



SUMMIT
HOTEL PROPERTIES

**CORPORATE
RESPONSIBILITY
REPORT
2018**

HYATT PLACE



HYATT
PLACE

TABLE OF CONTENTS

3

INTRODUCTION

A Message from Our Chairman, President & CEO
Investment Thesis
2018 Highlights
About Our Program

7

ENVIRONMENTAL STEWARDSHIP

Program Oversight
Energy and Water
Building, Retrofitting and Operating Sustainable Hotels
Responsible Sourcing
Waste and Recycling
Soil Conservation and Pollution Prevention
Historical Property Preservation

13

SOCIAL RESPONSIBILITY

Investing in our Communities
Health, Safety and Well-being
Caring for our Colleagues
Advocating for All

22

GOVERNANCE & RESILIENCY

Corporate Governance Principles
Resilience Measures

A MESSAGE FROM OUR CHAIMAN, PRESIDENT & CEO

Dear Stakeholders,

We formally established our Corporate Responsibility Program to demonstrate our ongoing commitment to our environment, our community and our stakeholders. We believe that such efforts are an important part of our core responsibilities to create a more inclusive, equitable and sustainable world.

Since the establishment of our Corporate Responsibility Program, we have adopted and published important ESG policies, aggregated portfolio utility consumption data to identify opportunities that will create greater efficiencies and formed a 501(c)(3) nonprofit organization. In addition, we have aligned our goals with the United Nations Sustainable Development Goals with a focus on those that best align with our business.

We are continuously building upon our sustainability objectives, including establishing KPI reduction targets for energy and water usage, improving the efficiency of our buildings with the formation of our Energy Management Program and beginning to monitor and analyze waste, recycling and greenhouse gas emissions.

We look forward to the continued development of our Corporate Responsibility Program and sharing our progress with you.

Thank you for taking the time to read our report.



Daniel P. Hansen
Chairman, President, and
Chief Executive Officer

INVESTMENT THESIS

Our high-quality portfolio of hotels has been strategically assembled through prudent capital allocation located predominately in markets that exhibit multiple demand generators and relatively higher barriers to entry. Our investment thesis is built on several fundamental principles:



