
6. All India Association of Industries
7. Indo-German Chamber of Commerce
8. Indian Merchant Chambers
9. Travel Agents Association of India
10. Travel Agents Federation of India
11. The Confederation of Indian Industry (CII)
12. Federation of Indian Chambers of Commerce and Industry (FICCI)
13. US-India Business Council
14. Society for Incentive Travel Excellence
15. International Convention Promotion Bureau





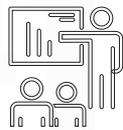
KEY IMPACTS, RISKS AND OPPORTUNITIES



ENVIRONMENTAL

As a business operating in several places of touristic and historical importance, as well as in major cities, our environmental impacts include creation of waste, discharge of sewage, energy and water usage, and CO₂ emissions from our operations. Due to the nature of business, the creation and transport of hazardous waste, large scale air pollution and effluent discharge

are not significant impacts. However, we are aware that our presence in remote locations opens up these places to higher tourist footfall and could have long-term implications for the quality of the natural environment. For more information on our environmental opportunities, risks and management of these risks, please refer to pages 28-35 of this report.



SOCIAL

In each location, the inflow of our guests and employees from diverse backgrounds calls for sensitivity to local cultures and practices. Potential impacts could include increased pressure on cultural heritage sites, dilution of local traditions due to commercialization, and immediate impacts such as increased traffic and noise. We aim to minimize these by implementing cultural and heritage conservation programmes designed in

collaboration with local residents' associations and NGOs, by employing local staff, training our employees in culturally-appropriate behaviour, and sensitizing our guests to local practices and customs. For more information on our social opportunities, risks and management of these risks, please refer to pages 37-46 of this report.



ECONOMIC

Sharing the economic benefits of our business is imperative for successful and sustainable operations. We make focused efforts to ensure that local communities share in the benefits of our presence by maximizing local employment, providing business opportunities for suppliers, and training opportunities

for youth and women. Offering opportunities to artisans to display and sell their arts, extending scholarships to students, and implementing food security programmes to communities are all part of our efforts to share economic benefits with the community. For more information, please refer to pages 23-27 of this report.

IHCL's industry-specific, company-specific risks and financial risks and opportunities are described in our annual report.

ETHICS AND GOVERNANCE

As a Tata Group Company, IHCL adheres to stringent ethical standards with the benefit of all stakeholders as our ultimate objective. Our core values are those of the Tata Group - integrity, excellence, unity, responsibility and pioneering spirit. These values guide our interaction with our customers, colleagues and other key stakeholders.

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR

IHCL has adopted the Tata Code of Conduct, which lays down principles for management and employees to carry out their responsibilities in an ethical manner. Adherence to the Code of Conduct is also essential for our key business partners. All new employees are inducted into the Code of Conduct, which is integrated into their employment contracts as well as contracts with suppliers, owners and other partners. Further, all senior executives have to annually sign off and adhere to the Anti-Bribery and Anti-Corruption policy. The Prevention of Sexual Harassment Policy is strictly enforced at all levels of the organization and reinforced through regular trainings. All these policies are placed on the company's intranet for easy access to all employees globally. These policies are also available on our [website](#).

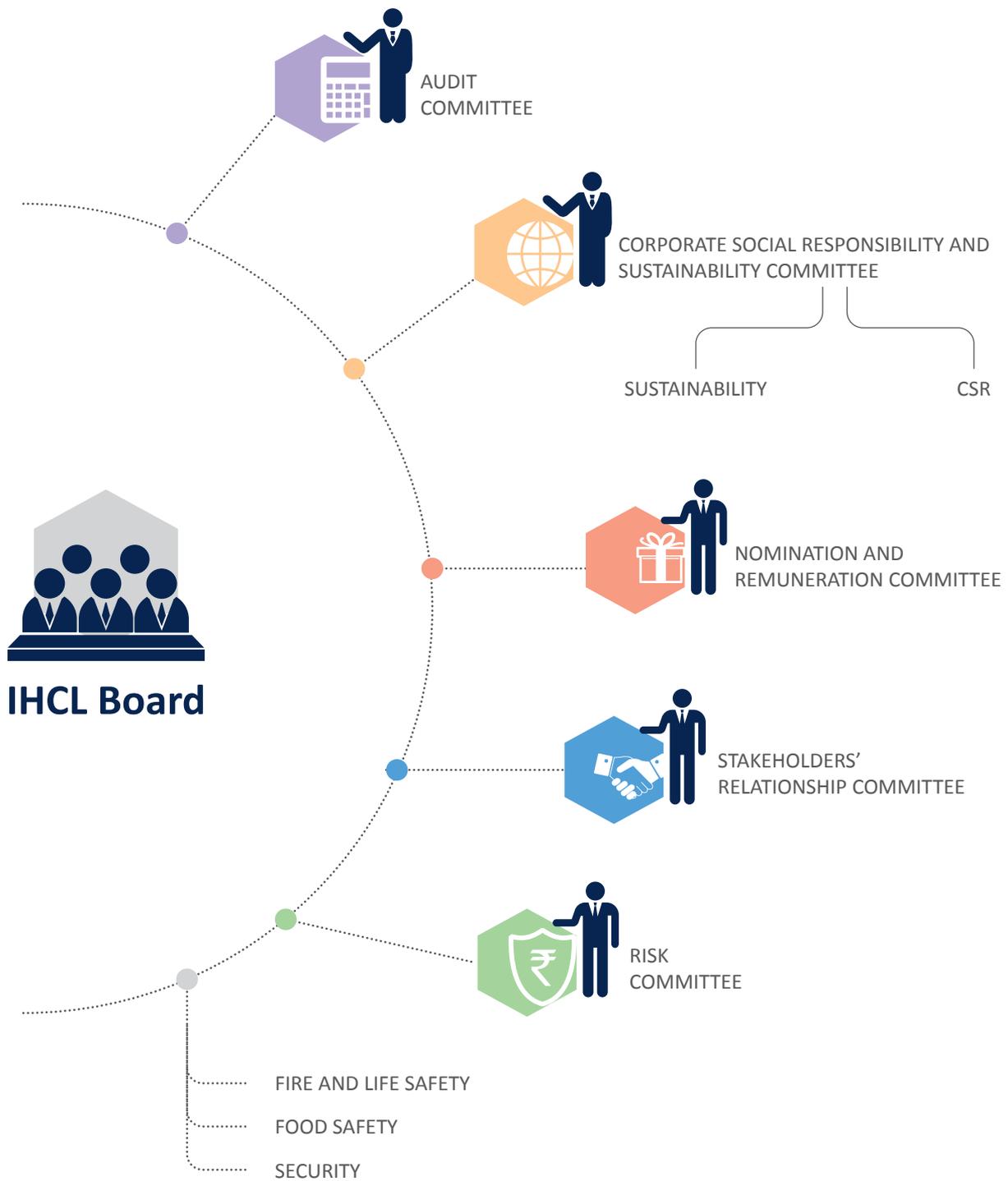
MECHANISMS FOR ADVICE AND CONCERNS

Training on these guidelines is part of the annual learning and development calendar of associates at our hotels, and is included in interactions with partners, such as the annual supplier meetings. Complaints and concerns can be raised through a third-party ethics helpline, which is monitored by the Chief Human Resources Officer to ensure investigation and closure. IHCL has also set up a Whistle Blower Policy. Employees can use this mechanism to raise their concerns relating to fraud, malpractice or any other such activity by approaching the Ethics Counsellor or Chairman of the Audit Committee.

GOVERNANCE STRUCTURE

At IHCL, governance, ethics and sustainability are the overall responsibility of the board, with its Committees playing key roles in identifying, mitigating and managing ESG risks and material issues. The Corporate Social Responsibility and Sustainability Committee reviews the company's sustainability performance, recommends realignments and reviews policies governing the sustainability and CSR practices.

At the management level, the Sustainability Advisory Committee meets every quarter to mentor the sustainability and CSR teams. Its role includes reviewing performance, addressing major operational concerns, vetting new initiatives and suggesting improvements in implementation. The Sustainability and CSR teams report to the Global Head of Human Resources, and liaise closely with the Engineering, Procurement, HR, and Learning and Development departments in each hotel. Security, Food Safety, Fire and Life Safety being critical sustainability-related verticals within the company, these teams report directly to the IHCL board.



STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT APPROACH

The hospitality industry, by its very nature, places us in locations of great natural and cultural wealth. This carries with it the responsibility to share with local communities the benefits of our operations, and strategize to preserve these locations for the future well-being of all stakeholders. We are keenly aware of the economic, social and environmental impacts of each of our hotels, and the need to enhance positive outcomes while avoiding or mitigating negative externalities.

Our stakeholder engagement methods are customized to meet the needs of each group, as detailed in the table below. Our overall approach is to maintain an open-door policy for stakeholder interaction, in which concerned parties can easily access the appropriate representatives at

individual hotels or within the corporate structure. The ESG-related interests of stakeholders are presented to IHCL's sustainability governance bodies via company representatives who directly interact with these stakeholders, such as hotel HR managers on behalf of employees, the investor relations department on behalf of shareholders, sales & marketing teams on behalf of institutional customers, etc.

The key stakeholder groups described in this report have been identified based on IHCL's existing stakeholder map, through guided interviews with 23 representatives of IHCL's senior management across verticals, and through group discussions with employees in each region of our operational structure.

OUR STAKEHOLDERS

STAKEHOLDER	WHY THEY ARE IMPORTANT	KEY PRIORITIES	HOW WE ENGAGE	HOW WE DELIVER VALUE
EMPLOYEES	<ul style="list-style-type: none"> Our people are at the core of our business and their skills distinguish our brand. Skilled and motivated associates are essential to be able to implement our growth plans. 	<ul style="list-style-type: none"> Professional growth and skill development Work-life balance An enabling work environment Safety 	<ul style="list-style-type: none"> Monthly Town halls and regular employee briefings and internal communication Annual calendar of skill and knowledge trainings Employee committees, activity groups, union meetings 	<ul style="list-style-type: none"> ₹ 649.61 Crore of salaries and benefits ₹ 4.5 Crore invested in employees' learning and development. Performance appraisals and career development support for 100% of employees
CUSTOMERS	<ul style="list-style-type: none"> Our institutional and retail customers access our services, constituting the primary source of revenue for the Company. Customer loyalty and long-term relationships add to the distinctiveness of the brand. 	<ul style="list-style-type: none"> Service quality Differentiation and product relevance Safety and privacy Ethical business practices Environmental impact 	<ul style="list-style-type: none"> Direct feedback from guests during and after each experience Loyalty programme Real time social media engagement Periodic market research 	<ul style="list-style-type: none"> 30,56,000 guests served Overall customer rating of 90 from across 2,34,669 customer reviews

STAKEHOLDER	WHY THEY ARE IMPORTANT	KEY PRIORITIES	HOW WE ENGAGE	HOW WE DELIVER VALUE
SHAREHOLDERS	<ul style="list-style-type: none"> Shareholders are key stakeholders in our Company and delivering value to them is our priority. Support from our shareholders and investors is essential to finance our growth and develop the Company 	<ul style="list-style-type: none"> Financial performance and dividends Good governance Transparency Growth and expansion Operational and resource efficiencies 	<ul style="list-style-type: none"> Investor meets, AGM, public and media announcements Annual report and sustainability disclosures Dedicated investor relations department 	<ul style="list-style-type: none"> 40% dividend per share paid out to shareholders
OWNERS AND PARTNERS	<ul style="list-style-type: none"> Hotel owners are our partners in business operations and in sustainability. Alignment of priorities with owners is critical for efficient operations and business performance. 	<ul style="list-style-type: none"> Business performance Health of assets Operational and resource efficiencies 	<ul style="list-style-type: none"> Annual partner meet Communications from business development department 	<ul style="list-style-type: none"> Revenues shared with asset owners through license fees and other partnership models Emphasis on efficiency and maintenance of infrastructure
SUPPLIERS	<ul style="list-style-type: none"> Our suppliers provide materials and services that influence the quality of our customers' experiences. Supplier relationships ensure efficiency, quality, reliability and an ethical value chain. 	<ul style="list-style-type: none"> Quality and availability of goods and services Resource efficiency Supplier development 	<ul style="list-style-type: none"> Supplier development initiatives Supplier feedback surveys throughout the year Annual suppliers' meet On-boarding process and constantly open communication channels 	<ul style="list-style-type: none"> ₹ 7+ crore worth of goods and services sourced through NGOs and inclusion efforts 2,600 suppliers engaged in supplier development initiatives
LOCAL COMMUNITY	<ul style="list-style-type: none"> A positive relationship with local communities ensures our social license to operate The development of communities contributes to the health of destinations in which we operate and the long-term viability of our operations. 	<ul style="list-style-type: none"> Local employment Environmental protection Community development Preservation of culture and heritage 	<ul style="list-style-type: none"> CSR partnerships Minimization of environmental footprint Community welfare programmes Participation in neighbourhood associations Annual volunteering calendar 	<ul style="list-style-type: none"> ₹ 5.27 Crore invested in communities through CSR 2700+ persons skilled and certified through employability training 2 heritage sites and 30 public locations adopted and maintained



MATERIALITY

DEFINING MATERIALITY

During the regular course of business, we adopt an open-door approach to our stakeholders. Upgrading to the GRI Standards this year has helped us to formally involve our stakeholders in the reporting process and review the issues most material to our company. This was done by engaging with key internal and external stakeholders through guided personal and telephonic interviews and structured email questionnaires, facilitated by an independent third party. In certain cases, such as for retail customers and shareholders, internal stakeholders who are deeply familiar with the perspectives of these groups have served as proxies for direct stakeholder involvement in the formulation of material topics for this report.

The issues that emerged from discussions with our stakeholders have been grouped according to their social, economic and environmental character. They have been ranked in order of priority according to the importance accorded to them by each stakeholder and the frequency with which each topic was cited as being material by various stakeholder groups.

Topics that emerged as high priority in each of the 3 segments—economic, environmental and social—are discussed in detail in this report. The others have been touched upon briefly in each chapter. This set of material topics has been reviewed and approved by the MD & CEO.



OUR MATERIAL TOPICS

GENERATING ECONOMIC VALUE

FINANCIAL PERFORMANCE

Strong business performance is a key expectation of our shareholders. It enables us to extend employment and livelihood opportunities to communities and suppliers, enable the growth of our employees, and offer our customers memorable experiences.

We are committed to becoming the most iconic and profitable hospitality company in India, specified in our Aspiration 2022 strategy.

STAKEHOLDERS

Shareholders, Employees, Owners, Suppliers, Local Communities, Customers, Investors

TOPIC BOUNDARY

Internal: Operations in all business locations

CUSTOMER DELIGHT

The hospitality industry is constantly evolving, with the emergence of new peers and business models. Our customers seek unique and memorable experiences, while also expecting the local flavours that distinguish our brand. Delighting our customers enables us to stay relevant and differentiate ourselves in a dynamic market.

We offer customized service offerings, active digital engagement and an exceptional loyalty programme to create memorable experiences for customers across segments and price-points.

STAKEHOLDERS

Customers, Employees, Shareholders, Owners, Suppliers

TOPIC BOUNDARY

Internal: Operations in all business locations

GROWTH AND SCALE

Growth and scale implies widening our presence and pursuing business excellence through business intelligence, digitalization and process improvements. It involves creating shared value for our shareholders, employees, suppliers and local communities; economic rewards for the locations in which we operate; and a range of offerings to our guests in every market segment.

We are in the process of aligning brands with high-growth segments, adopting technology to digitize our processes, and building our portfolio while enhancing margins.

STAKEHOLDERS

Customers, Employees, Governments, Shareholders, Owners, Suppliers, Local Communities, Investors

TOPIC BOUNDARY

Internal: Operations in all business locations

BRAND AND REPUTATION

As part of the 150 year old Tata Group, our brand and legacy is a core asset. It is essential for us to curate and maintain our brand as an emblem of service excellence among customers, high performance and integrity among shareholders and business partners, sustainability leadership in the industry, and a great place to work for employees.

We have undertaken a range of initiatives to strengthen our brand and the value shared with each stakeholder groups, as described in the various sections of this report.

STAKEHOLDERS

Shareholders, Employees, Customers, Owners, Suppliers, Local communities, Investors

TOPIC BOUNDARY

Internal: Operations in all business locations

EMBRACING ENVIRONMENTAL STEWARDSHIP

CLIMATE CHANGE, ENERGY AND EMISSIONS

We are conscious of the impact of climate change on communities and ecosystems, and we recognize that managing our energy usage is one of the most effective ways of limiting emissions. Further, the adoption of renewables and improved energy efficiency also yields financial benefits for the company.

We are committed to maximizing the share of renewables in our energy mix and have set targets for energy efficiency in each hotel.

STAKEHOLDERS

Local communities, Customers, Governments, Shareholders, Owners, Employees

TOPIC BOUNDARY

Internal: Aspects of business within operational control

WATER

Water is a critical and scarce resource for local communities and for our industry. We are aware of the increasing water stresses in our areas of operation and the need to strive for maximum water efficiency. Optimizing our water consumption is critical for the lives and livelihoods of communities and the future continuity of our business.

We have set targets for water efficiency in each hotel and have undertaken an assessment of water security in our most important business locations.

STAKEHOLDERS

Local communities, Customers, Employees, Governments, Shareholders, Owners, Suppliers

TOPIC BOUNDARY

Internal: Aspects of business within operational control

WASTE

Our hotels operate in locations that are ecologically fragile as well as in dense urban areas. Communities and governments are increasingly demanding improved waste management practices, which are also essential for the well-being of employees and guests.

We have revised our system for monitoring waste generation and handling, and have committed to phasing out single use plastics.

STAKEHOLDERS

Local communities, Customers, Employees, Governments, Shareholders, Owners, Suppliers

TOPIC BOUNDARY

Internal: Aspects of business within operational control

DEEPENING SOCIAL ENGAGEMENT

TALENT MANAGEMENT AND RETENTION

Skilled, motivated and happy employees are key to our success. An enabling workplace, opportunities to grow and a work-life balance ensure the wellness of our employees and the organization. The availability, retention and skill enhancement of talent is of prime importance to our business and the hospitality industry at large. Succession planning is essential for the continuity and performance of our business.

We have taken industry-leading steps to enhance employee wellness while our skill development programmes help nurture talent.

STAKEHOLDERS

Employees, Customers, Local communities, Shareholders, Owners

TOPIC BOUNDARY

Internal: Operations in all business locations

SAFETY AND SECURITY

The safety of every person in and around our premises is of paramount importance. Creating a safe work environment for our employees and offering a healthy and safe experience to our customers is a core business requirement. Fire and life safety practices, along with a robust security establishment, are essential to secure the safety of guests, employees and communities.

We regularly conduct safety and security training programmes, review and audit our performance, and collaborate with experts to maximize safety and security in our premises.

STAKEHOLDERS

Employees, Customers, Local Communities, Governments, Shareholders, Owners, Suppliers

TOPIC BOUNDARY

Internal: Operations in all business locations

DEVELOPMENT OF LOCAL COMMUNITIES

Collaborative relationships with local communities are the basis of our social consent to operate. In cases where our hotels are located in remote areas, they are often among the main sources of livelihood for the local community. The cultural and physical heritage of these communities are distinctive assets to be preserved for their inherent worth, as well as to continue generating value in a shared future.

We implement programmes for youth employability and heritage preservation, and support community enterprises through local sourcing.

STAKEHOLDERS

Local communities, Customers, Employees, Governments, Suppliers

TOPIC BOUNDARY

Internal: Operations in all business locations
External: Communities in the vicinity of operating hotels



GENERATING ECONOMIC VALUE

FINANCIAL PERFORMANCE

MANAGEMENT APPROACH

Our business strategy is based on the concept of sustainable growth. Through our operations, we strive to offer our customers excellent services, thereby creating value for our shareholders. Simultaneously, by

investing in the growth of our employees, business partners and the local community, we intend to shape a shared, sustainable future for all our stakeholders.

POLICIES AND COMMITMENTS

We are committed to providing transparent and timely information to all our stakeholders. Our dedicated investor relations department ensures prompt responses to queries and concerns from institutional and individual shareholders, analysts, and other concerned stakeholders. This is in parallel to periodic press releases and other public communication about financial performance.

In compliance with the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, India, the Company has adopted the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Our financial statements are prepared accordingly.

More detailed information on our annual financial report and Dividend Distribution Policy is available on our website www.tajhotels.com

ACTIONS AND TARGETS

Our 'Aspiration 2022' strategy, rolled out in 2018, aims to build on our legacy while orienting ourselves towards the future. A key decision is to make IHCL the unifying corporate identity under which all our brands will exist. This will add value to brand IHCL and its stakeholders, and also create a meaningful engagement with customers under one parent identity. By restructuring, re-engineering and reimagining our portfolio, the strategy targets an 8% EBITDA margin improvement by 2022.

Aimed at margin enhancement and growth to fulfil our aspiration of becoming the most iconic and profitable hospitality company in South Asia, the strategy will focus on exploring new markets, expanding existing properties, monetising non-core assets, optimising costs and simplifying the group structure to grow the bottom line. The five-year programme will also include leveraging the digital channel to strengthen the brand and generate more revenue.

Restructuring entails a re-examination of our existing portfolio, so as to unlock value from efficiencies in scale and simplify the holding structure for greater profitability. Re-engineering systems and processes, embracing technology and incorporating data analytics to capture customer preferences will enable us to deliver greater personalization to our customers. Reimagining implies leveraging our strengths and strong brand equity to multiply our portfolio across business segments to achieve growth and scalability.

Detailed information on the Aspiration 2022 strategy and targets is available on pages 26-45 in our [annual report](#).

PERFORMANCE

Direct Economic Value Generated and Distributed

Economic Value Generated:	₹ 2,639.34 Cr.
Revenues	₹ 2,639.34 Cr.
Economic Value Distributed:	₹ 2,376.76 Cr.
Operating Costs	₹ 1,355.46 Cr.
Employee Wages and Benefits	₹ 649.61 Cr.
Payments to Providers of Capital (Finance Costs)	₹ 193.43 Cr.
Payments to Government (Direct Taxes including DDT)	₹ 125.42 Cr.
Dividend paid out	₹ 47.57 Cr.
Community investments (CSR)	₹ 5.27 Cr.
Economic Value Retained:	₹ 262.58 Cr.

The information above is according to the definitions provided by GRI. IHCL's detailed financial statements are available on pages 121-268 of our [annual report](#).

CUSTOMER DELIGHT

POLICIES AND COMMITMENTS

Our brand portfolio comprises the iconic Taj hotels and Vivanta hotels in the upscale segment, and Ginger hotels in the fastest growing midscale and economy segment. Ginger will focus on addressing the requirements and aspirations of new and younger customer segments.

Our customers are integral to IHCL's strategy of reinforcing a multi-product, multi-segment brandscape. Our brands represent a unique value proposition for each customer segment at different points in their lifecycle. The service ethos, epitomised by what we call 'Taj-ness', will continue to be our differentiator.

ACTIONS AND TARGETS

Recognizing information technology as a critical enabler of business value in the hospitality sector, we are steadily enhancing our investments in information technology platforms and digital transformations. This ensures that our products and services meet the needs of our customers in the contemporary context.

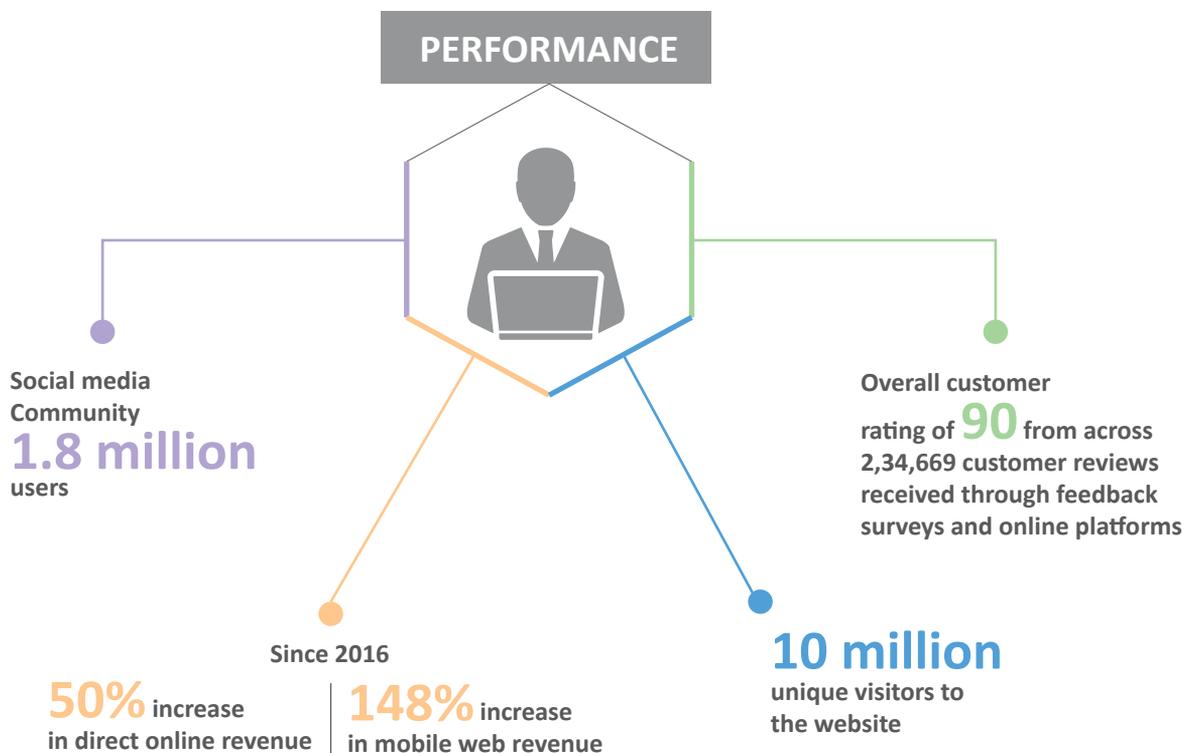
We continuously optimize our digital services to serve our global customers, and use technology platforms to design customized services across product categories. As part of this strategy, we have launched multilingual websites in lite versions to make ourselves easily accessible to customers across the world. In 2017-18, our websites in French, Spanish, German and Simplified Chinese went live, with localised content to help customers make informed choices.