Best-in-Class
Operating Platform



Conservative and
Flexible Balance
Sheet



Focused and Efficient
Operating Model



Targeted Capital
Allocation Strategy



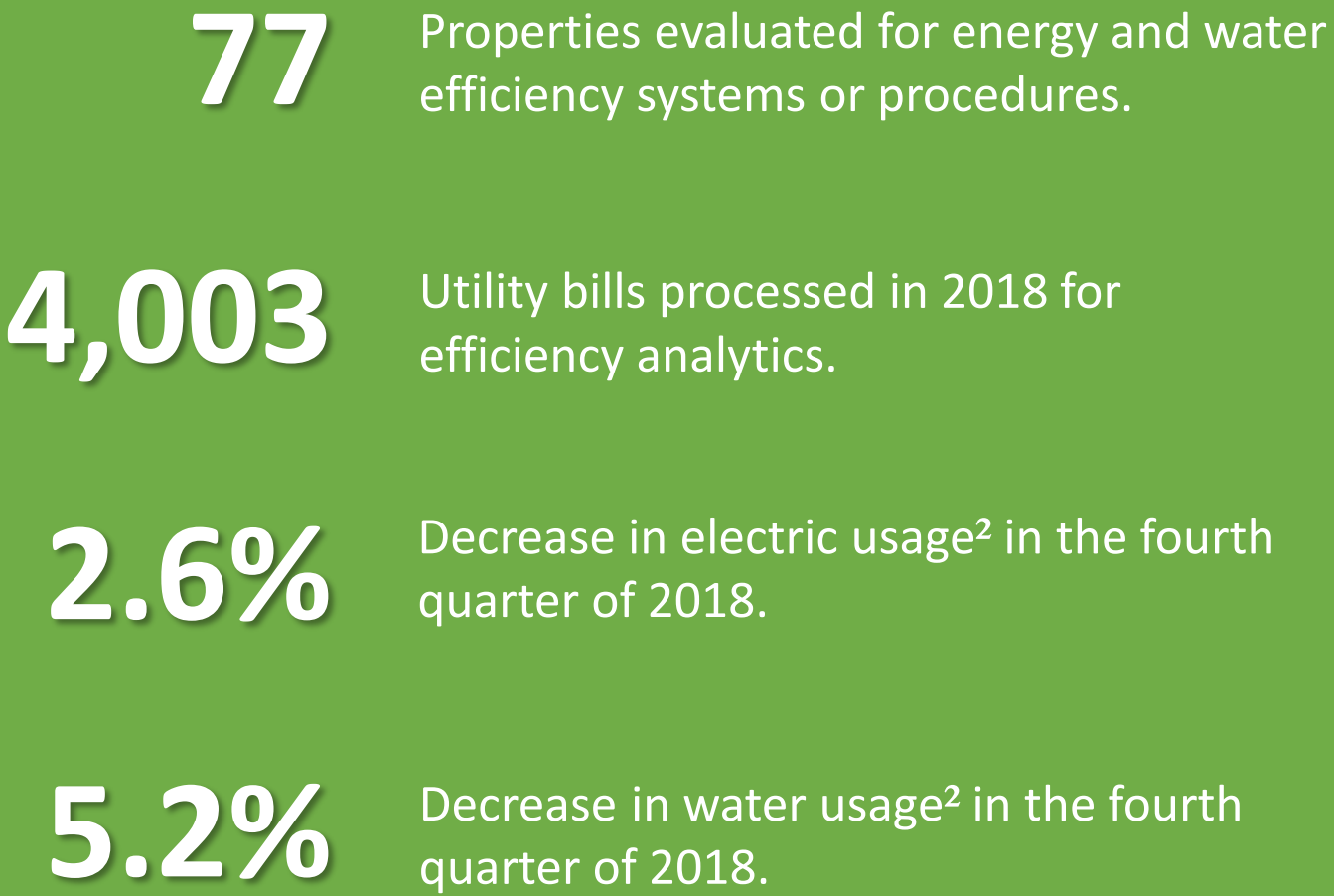
Broad Geographic
Diversification

2018 HIGHLIGHTS

Company Overview¹



Environmental



Corporate Citizenship



Governance



(1) As of December 31, 2018
(2) Metrics are corresponding quarter results for same-store properties

ABOUT OUR PROGRAM

Our Corporate Responsibility report is designed to help our stakeholders better understand our commitment and efforts regarding environmental stewardship, social responsibility and ethics and governance. We have incorporated data and information from our portfolio of hotels in our reporting. Please note that information contained herein does not constitute any guarantees or promises with regards to business activities, performances or future results.

Our Corporate Responsibility Goals (CRGs) use, as a guideline, the United Nation Sustainable Development Goals (SDGs).

Although we recognize that all SDGs are vital, in 2018 we chose to focus on the goals that most align with our business:





Environmental Stewardship





ENVIRONMENTAL STEWARDSHIP GOALS



Support and maintain environmental initiatives of our brand partners and third-party management companies.



Set KPI reduction targets for energy and water usage by 2021.



Increase our number of LEED certified hotels through acquisition, renovation and construction.



Establish an Energy Management Program to improve our environmental performance and enhance asset value.



Increase the recycling participation at our hotels.



Decrease construction waste through recycling and upcycling.



Continue to preserve and protect our historical buildings.



ENVIRONMENTAL STEWARDSHIP

Program Oversight

Summit’s CRGs and reporting are overseen by our Chief Accounting Officer and reported to our Chairman, President & CEO and Nominating and Corporate Governance Committee of the Board of Directors. This includes oversight of climate-related risks and opportunities. We have established an internal Energy Management Committee to achieve our environmental stewardship goals. Our committee is comprised of members from our Investor Relations, Asset Management and Construction departments.