We aim to simplify the booking experience by offering our customers assured best rates on our website, avoiding the need for them to conduct time-consuming searches. We have launched the Taj Direct Best Rate Guarantee challenge, which assures best rates on our website. If a customer finds a lower rate for the same room, we match the rate and offer a further 10%

discount. This has reinforced customer confidence in our brands. Our new hybrid mobile application provides ease of booking on smartphones, while our booking engine showcases unbiased guest reviews and a rate check mechanism to improve the service experience of our guests.

Understanding our customers and their preferences is essential; therefore, to drive better data analytics and improved insights, we have rolled out Google 360 across digital platforms to get a comprehensive view of our web traffic. Our social media command centre, Taj.Live, is designed to deliver exceptional guest experience on social media platforms through live radio streams. This has enabled us to engage with our guests in real time.

We use analytics to provide our customer with the best possible experience that is aligned with their preferences and needs. Through analytics, we also identify potential areas of improvement that can strengthen the business. Informed decisions relating to the management of various processes is also supported by this data, such as our recent implementation of GST compliance and the ongoing global GDPR compliance.



GROWTH AND SCALE

MANAGEMENT APPROACH

Our approach to growth and scale is aligned with the 'One Tata' concept, which we have adopted across the company. The One Tata concept is a Tata group-wide initiative to drive synergies across all Tata companies through simplification to jointly enhance scale. Similarly, IHCL's strategy too is to bind together the group entities to achieve growth by leveraging our strengths.

POLICIES AND COMMITMENTS

Our approach to growth and scale is built on the drivers of the Aspiration 2022 strategy: Re-structure, Re-engineer and Re-imagine. While we are a market leader in the luxury and palaces segments, the focus ahead is to align our brands to dominate high-growth segments. This involves reducing dependency on ownership and expanding across the business.

ACTIONS AND TARGETS

Over the next five years, we aim to expand margins by improving EBITDA and optimizing costs. The strategy includes restructuring procurements, maximizing energy efficiency, optimising the organisational structure and synergising global shared services, along with reducing overhead expenses.

Our marketing strategy will involve selection of strategic locations for developing hotels including central business districts, airports, and leisure and luxury palaces. We will also invest in expanding our land area across geographies and explore strategic merger-and-acquisition opportunities. To expand our reach, we are focused on growing the product portfolio while also expanding margins. Our business model includes owned, leased and franchisee structures to help grow the brandscape.

PERFORMANCE

10
NEW HOTELS
OPENED

20
NEW HOTELS
IN THE
PIPELINE

10
CONTRACTS
SIGNED
IN THE LAST
FINANCIAL
YEAR

BRAND AND REPUTATION

MANAGEMENT APPROACH

With a legacy of over 115 years, IHCL has the distinct advantage of having the largest system-wide revenue and a wide-ranging network of properties that includes landmark hotels, historic palaces and the highest number of leisure hotels in India. We also have a strong portfolio of resorts and safaris, along with other business offerings catering to various customer, market and price segments across four continents and 11 countries, all of which have created a distinctive and iconic brand.

POLICIES AND COMMITMENTS

The ongoing disruption in the hospitality industry is the result of evolving guest expectations and the emergence of digital platforms and alternative service providers. We aim at maximizing the opportunities that this changing landscape offers, thereby delivering better value to our shareholders, deepening guest experience, strengthening our market leadership and achieving transformative growth. To this end, our Aspiration 2022 strategy targets growth by reimagining our brandscape. This means expanding our presence across the growing midscale and economy categories, reaching out to guests of every profile, and serving various price points and segments.

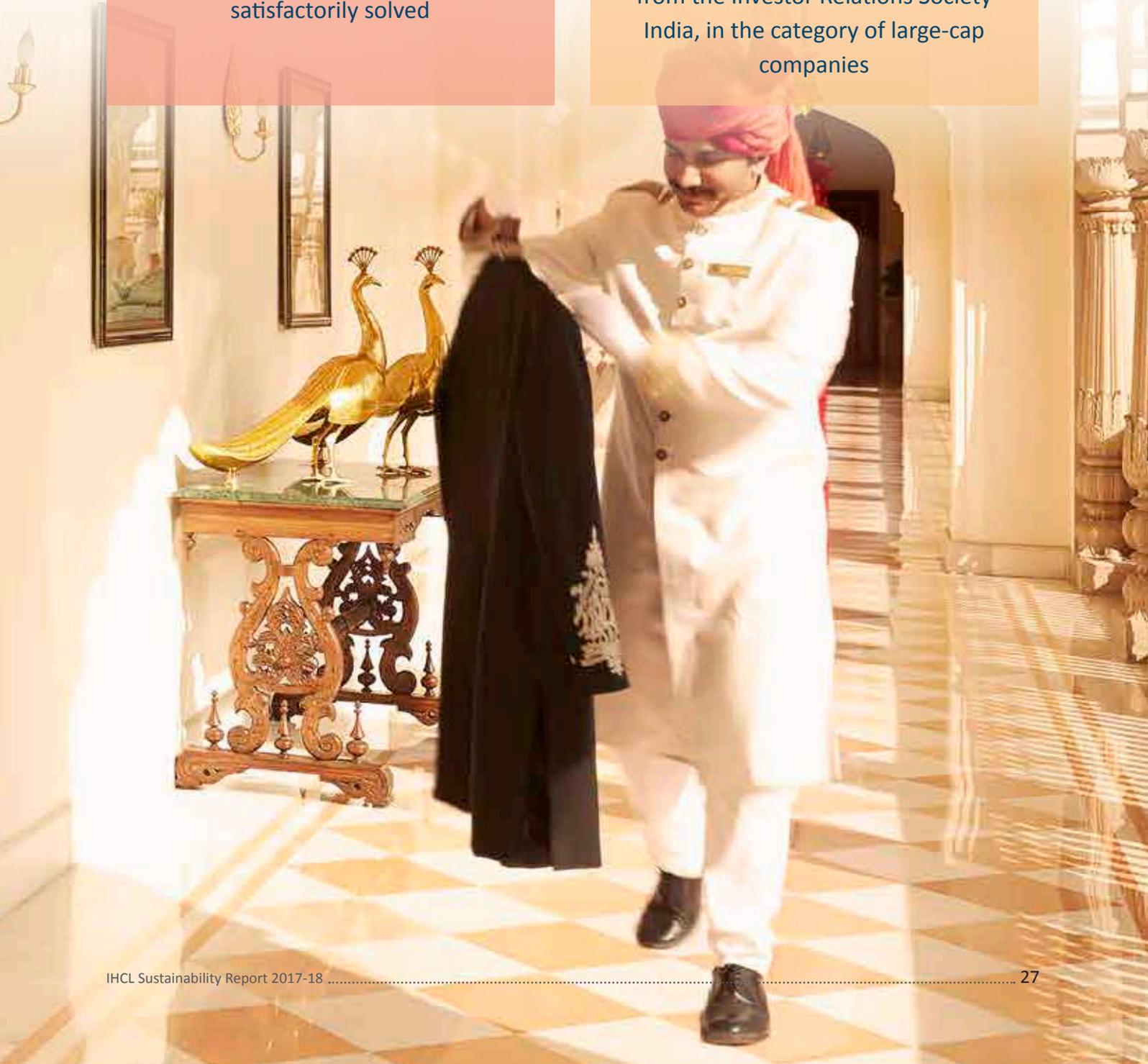
Our brand value is closely linked to our reputation as a business that follows the highest ethical standards. In addition to the Tata Code of Conduct, our Anti-Bribery and Corruption Policy, the Whistle Blower and Vigilance Mechanism and the third party ethics helpline guide our associates and management in transparently managing each aspect of our performance.

The Gallup Brand Equity Track Survey 2017 has rated Taj **highest** among our industry peers across industry drivers as well as brand differentiators as the first choice of customers

100% of ethics complaints received in 2017-18 were satisfactorily resolved

100% of TCOC complaints received in 2017-18 were satisfactorily solved

IHCL won the **'Best All India Investor Relations Award 2017'** from the Investor Relations Society India, in the category of large-cap companies





EMBRACING ENVIRONMENTAL STEWARDSHIP

MANAGEMENT APPROACH

Our operations span a range of locations, from metropolitan cities to remote forests and islands. Managing the impacts of our operations on these locations is critical to the sustainability of ecosystems, the future of local communities, and the continuity of our business. We recognize that several of these areas

are major tourist attractions, which experience heavy footfalls, traffic, and are subject to the collective impact of multiple resorts and hotels. Our environmental programme is oriented towards the wellbeing of people and the environment in these locations, essential for creating a sustainable common future.

POLICIES AND COMMITMENTS

Our sustainability approach is defined by the IHCL [Sustainability Policy](#) which emphasizes creating long-term stakeholder value. The policy calls for the company to integrate sustainability considerations into all business decisions and key work processes, with the aim of creating value, mitigating future risks and maximizing opportunities. We work towards this through specific commitments including a dedicated governance structure to oversee sustainability, action plans for each material area, and transparency in reporting and communication. The full text of the Sustainability Policy is available on our website www.tajhotels.com.

Our policy describes a Precautionary Approach that is applied to all aspects of the business. It specifies that sustainability considerations will be integrated into all business decisions and key work processes, and across the life-cycle of all products and services. This is applied through environmental and social assessments conducted in the start-up and pre-opening phase of all new hotels, efforts to maximize environmental efficiency during operations, and to minimize emissions and waste produced during the course of business.

ACTIONS AND TARGETS

In 2016-17, we adopted an approach of continuous performance improvement over a rolling baseline for the material aspects of waste, water and energy. The objective is to multiply incremental improvements in annual performance, by setting each year's performance as the new target to beat. Accordingly, each hotel is given customized annual targets for reducing specific water consumption, energy consumption, and emissions. These targets range between 2% and 7% improvements in efficiency, and take into account variables such as size and location of the hotel. In addition to these individual targets, maximizing the use of renewable energy in our total energy mix is a company-wide priority.

In March 2018 on the occasion of Earth Hour, we made a public commitment to phase out single-use plastics from our operations. Towards this objective, we have rolled out pilot initiatives to eliminate specific plastic items, with the aim of scaling them up across the company.

Performance monitoring and verification is conducted through our audit and certification partnership with [EarthCheck](#), the world's leading scientific benchmarking, certification and advisory group for travel and tourism. The monitoring system comprises monthly tracking of environmental performance data, annual reviews, onsite audits, and certification of those hotels that fulfil all

EarthCheck requirements. Each unit is assessed against customized criteria that are formulated for its specific context. This includes classification of locations as low, medium or high risk depending on their proximity to ecologically sensitive areas. Going forward in 2018-19, we have started our migration to the EarthCheck V4 Standards, wherein performance monitoring requirements are aligned with the GRI Standards.

Encouraging and recognizing innovation has been a key aspect of our approach over the last year, and will continue to be strengthened. Through events, competitions and calls for case studies, we foster the implementation of pilot projects for improving operational efficiency. This has yielded best practices in curtailing waste, conserving water and improving energy efficiency, which can be scaled across the company going forward.

Our sustainability efforts rely on collaboration and information-sharing across verticals. To foster these interactions, Green Teams comprising the heads of key operations departments have been constituted in each hotel. These teams meet periodically to jointly review performance and propose initiatives relevant to each location. Green team members generally include the hotel General Manager and heads of Engineering, Procurement, Training, and HR, or their deputies. At the corporate level, our sustainability programme is mentored by the interdisciplinary Sustainability Advisory Committee, comprising 8 senior leaders representing HR, Finance, Real Estate and Development, Corporate Affairs, Legal, Revenue, Procurement and Operations.

As part of our commitment to transparency in reporting environmental performance, we have participated in voluntary reporting to the CDP since 2007-2008. We have maintained Band C, which is on par with the regional scores for the sector. We also participate in the UNGC disclosure each year.

RESPONSIBILITIES

Environmental efficiency for water, energy, emissions and waste is managed by the Chief Engineers and their teams in each hotel, in collaboration with Learning and Development and Human Resources functions. Procurement teams at the central and unit levels manage all measures related to sustainable and local procurement. In hotels that are EarthCheck certified, environmental performance is overseen by Green Teams, composed of the General Manager and the heads of key departments.

At the company level, environmental performance monitoring and improvement is the responsibility of the Sustainability Team, which is guided by the Sustainability Advisory Committee and reports to the Global Head of Human Resources. Overall governance rests with the Board CSR and Sustainability Committee.

CLIMATE CHANGE, ENERGY AND EMISSIONS

BOUNDARY

As a service sector industry, the most significant segment of our business for energy consumption is the operation of our hotels. Therefore, the boundary of energy and emissions performance measurement comprises the onsite activities in running hotels, and only energy consumption within the organization is calculated. Energy consumption in contracted vehicles, upstream and downstream value chains and customer travel is not included within the scope of this report. Emissions reported are limited to Scope 1 and Scope 2. We have taken an operational control approach to accounting for GHG emissions.

METHODOLOGY

The emission factors for GHG accounting have been sourced from IPCC Guidelines for National Greenhouse Gas Inventories, 2006.

The unit of energy, water and waste intensity used in this report is a 'Guest Night'. This indicates resource use per occupant per night of stay in a hotel. The unit comprises overnight guest stays, staff overnight stays, non-resident or day guests and non-resident restaurant covers.

It is calculated as Number of Guest Nights = [Total Overnight Guest Stays + Staff Nights + (Total Day Guests/3) + (Non-resident Restaurant Covers/4)]

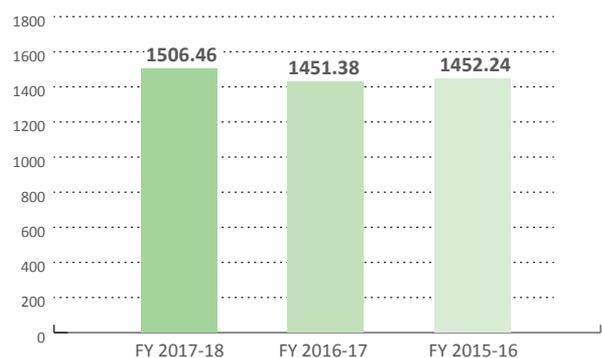
As the number of rooms in our portfolio varies year on year, the base year for all comparative disclosures is the company-wide specific energy and emissions intensity performance of the previous year.

PERFORMANCE

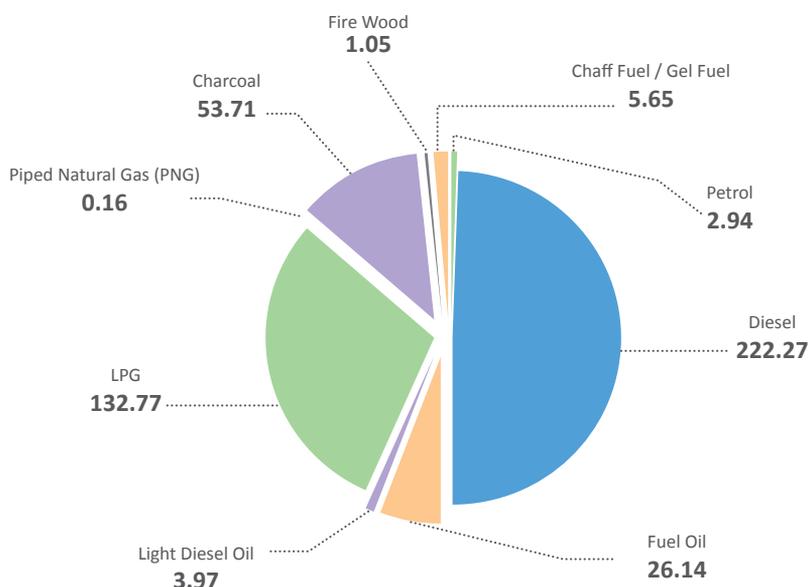
ENERGY CONSUMPTION

	2017-18	2016-17	2015-16
Fuel consumption from non-renewable sources (TJ)	448.69	578.86	584.17
Fuel consumption from renewable sources (TJ)	98.45	6.49	0.103
Total Electricity consumption (TJ)	959.23	866.02	867.96
Total Energy Consumption (TJ)	1506.46	1451.38	1452.24

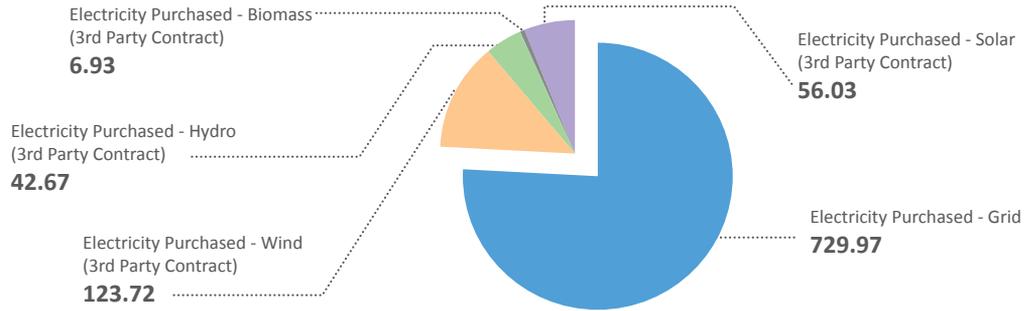
TOTAL ENERGY CONSUMPTION TJ (Units - TJ)



ENERGY CONSUMPTION FUEL-WISE (Units - TJ)

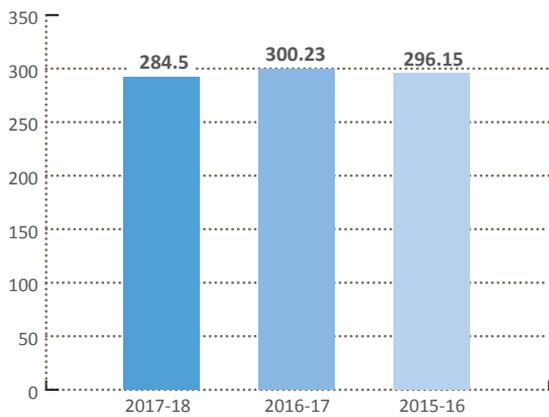


ELECTRICITY BY SOURCE (Units - TJ)

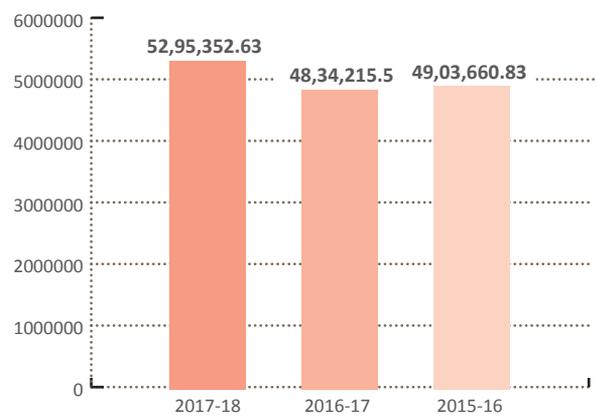


ENERGY INTENSITY

Energy Consumption MJ/Guest Night



Guest Nights



The energy performance data comprises fuel, electricity, heating and cooling.

In 2017-18, to generate a more detailed picture of our performance, we have refined the methodology for energy performance measurement to include a more

comprehensive set of sources including fuel oil, light diesel oil etc. Therefore, the figures are not perfectly comparable to those to previous years. The emissions calculations, derived from energy performance, are also influenced by this upgrade in the methodology.



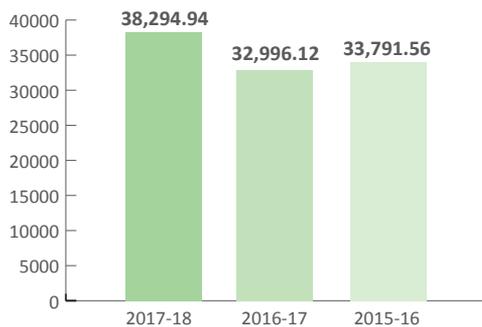
REDUCTIONS IN ENERGY CONSUMPTION

Each of our hotels has implemented a range of energy conservation initiatives according to their specific requirements. Switching to LED lighting in several locations has enabled us to reduce electricity consumption. In parallel, we have implemented infrastructure upgrades such as installing VFDs on high

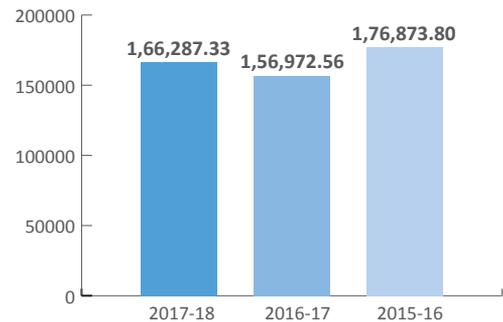
power motors in condensers, exhaust fans, cooling tower fans and air handling units. Upgrading the infrastructure of cooling towers, installing heat pumps for water heaters, and even simple improvements such as improved insulation of hot water lines have all contributed to energy conservation and efficiency.

EMISSIONS PERFORMANCE

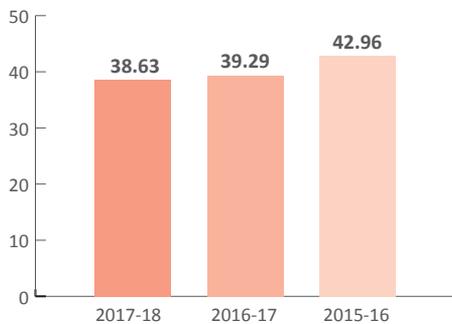
Scope 1 Emissions
(Units - Ton CO₂-e)



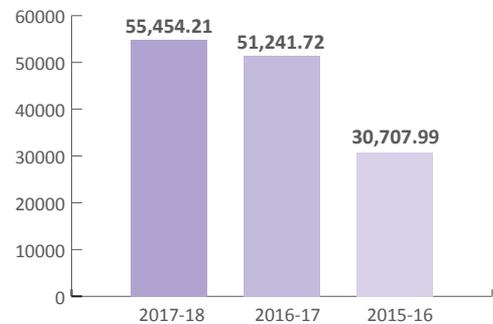
Scope 2 Emissions, location-based
(Units - Ton CO₂-e)



GHG Emissions intensity
(Units-kg CO₂-e/Guest Night)



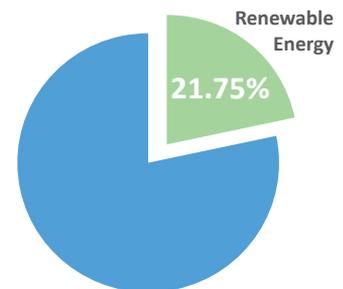
Emissions avoided due to renewable energy sourcing
(Units - Ton CO₂-e)



REDUCTIONS IN GHG EMISSIONS

In addition to emissions reduced through energy conservation efforts, maximizing the use of renewable energy has been a major factor in enabling us to reduce our emissions. Therefore the reductions were largely achieved in Scope 2. We continue to focus our energies on this sector by maximizing power purchase agreements for renewable energy and onsite use of renewable fuels such as biogas and biodiesel.

21.75% of the energy consumption of the 60 hotels in the scope of this report comes from renewable sources (renewable fuels + renewable sources of electricity)



OZONE DEPLETING SUBSTANCES (ODS)

The production of ODS in 2017-18 was 17.72 tons of CFC-11 equivalent.

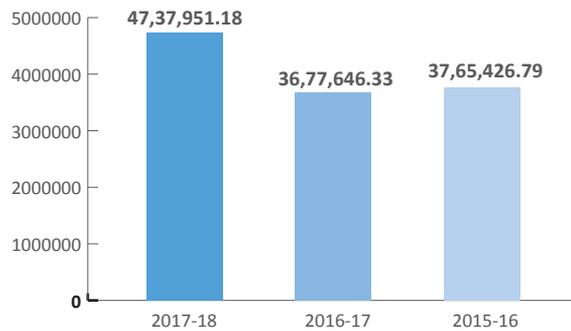
The gases included in the calculation of ODS are, R013, R022, R404-A, R134, R134-A, R410, R407-C, R408, R 409, R410, R417-A and R502, produced by our cooling and refrigeration systems.

WATER PERFORMANCE

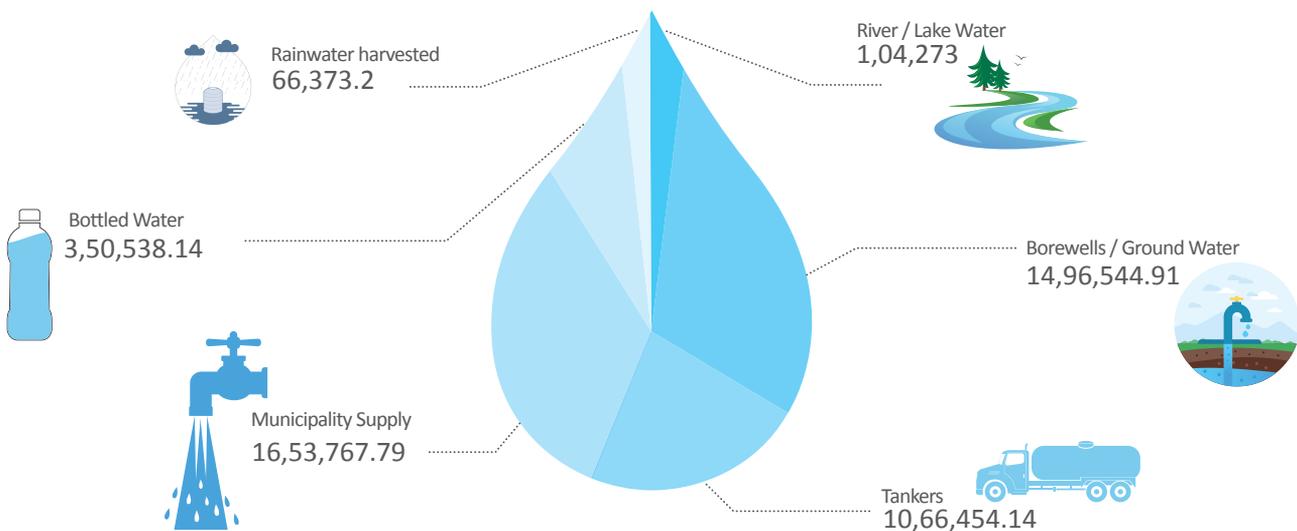
Our water efficiency efforts comprise upgrading to water-efficient equipment and staff education to minimize wastage. Through water recycling and rain water harvesting, we aim to minimize our withdrawals of freshwater and preserve sources for communities. This

year, we have also begun a water security assessment of our key business locations. This will enable us to identify highly-water stressed locations, mitigation measures, and project water quality and cost estimates for each location over a 10-year horizon.

Water Performance (Units - KL)



WATER WITHDRAWAL BY SOURCE (Units - KL)



In our updated methodology, water withdrawal in 2017-18 includes bottled water and harvested rainwater, which were not included in the calculations for previous years. Water recycled in 2017-18 refers only to recycled STP water. However in previous years,

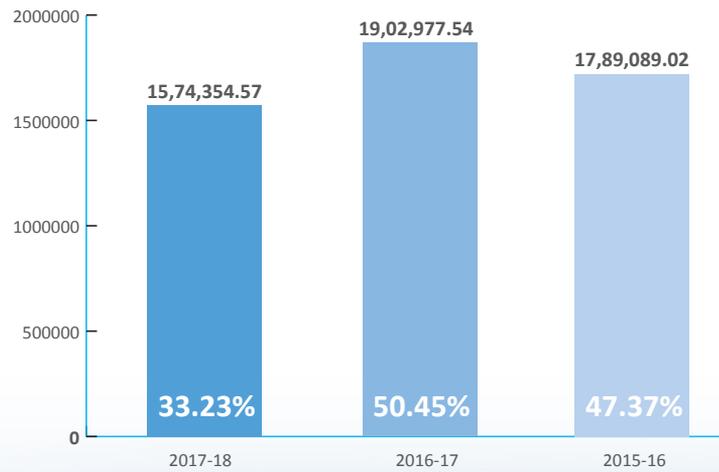
it also included harvested rainwater. The apparent increase in water withdrawals and decrease in recycled water is a consequence of this change in methodology; therefore the figures for 2017-18 are not perfectly comparable with those of previous years.

WATER SOURCES SIGNIFICANTLY AFFECTED

Water sources across the company vary according to the location, local water supply systems and requirements of each unit. In most hotels, municipal water supply largely from surface water bodies, and private water tankers supplying groundwater, are the dominant sources. A few hotels also withdraw a significant amount of water from onsite borewells.

We take measures to protect onsite groundwater sources through rainwater harvesting and recharge. By treating output water in our sewage and effluent treatment plants, we ensure that water discharged from our units does not pollute surface water bodies or contaminate groundwater.

WATER REUSED AND RECYCLED (Units - KL)



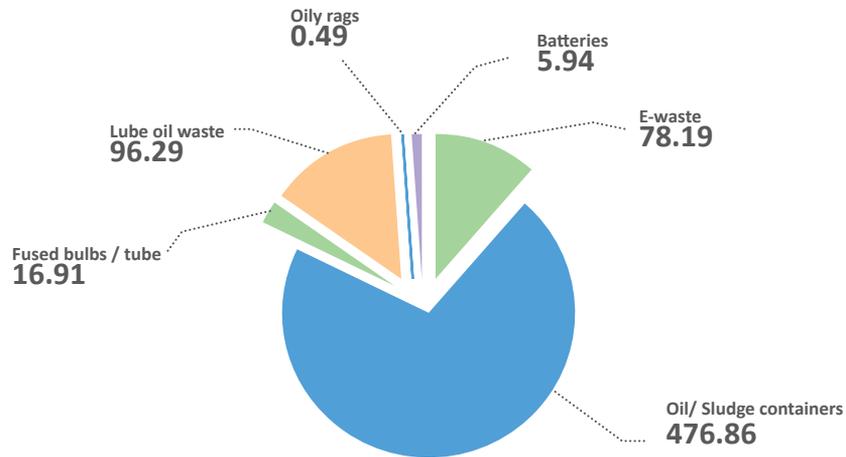
WASTE PERFORMANCE

As a bulk buyer of various products, our waste generation is closely tied to the structure of our supply

chain and the availability of alternative materials. Effective management of organic waste and minimizing plastics are our focus areas.

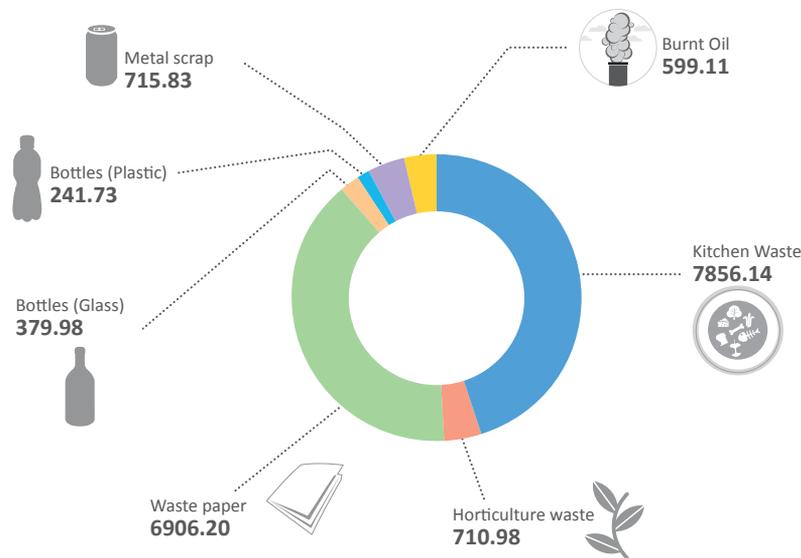
WASTE BY TYPE AND DISPOSAL METHOD (Units - Metric Tons)

Hazardous Waste Total - 674.69 Tons



All our recyclers are certified by the pollution control board of the State in which in the hotel is located.

Non Hazardous Waste Total - 17,410 Tons



The waste disposal methods have been directly confirmed from individual business units. The methods of waste disposal include composting and biogas production from organic waste in several hotels. Dry waste generated in our premises is sent to licensed recyclers for safe handling. All our recyclers are certified by the pollution control board of the State in which the

hotel is located. Sludge from sewage treatment plants is safely disposed by the agencies contracted for the management of these units. Several of our hotels are still developing and refining their systems for monitoring types of waste produced. Achieving greater accuracy in the measurement of waste performance will continue to be among our focus areas for the coming year.



DEEPENING SOCIAL ENGAGEMENT



MANAGEMENT APPROACH

As a service sector industry in which personalized attention to guests is a core differentiator, our employees are our biggest asset. We can provide exceptional service to our guests only through motivated, skilled and engaged employees. Our workforce policies are oriented towards promoting professional growth and maximizing personal wellness. Creating a talent pool for the industry is a critical focus area, which is addressed through talent development programmes at the entry level, in supervisory roles, and at the management level. All these tie into a wider succession planning strategy, preparing our associates to grow into leadership roles.

POLICIES AND COMMITMENTS

Our core commitment to each employee is providing a safe, enabling and positive work environment. Policies to support employee wellness include providing day care centers, eliminating break shifts, and productivity-based wage settlements. Rigorous background checks for all new hires ensure that no children under 18 years of age are employed anywhere in our operations.

The workforce at each hotel is composed of permanent staff, Fixed Term Contracts (FTC) and contracted employees. Each hotel has guidelines for benefits to be extended to staff in each of these categories. In the case of staff contracted through a third party, we also monitor the contractor's compliance with statutory norms.

Workforce engagement is assessed through the annual Employee Engagement Survey, and through periodic assessment of HR indicators such as grievances, attrition rates, exit interviews etc. Growth and skill development is addressed through a comprehensive Learning and Development System, delivered through experienced trainers in each hotel. Our colleagues' career progression and succession planning is charted through joint discussions between the employee and their manager. This data is then reviewed by the Hotel, Functional, Regional and National Talent Councils within the company for broader action.

To improve the participation of women in our workforce, we have committed to filling 50% of our available vacancies with female candidates during campus recruitment, and recruiters are incentivized to fill positions with female candidates. This year, we launched an incentive-based referral programme for women candidates. It entails a 30%-50% higher referral amount to employees in case their selected reference is a woman. Our new hospitalization policy offers support to women employees who are facing hurdles in starting a family, by covering medical expenses including various fertility treatments.

ACTIONS AND TARGETS

Our induction program for new employees (Taj Swagat), the annual calendar of skill and knowledge training, and a social-media style internal communication network are among the initiatives to enhance employee engagement and performance. Programs such as the Special Thanks and Recognition System (STARS) ensure that employees who receive the best customer feedback, collaborate across departments and proactively suggest workplace improvements are recognized, rewarded and incentivized to excel further.

To strengthen our hiring process, we have introduced the technique of Targeted Selected for hiring senior management professionals. This technique provides managers and decision makers with the information, framework, tools, skills and practices required to confidently and effectively assess and select the best talent.

There are 18 employee associations within the company that are recognized by the management. The relationship with these associations is curated through constant engagement by HR and other management representatives at each hotel. In order to enhance productivity, we have introduced productivity-based wage settlements over the last two years. This has been rolled out through widespread communication about the advantages of driving business results through wage settlements. As a result, most of the wage settlements in the last two years have been linked to productivity parameters like cost and revenue, guest satisfaction etc.

A third party ethics helpline is accessible to all employees in order to raise any grievances, in addition to an open door policy with HR representatives in each business unit.

RESPONSIBILITIES

Organizational responsibility for talent management and retention lies with the Global Head of Human Resources, supported by the VP-Human Resources Operations and the VP-Organizational Effectiveness and Development. The latter role also oversees the Learning and Development System.

These functions are enabled by Regional HR heads, who support the HR Managers and Learning and Development Managers in each hotel. Certified Departmental Trainers in each department of each hotel, who are subject matter experts, work closely with the Learning and Development Managers to implement training and skill upgradation programs.

PERFORMANCE

Number and Rate of New Employee Hire

		2017-18		2016-17		2015-16	
Age Group							
EXECUTIVE	<30	90	167	84	217	55	213
	30-49	29	106	21	141	25	165
	>50	0	1	0	1	1	4
STAFF	<30	31	121	38	133	31	174
	30-49	4	27	10	34	10	68
	>50	0	3	0	1	1	0
FTC	<30	577	1512	549	1818	561	2115
	30-49	36	232	45	280	69	372
	>50	0	2	1	11	2	12
APPRENTICE / TRAINEES	<30	38	191	20	145	73	260
	30-49	-	-	-	24	0	0
	>50	-	-	0	8	0	2
TOTAL		805	2362	768	2813	828	3385

This data pertains to permanent employees across the 60 hotels covered in this report, and corporate offices. Permanent employees are those employed

directly by IHCL, and excludes staff employed by third party contractors deployed to IHCL. The region covered is India.

Number and Rate of Employee Turnover

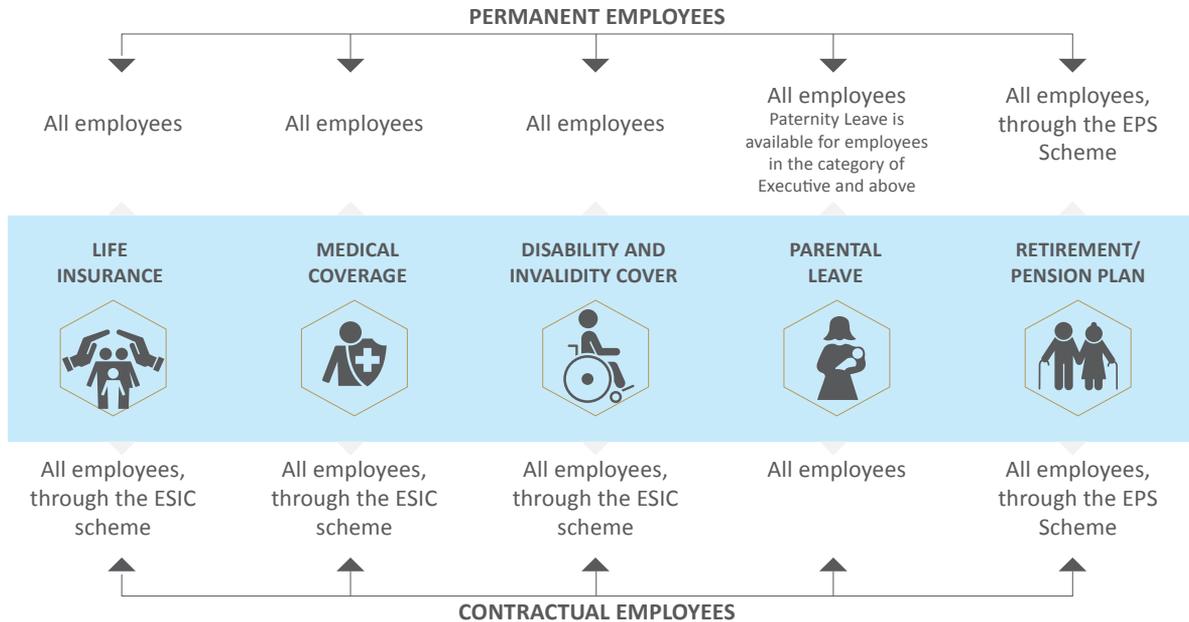
		2017-18		2016-17		2015-16	
Age Group							
EXECUTIVE	<30	105	207	124	256	98	209
	30-49	43	210	47	242	37	178
	>50	8	58	11	57	5	48
STAFF	<30	49	225	49	303	60	295
	30-49	23	117	7	163	12	124
	>50	1	93	3	87	2	80
FTC	<30	372	1115	436	1584	458	1561
	30-49	33	216	55	281	46	240
	>50	-	6	1	18	4	3
APPRENTICE / TRAINEES	<30	12	89	4	70	6	72
	30-49	-	1	-	-	-	-
	>50	-	-	-	-	-	-
TOTAL		646	2337	737	3061	728	2810

This data pertains to permanent employees across the 60 hotels covered in this report, and corporate offices. Permanent employees are those employed

directly by IHCL, and excludes staff employed by third party contractors deployed to IHCL. The region covered is India.

BENEFITS PROVIDED TO FULL TIME VS TEMPORARY EMPLOYEES

The table below displays benefits provided to permanent employees and contractual employees, ranging from life insurance, flexible working hours, leave and other benefits.



PARENTAL LEAVE

Employees entitled to parental leave		Employees that took parental leave		Employees that returned to work in the reporting period after parental leave ended		Return to work rate	
37%	100%	361	96	350	29	97%	30%

To support women employees returning from maternity leave, and to improve return to work rates, day care centers have been provided in each unit.

LABOUR-MANAGEMENT RELATIONS

Employees and their representatives are given at least 2 weeks' notice and where possible 4 weeks' notice before implementing significant operational changes that could substantially affect them. This notice period and the provisions for consultation and negotiation are specified in collective agreements.

Education to upgrade skills consists of function-specific trainings delivered by Certified Departmental Trainers in each hotel. These persons are functional skill experts in their fields, who have undergone a trainer certification process. They are evaluated and certified upon achieving a minimum score of 60%. Skill training and certification is also conducted for all new hires.

TRAINING AND EDUCATION

Employee training comprises knowledge-based training on topics such as health, safety, environmental awareness, professional conduct and organizational policies, and skill-based training intended to strengthen functional abilities. Learning opportunities are extended to permanent, fixed-term contract and third-party contractual staff alike, according to each hotel's annual training calendar for each of its departments.

Training topics include the application of Leading Quality Assurance (LQA) standards, Guest Engagement Training, and Cross Exposure Training in which employees travel to other IHCL hotels to acquire key skills and observe processes, returning to train colleagues in their own unit.

To address our major priority of creating a talent pool across levels, we implement 3 programmes:

1. The Golden Threshold Program, to introduce entry-level candidates to the industry
2. The Hotel Operations Training Program, to develop supervisory-level candidates with strong operations skills
3. The Hotelier Development Programme, to create a cadre of potential leaders with comprehensive hotelier skills

To foster leadership and prepare promising candidates for senior roles, the General Manager Development Programme offers opportunities to General Managers for specialized training. Our managers also have access to TajLEAD, a learning and development portal that provides world-class training content on a wide range of topics. To address frontline training requirements, a new programme called Training Enablement & Development (TREND) has been launched at more than 48 hotels, covering topics in the areas of behaviour, knowledge and skills along with other mandatory programmes.

Our workforce comprises a significant number of colleagues with long service records. To enable them to

adjust to life after retirement, transition assistance programmes imparting entrepreneurship skills are conducted by individual hotels. We aim to scale up this practice across the organization in the near future.

PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

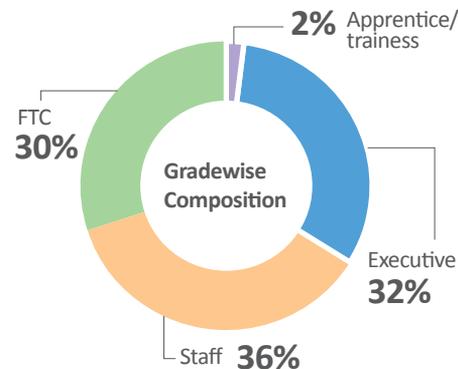
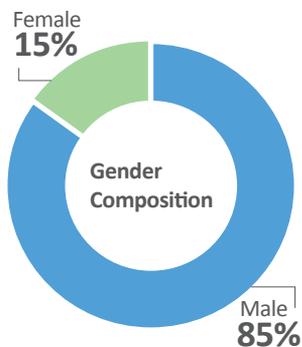
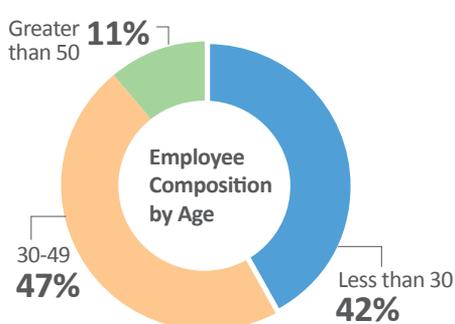
All our employees irrespective of gender and employee category receive annual performance appraisal and career development reviews. The results of these reviews are taken into account while drawing up the annual training calendar according to training needs.

DIVERSITY AND EQUAL OPPORTUNITY

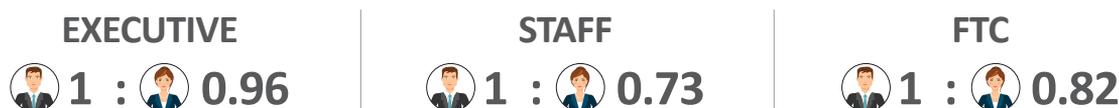
Diversity of Governance Bodies

	Age Group		
Composition of the Board of Directors	>50	1	6
	30-49	1	-
	<30	-	-

DIVERSITY OF EMPLOYEES



Ratio of remuneration of men to women by employee category



Our initiatives to continue narrowing the gender pay gap include focused efforts to increase the proportion of women in the workforce, skill upgradation, and promoting the representation of women in leadership roles.

MANAGEMENT APPROACH

We aim to secure a safe environment for each person in and around our premises, and optimize security for our guests, employees, service providers and local communities. Our safety program covers three areas: Fire and Life Safety, Food Safety and Hygiene, and Security. Our Safety and Security practices are aligned with the Tata Group Safety Management System and the Tata Safety Beliefs.

POLICIES AND COMMITMENTS

Our [Safety and Security Policy](#) has been framed based on the Tata Group Safety Beliefs, and covers Food, Fire and Life Safety. The Vehicle Safety Policy addresses road and driving safety, while Contractor Safety Standards guide the operations of third-party service providers. The Tata Group Safety Guidelines also guide the processes of recording and reporting workplace incidents. External standards and compliances incorporated into our processes include alignment with the National Building Code of India, IS 13716, FSSAI, FDA requirements, and industry best practices. Data security and the privacy of our guests is governed by the [Privacy Policy](#).

Our commitment to guest safety includes provision of medical facilitation in each location, excellence of food safety standards as a core, non-negotiable aspect of operations, and collaboration with local authorities to maximize security. As part of this commitment, training on Food Safety and Fire Safety is given to 100% of employees, and employees in certain roles undergo advanced training in first aid, crisis management, chemical handling and storage, accident investigation, and safe food and equipment handling.

ACTIONS AND TARGETS

Safety and Security measures are built into our hotels from the design stage, during which safety and security risk analyses are conducted and mitigation plans drawn up for each hotel. This risk assessment determines the hotel-specific equipment and infrastructure, as well as manning numbers required for safe and secure operations. Emergency Preparedness Plans are defined for each hotel according to its specific requirements, and deployment of these plans is the responsibility of trained Crisis Management teams comprising key staff. This includes evacuation and emergency drills, measures to be taken in case of fire or natural calamities, or in the case of security incidents.

A rigorous system of third-party audits and internal checks are implemented in each of the three safety areas. Fire and Life Safety audits are conducted annually

and cross-validated through internal assessments at each hotel. Food Safety, Hygiene and Cleanliness audits are conducted either annually or twice a year according to the requirements of each unit. Security systems undergo continuous checks and upgrades through self-checks as well as recommendations of external experts and law enforcement agencies. Hotels are classified into 3 security categories according to their location and guest profile. This ranking is upgraded in the event of perceived threats or during visits of high profile guests, and security measures are reinforced accordingly.

Workplace Hazards are identified through a standardized Hazard Identification and Risk Assessment process, which also enables employees to flag potential accident risks. Employees are encouraged to report every potential risk and incident, however minor, as a learning tool to prevent future occurrences.

Women's safety, for employees as well as guests, is a special focus area. In addition to identity verification, baggage checks, security cameras in public spaces and restricted access to guest floors for the security of all guests, we take additional measures for the safety of our single lady guests. This includes connecting phone calls to rooms of female guests only through the operator, offering rooms close to elevators for easy access in case of emergencies, video phone facilities, accompanying female guests travelling alone outside the hotel whenever requested, and ensuring that at least a minimum number of female staff are available on duty around the clock to address the needs of lady guests. Measures to ensure the safety of female staff include training in self-defense, accompanied pick-ups and drops for women working night shifts, provisions to stay over at the hotel if needed, and provision of pepper sprays.

Additionally, all guest rooms contain information about safety procedures and exit routes, and guests are invited to voluntarily participate in mock drills whenever these are conducted. All guests are provided with a safety orientation at the time of checking in as well as prior to the start of a banqueting event.

RESPONSIBILITIES

Fire and Life Safety at the unit level is anchored by the Security Manager, General Manager and the Hotel Emergency Action team, and at the local area level by the Area Directors and Senior Vice Presidents. They report to the Executive Vice President in each region of our operations (North and South), who in turn communicate performance and procedural matters to the Corporate Business Excellence team, the Safety Advisory Committee, and the IHCL Executive Committee.

Food safety is addressed by the hotel Food Safety Management team, comprising the General Manager, chefs and the Materials Manager. A team of 22 microbiologists advise our hotels across India on food safety topics and supervise the maintenance of standards. The unit level teams report to the corporate Safety Advisory Committee.

Security in each unit is primarily the responsibility of the Security Manager and General Manager, who

report to the company's Head of Safety and Security. The Head of Safety and Security collaborates closely with the Executive Vice President in each region, who communicates performance and other matters to the CHRO.

The overall governance of safety and security matters is held directly by the board, and the corporate Business Excellence team also represents IHCL at the Tata Group Safety Council.



PERFORMANCE

INJURY RATES

Our approach to safety as a critical operational area is to assure equal treatment and weightage to all workers in the premises, both employees and contractual staff. Therefore, the data below includes both employees and contractual staff. Our recording system does not currently segregate data by gender.

Accident statistics are recorded and reported according to the Tata Group safety reporting guidelines. Minor injuries requiring only first aid where the employee immediately returns to work are recorded as First Aid Cases. Fatalities are reported separately and are also included in the Total Recordable Cases (TRC). Lost time is calculated in terms of man hours on scheduled working days. The lost day count begins on the day after the accident.

Total Man Hours worked have been calculated using the formula:

Total Workforce x 8 (hours per day) x 24 (working days per month x 12 (months a year).

INJURY CASES:

First Aid Cases (FAC)	2929
Medical Treatment Cases (MTC)	432
Lost-Time Injuries (LTI)	309
Lost Time Injury Frequency Rate	6.97
Fatalities	2
Million Man-hours worked	44.61
Number of Permanent employees	13635
Number of Contracted staff	5727

We regret to inform our stakeholders that we have had 2 fatalities among contractual staff employed by third-party contractors in 2017-18. We have conducted detailed investigations into these incidents and have identified steps that would prevent recurrence of injuries in situations such as those leading to these fatalities. These preventive measures have been implemented at the concerned business units and have also been rolled out across the company. Implementation checks on the investigation recommendations have also been carried out to ensure robustness of the preventive actions.

KPI reporting according to the Tata Group Safety framework commenced in June 2016-17. Over the year, hotels were covered by the reporting system in a phased manner to bring all hotels on board with the reporting system. Since April 2017-18, all operational hotels have been reporting according to the Group Guidelines. In 2017-18, additional and unique KPIs such as reporting of guest injuries commenced. Further, the focus in 2017-18 was, 'On Time, In Full' reporting as well as error-free reporting of KPIs. The practice of sharing incident reports for high potential incidents as well as major accidents was also made more robust in 2017-18.

COMMUNITY DEVELOPMENT

MANAGEMENT APPROACH

Community development programmes at IHCL are guided by the approach of 'Giving Back' to communities. Since our operations span a variety of geographical locations and sociocultural contexts, sharing the benefits of our business with local communities wherever we are present is among our core commitments. Shaping a common future for responsible business in thriving communities is delivered through our Corporate Social Responsibility (CSR) programmes, procurement practices and engagement with local cultures and arts.

POLICIES AND COMMITMENTS

IHCL's CSR and Sustainability policy is the basis for our community development undertakings, which are also aligned with the Tata Affirmative Action Programme. The implementation of community development programmes is in accordance with the CSR guidelines of the Companies Act 2013.

The target groups for community development programmes have been identified through consultations with our NGO partners, partnerships with government agencies, and through needs identified by our teams in each unit, who are deeply familiar with local contexts. The intent of our programmes is to reach out to underprivileged groups and marginalized belts around our locations.

Our community development programmes prioritize Goal 8 (Decent work and economic growth) of the SDGs.

ACTIONS AND TARGETS

Our interventions address 3 focus areas:

- Community Livelihoods through skilling, enterprise development, and promoting art and handicrafts
- Developing Neighbourhoods, through the maintenance and beautification of public spaces and heritage sites
- Welfare Initiatives that enable communities to access medical care, essential services and emergency relief in case of disasters

Our programmes are strengthened by a strong culture of volunteering, which includes social responsibility immersion experiences for young managers. Employee volunteering is structured according to the Tata Volunteering Months, which engage associates and their families across the company.

Our flagship programme, the Taj Tata Strive Skill Development Programme, works towards equipping

underprivileged youth who have dropped out of school with the skills required to secure employment in the hospitality industry. In collaboration with external partners and training institutes, we deliver skill training courses through content and classrooms design, faculty development, on-the-job trainings, evaluation of learning outcomes, joint certification and support to students through our industry networks.

To encourage entrepreneurship and enable disadvantaged groups to create a livelihood, we offer training to youth, women and differently-abled persons in house-keeping, cooking, bakery and allied functions. Through partnerships with NGOs and our relationships with the local community, our hotels extend opportunities to artisans, weavers and other craftsmen to exhibit their arts and sell to guests, thereby keeping alive traditional art-based livelihoods. Our procurement teams take advantage of opportunities to source goods and services from NGOs, farmers' collective, small scale women entrepreneurs and other disadvantaged groups, while also supporting the development of their enterprises.

We recognize that heritage sites and cultural locations create value for our industry. We aim to preserve and promote these sites for future generations through neighbourhood development programmes. We currently maintain 2 such locations: the National Railway Museum in Delhi and the Gateway of India precinct in Mumbai.

With a similar aim in mind, we maintain public amenities such as roads, gardens and bus stops in our vicinity through cleaning and repair, for the benefit of communities in these areas. Our national presence means that we are often among the first to know of natural calamities, and in these situations, we extend emergency relief as part of the Tata Disaster Response Network and through our employee volunteers.

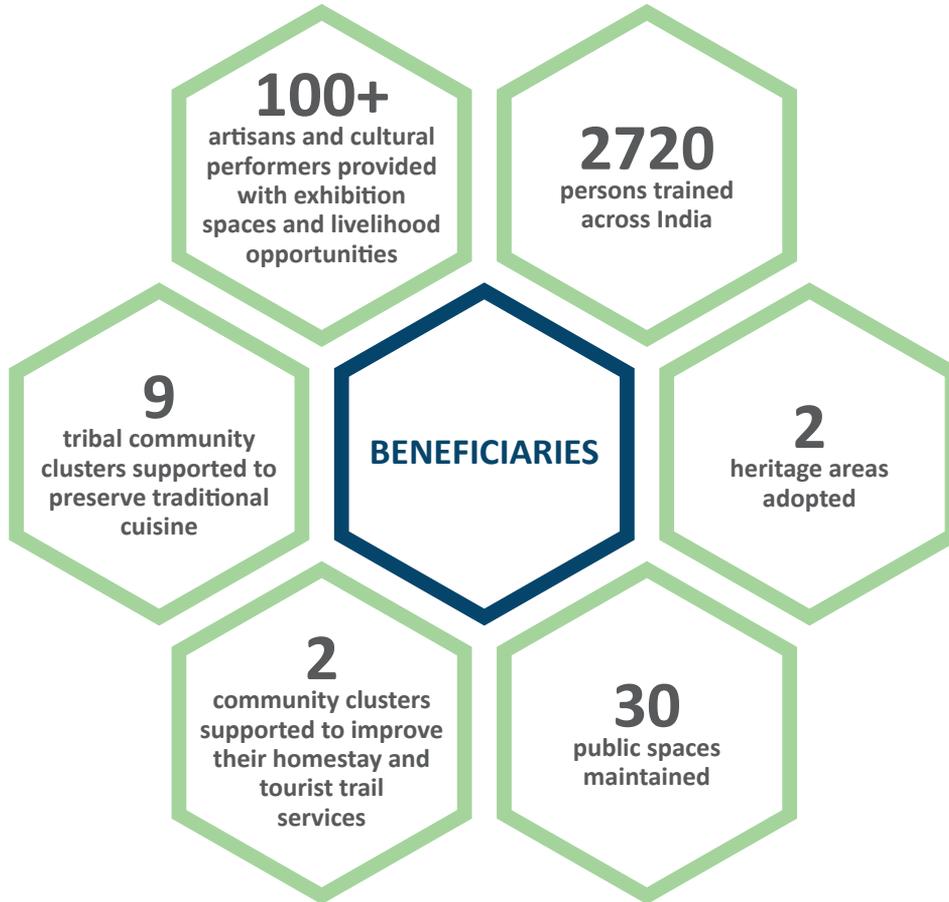
RESPONSIBILITIES

Community development programmes in each hotel are implemented by the HR managers, with the support of the General Manager, Procurement teams and Employee volunteers. Other teams such as engineering, housekeeping and security may be involved according to the nature of the project. Responsibility for project implementation is shared between hotel General Managers and the corporate CSR team. The programmes are guided by the Sustainability Advisory Committee, and overall governance rests with the IHCL Board CSR and Sustainability Committee.

OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT

53 of the 60 business units covered in this report implemented structured community development programmes with a dedicated budget under our CSR focus areas, in addition to employee volunteering.

Of the rest, 6 hotels participated in volunteering activities while 1 unit was closed for renovations during the reporting period.



Annexure I

Hotels covered in the IHCL sustainability report 2017-18

No.	Property	Entity	No.	Property	Entity
1	Rambagh Palace, Jaipur	Managed	34	The Gateway Hotel Church Road, Coonoor	OHL
2	Savoy Hotel, Ooty	IHCL	35	The Gateway Hotel Fatehabad Road, Agra	PIEM
3	Taj Bangalore, Bangalore	Managed	36	The Gateway Hotel Ganges, Varanasi	BHL
4	Taj Banjara, Hyderabad	GVK	37	The Gateway Hotel Old Port Road, Mangalore	OHL
5	Taj Bekal Resort & Spa, Kerala	Managed	38	The Gateway Hotel Pasumalai, Madurai	OHL
6	Taj Bengal, Kolkata	IHCL	39	The Gateway Hotel Residency Road, Bangalore	IHCL
7	Taj Chandigarh, Chandigarh	GVK	40	The Gateway Resort Damdama Lake, Gurugram	Managed
8	Taj City Centre, Gurugram	Managed	41	The Taj Mahal Hotel, New Delhi	IHCL
9	Taj Club House, Chennai	GVK	42	The Taj Mahal Palace and Tower, Mumbai	IHCL
10	Taj Coromandel, Chennai	OHL	43	Umaid Bhawan Palace, Jodhpur	Managed
11	Taj Deccan, Hyderabad	GVK	44	Vivanta by Taj Ambassador, New Delhi	UHL
12	Taj Exotica Resort & Spa, Goa	IHCL	45	Vivanta by Taj Aurangabad, Aurangabad	IHCL
13	Taj Falaknuma Palace, Hyderabad	IHCL	46	Vivanta by Taj Begumpet, Hyderabad	GVK
14	Taj Fort Aguada Resort & Spa, Goa	IHCL	47	Vivanta by Taj Blue Diamond, Pune	PIEM
15	Taj Green Cove Resort & Spa, Kovalam	Managed	48	Vivanta by Taj Connemara, Chennai	IHCL
16	Taj Holiday Village Resort & Spa, Goa	IHCL	49	Vivanta by Taj Dwarka, New Delhi	IHCL
17	Taj Jai Mahal Palace, Jaipur	IHCL	50	Vivanta by Taj Fisherman's Cove, Chennai	OHL
18	Taj Krishna, Hyderabad	GVK	51	Vivanta by Taj Gomti Nagar, Lucknow	PIEM
19	Taj Lake Palace, Udaipur	IHCL	52	Vivanta by Taj Guwahati, Guwahati	IHCL
20	Taj Lands End, Mumbai	IHCL	53	Vivanta by Taj Hari Mahal, Jodhpur	IHCL
21	Taj Madikeri Resort and Spa, Coorg Retreats and Resorts	Kaveri	54	Vivanta by Taj MG Road, Bangalore	PIEM
22	Taj Malabar Resort & Spa, Cochin	OHL	55	Vivanta by Taj Panaji, Goa	Managed
23	Taj Nadesar Palace, Varanasi	BHL	56	Vivanta by Taj President, Mumbai	PIEM
24	Taj Palace, New Delhi	IHCL	57	Vivanta by Taj Surajkund, New Delhi	Managed
25	Taj Santacruz, Mumbai	GVK	58	Vivanta by Taj Surya, Coimbatore	OHL
26	Taj Swarna, Amritsar	PIEM	59	Vivanta by Taj Trivandrum, Kerala	OHL
27	Taj Usha Kiran Palace, Gwalior	IHCL	60	Vivanta by Taj Whitefield, Bangalore	IHCL
28	Taj Wellington Mews Luxury Residences, Mumbai	IHCL			
29	Taj West End, Bangalore	IHCL			
30	Taj Yeshwantpur, Bangalore	IHCL			
31	The Gateway Hotel Ambad, Nashik	PIEM			
32	The Gateway Hotel Beach Road, Calicut	IHCL			
33	The Gateway Hotel Beach Road, Visakhapatnam	OHL			

GLOSSARY

CDP	Carbon Disclosure Project
COP	Communication on Progress (UNGC report)
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FDA	US Food and Drug Administration
FSSAI	Food Safety and Standards Authority of India
GHG	Greenhouse Gas
IPCC	Intergovernmental Panel on Climate Change
Kg CO₂-e	Kilograms of CO ₂ equivalent
MJ	Mega Joules (10 ⁶ joules)
ODS	Ozone Depleting Substances
SDGs	Sustainable Development Goals
TJ	Tera Joules (10 ⁶ megajoules)
UNGC	United Nations Global Compact



ASSURANCE STATEMENT

Independent Limited Assurance Statement to The Indian Hotels Company Limited on their Sustainability Report for Financial Year 2017-18

To the Management of The Indian Hotels Company Limited, Express Tower, 9th Floor, Barrister Rajni Patel Marg, Nariman Point, Mumbai 400021, Maharashtra.

INTRODUCTION

The Indian Hotels Company Limited ('the Company' or 'IHCL') has requested KPMG (Registered) in India ('KPMG', or We) to provide an independent assurance on its Sustainability Report for the FY 2017-18 ('the Report'). The Company's management is responsible for identifying its material issues, engaging with its stakeholders and developing the content of the Report. KPMG's responsibility is to provide limited assurance on the Report as described in the scope of assurance.

REPORTING CRITERIA

IHCL applies sustainability reporting criteria derived from the following:

- Global Reporting Initiative (GRI) Standards 'In accordance Core' option
- United Nations Global Compact (UNGC) Principles

ASSURANCE STANDARDS USED

We conducted our assurance in accordance with

- Limited Assurance 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,
 - Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.

SCOPE, BOUNDARY AND LIMITATIONS

The scope of assurance covers the sustainability disclosures of IHCL for the period 01 April 2017 to 31 March 2018.

The boundary of the report covers the economic, environmental and social performance of IHCL's operations in India as described in the 'About this Report' section of the Report.

We have carried out assurance visits to the following hotels:

- The Taj Mahal Palace and Tower, Mumbai
- The Taj Mahal Hotel, New Delhi
- Taj Fort Aguada Resort & Spa, Goa
- Taj Banjara, Hyderabad
- Taj West End, Bangalore
- Vivanta by Taj MG Road, Bangalore
- Taj Green Cove Resort & Spa, Kovalam
- Taj Coromandel, Chennai
- Taj Lands End, Mumbai
- Vivanta by Taj President, Mumbai
- Vivanta by Taj Ambassador, New Delhi
- Vivanta by Taj Fisherman's Cove, Chennai
- Vivanta by Taj Trivandrum, Kerala
- The Gateway Hotel Ganges, Varanasi
- Taj Nadesar Palace, Varanasi
- The Taj Jai Mahal Palace, Jaipur

The assurance scope excludes:

- Verification of data and information related to IHCL's financial performance, sourced from its audited annual report for FY 2017-18.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions of the Company.
- Data outside the 60 hotels included in the scope of the report as described in the 'About this Report' section of the Report.

The General and Specific Standard Disclosures subject to assurance were as follows:

GENERAL STANDARD DISCLOSURES	SPECIFIC STANDARD DISCLOSURES
<ul style="list-style-type: none"> • Organizational Profile (102-7 to 102-11) • Strategy (102-14) • Ethics and Integrity (102-16) • Governance (102-18) • Stakeholder Engagement (102-40 to 102-44) • Report Profile (102-45 to 102-56) • Disclosure on Management Approach (103-1, 103-2)¹ 	<ul style="list-style-type: none"> • Environment <ul style="list-style-type: none"> o Energy (302-1, 302-2, 302-3, 302-4) o Water (303-1, 303-3) o Emissions (305-1, 305-2, 305-4, 305-5, 305-6) • Social <ul style="list-style-type: none"> • Labour Practices and Decent Work <ul style="list-style-type: none"> o Employment (401-1, 401-2, 401-3) o Labour/Management Relations (402-1) o Occupational Health and Safety (403-1, 403-2) o Performance and Career Development (404-3) o Diversity and Equal Opportunity (405-1, 405-2) • Society <ul style="list-style-type: none"> o Local Communities (413-1)

¹Disclosures on Management Approach were verified for select specific standard disclosures as per the given table

ASSURANCE PROCEDURES

Our assurance processes involve performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the standard disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances. The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement.

Our assurance procedures also included:

- Assessment of IHCL’s reporting procedures for sustainability reporting regarding their consistency with the application of GRI standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the data presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality threshold’s used by IHCL for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.

- Assessment of the stakeholder engagement process through personal interviews and review of relevant documentation.
- Assessment of data reliability and accuracy.
- Verification of key performance data through site visits on an annual basis for
 - Testing reliability and accuracy of data on a sample basis
 - Reviewing of the processes deployed for collection, compilation, and reporting of sustainability disclosures at corporate and site level

Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to confidentiality of the information, our team verified the same at IHCL’s premise.

CONCLUSIONS

We have reviewed the Sustainability Report of IHCL. Based on our review and procedures performed as per the scope of work, nothing has come to our attention that causes us not to believe that the sustainability disclosures presented in the Report are appropriately stated, in material aspects, and in line with the reporting principles of GRI Standards.

We have provided our observations to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

INDEPENDENCE

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of the ISAE 3000 (revised) standard. Our work was performed in conformance to the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) code.

RESPONSIBILITIES

IHCL is responsible for developing the Report contents. IHCL is also responsible for identification of material sustainability issues, establishing and maintaining

appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of IHCL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to IHCL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than IHCL for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.



Prathmesh Raichura

Director
KPMG in India
08 August 2018

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Number	UNGC Principles
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	10	
	102-3 Location of headquarters	Back Cover	
	102-4 Location of operations	10	
	102-5 Ownership and legal form	10	
	102-6 Markets served	10	
	102-7 Scale of the organization	11	
	102-8 Information on employees and other workers	12, 13	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	102-9 Supply chain	13	
	102-10 Significant changes to the organization and its supply chain	13	
	102-11 Precautionary Principle or approach	29	
	102-12 External initiatives	13	
	102-13 Membership of associations	13	
	102-14 Statement from senior decision-maker	4, 5, 6, 7	
	102-15 Key impacts, risks, and opportunities	15	
	102-16 Values, principles, standards, and norms of behavior	16	Principle 2: Human Rights Business should make sure they are not complicit in human rights abuses. Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour. Principle 5: Businesses should uphold the effective abolition of child labour. Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
	102-17 Mechanisms for advice and concerns about ethics	16	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour. Principle 5: Businesses should uphold the effective abolition of child labour. Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
	102-18 Governance structure	16, 17	
	102-32 Highest governance body's role in sustainability reporting	20	
	102-40 List of stakeholder groups	18, 19	
	102-41 Collective bargaining agreements	13	
	102-42 Identifying and selecting stakeholders	18	
	102-43 Approach to stakeholder engagement	18	
	102-44 Key topics and concerns raised	16, 17	
	102-45 Entities included in the consolidated financial statements	9	

GRI Standard	Disclosure	Page Number	UNGC Principles
GRI 101: FOUNDATION 2016			
GENERAL DISCLOSURES			
	102-46 Defining report content and topic boundaries	9, 20	
	102-47 List of material topics	21, 22	
	102-48 Restatements of information	9	
	102-49 Changes in reporting	9	
	102-50 Reporting period	9	
	102-51 Date of most recent report	9	
	102-52 Reporting cycle	9	
	102-53 Contact point for questions regarding the report	Back Cover	
	102-54 Claims of reporting in accordance with the GRI Standards	9	
	102-55 GRI content index	54	
	102-56 External assurance	49	
MATERIAL TOPICS			
GRI 201: ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	21	
	103-2 The management approach and its components	23, 24	
	103-3 Evaluation of the management approach	23, 24	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	24	
GRI 302: ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	Principle 7: Businesses should support a precautionary approach to environmental challenges
	103-2 The management approach and its components	28, 29, 30	
	103-3 Evaluation of the management approach	28, 29, 30	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	30	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
	302-3 Energy intensity	31	
	302-4 Reduction of energy consumption	32	
GRI 303: WATER			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	Principle 7: Businesses should support a precautionary approach to environmental challenges
	103-2 The management approach and its components	28, 29, 30	
	103-3 Evaluation of the management approach	28, 29, 30	
GRI 303: Water 2016	303-1 Water withdrawal by source	33	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
	303-2 Water sources significantly affected by withdrawal of water	34	
	303-3 Water recycled and reused	34	
GRI 305: EMISSIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	Principle 7: Businesses should support a precautionary approach to environmental challenges
	103-2 The management approach and its components	28, 29, 30	
	103-3 Evaluation of the management approach	28, 29, 30	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	32	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies
	305-2 Energy indirect (Scope 2) GHG emissions	32	
	305-4 GHG emissions intensity	32	
	305-5 Reduction of GHG emissions	32	
	305-6 Emissions of ozone-depleting substances (ODS)	32	

GRI Standard	Disclosure	Page Number	UNGC Principles
MATERIAL TOPICS			
GRI 306: EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility. Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
	103-2 The management approach and its components	28, 29, 30	
	103-3 Evaluation of the management approach	28, 29, 30	
	306-2 Waste by type and disposal method	35	
GRI 401: EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour. Principle 5: Businesses should uphold the effective abolition of child labour. Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	39	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	40	
	401-3 Parental leave	40	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
GRI 402: LABOR MANAGEMENT RELATIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	40	Principle 3: Labour Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
GRI 403: OCCUPATIONAL HEALTH & SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	
	103-2 The management approach and its components	42, 43	
	103-3 Evaluation of the management approach	42, 43	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	44	
GRI 404: TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	

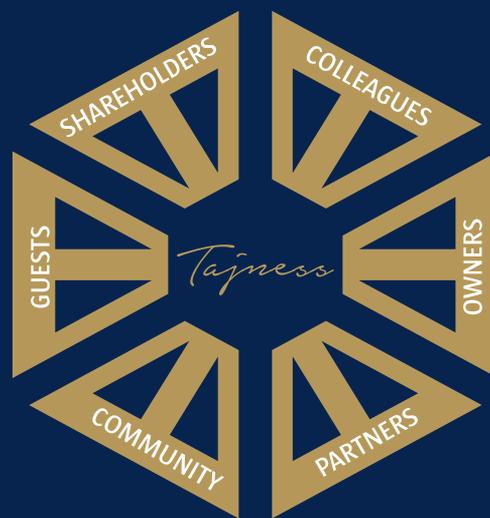
GRI Standard	Disclosure	Page Number	UNGC Principles
MATERIAL TOPICS			
GRI 404: TRAINING AND EDUCATION			
	404-2 Programs for upgrading employee skills and transition assistance programs	40, 41	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	404-3 Percentage of employees receiving regular performance and career development reviews	41	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 405: Diversity and Equal opportunity 2016	405-1 Diversity of governance bodies and employees	41	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
	405-2 Ratio of basic salary and remuneration of women to men	41	
GRI 413: LOCAL COMMUNITIES			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	22	
	103-2 The management approach and its components	45	
	103-3 Evaluation of the management approach	45	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	46	Principle 1: Human Rights Businesses should support and respect the protection of internationally proclaimed human rights
NON GRI: CUSTOMER DELIGHT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	21	
	103-2 The management approach and its components	24, 25, 26	
	103-3 Evaluation of the management approach	24, 25, 26	
NON GRI: GROWTH AND SCALE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	21	
	103-2 The management approach and its components	26	
	103-3 Evaluation of the management approach	26	
NON GRI: BRAND AND REPUTATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	21	Principle 1: Human Rights Businesses should support and respect the protection of internationally proclaimed human rights
	103-2 The management approach and its components	26, 27	
	103-3 Evaluation of the management approach	26, 27	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



Tajness is the soul of our culture.

It is an implicit trust in people to forge invaluable relationships by creating an emotional connect with our various stakeholders. It subtly guides all our behaviours.

Tajness is the way we do what we do.



Tajness is built on three broad pillars:

01

TRUST

- Fairness with all stakeholders
- Openness and transparency in what we do
- Free flow of information
- Alignment of all stakeholders
- Build and strengthen long-term relationships

02

AWARENESS

- Enhance awareness around our plans, strategies, tactics, processes
- Work together to create greater enterprise value
- Participative in our decision making
- Imbibe a sense of belonging across all stakeholders

03

JOY

- Derive joy and happiness from what we do and how we do it
- Serve all stakeholders with joy and utmost dedication
- Create and maintain an environment where there is joy and happiness, where people are respected and diversity is celebrated
- Share our success with all stakeholders

THE INDIAN HOTELS COMPANY LIMITED,
Corporate Office: 9th Floor, Express Towers, Nariman Point, Mumbai 400 021
Registered Office: Mandlik House, Mandlik Road, Mumbai 400 001

www.tajhotels.com

For any feedback / queries, please contact: Mr. Alok Vijayvergiya (Corporate Director -Sustainability)
Tel.: +91 22 6137 1966 | Email: alok.vijayvergiya@tajhotels.com