[Click here](#) to download our Environmental Policy

Energy and Water

ENERGY MANAGEMENT AND CONSERVATION

We have established a formal Energy Management Program to manage and reduce energy and water consumption. We partner with a third-party energy management company to monitor and analyze our electric, natural gas and water usage. Through benchmarking and analytics, we are able to identify and remedy anomalies in our consumption to avoid waste. We also utilize the EPA’s Energy Star Portfolio Manager to benchmark our environmental performance.

Internally, we provide our employees with training and educational resources to promote environmental awareness both in the workplace and in their personal lives.



WATER CONSERVATION

We have installed smart irrigation management systems and employ adaptative landscaping and water harvesting techniques at many of our properties to reduce water consumption. We have also installed low-flow fixtures and faucets throughout our portfolio of hotels.



ENVIRONMENTAL STEWARDSHIP

Building, Retrofitting and Operating Sustainable Hotels

Through acquisition, construction and renovation, we are working to increase the number of LEED certified hotels in our portfolio. We evaluate opportunities and climate-related risks as part of our acquisition due diligence process. We established an Energy Management Program to assess the sustainable building attributes throughout our portfolio and to identify and prioritize property-specific projects to improve our environmental performance and enhance asset value. Our efficiency measures include installation of building systems and equipment and technology upgrades such as LED lighting, smart guestroom controls and low-flow fixtures and faucets.



Responsible Sourcing

In cooperation with our brand partners and third-party management companies, we endeavor to drive sustainable procurement throughout our value chain. We expect our suppliers, vendors and other business partners to adhere to the same environmental, social, ethical and governance standards to which we hold our Company and associates. We have modeled our Code of Vendor Conduct on the guiding principles outlined in the International Labour Organization (ILO) standards.

[Click here](#) to download our Code of Vendor Conduct

ENVIRONMENTAL STEWARDSHIP

Waste and Recycling

We promote and adhere to the waste and recycling initiatives established by our brand partners and third-party management companies and strive to increase recycling at our hotels. We support programs and organizations, such as Hotel Kitchen and Clean the World, that specialize in reducing, reusing and recycling waste.

A portion of construction materials that we use is made from recycled, post-consumer content, and we recycle and upcycle construction waste where possible.



At our corporate offices, we have established a recycling program and have designated bins for drop off at Austin Recycle & Reuse.



Soil Conservation and Pollution Prevention

Our construction activities prioritize preventing pollution by controlling soil erosion, waterway sedimentation and airborne dust generation. Specifically, we use Stormwater Pollution Prevention Plans (“SWPPP”) and green roof technology. We also utilize low-emitting materials such as low-VOC (volatile organic compound) paints to reduce air contaminants.

CASE STUDY: HYATT PLACE CHICAGO/DOWNTOWN – THE LOOP

At our Hyatt Place Chicago/Downtown - The Loop, our green roof has helped improve stormwater management by reducing runoff and improving water quality. Green roofs reduce the negative effects of development, while providing numerous environmental, economic and social benefits, such as conserving energy, reducing air pollution and providing an urban habitat.



ENVIRONMENTAL STEWARDSHIP

Historical Property Preservation

We are committed to the preservation and protection of our historical buildings, as they are a tangible part of their respective community's culture and heritage. We currently have six registered historical buildings in our portfolio, with restorative renovations currently in process at three of these properties.



CASE STUDY: COURTYARD BY MARRIOTT - FORT WORTH DOWNTOWN/BLACKSTONE

Opened in 1929, this Art Deco palace of Italian marble and black granite with a ziggurat top and terra cotta exterior became the city of Fort Worth's first skyscraper. Commemorated as a flamboyant guardian of Texas hospitality, the hotel was at its height a prominent watering hole for powerful politicians and national celebrities from Elvis Presley to John Wayne to Lyndon Baines Johnson. In 2018, Summit invested approximately \$1 million to restore and preserve the exterior façade to its original historical condition.



Social
Responsibility



SOCIAL RESPONSIBILITY GOALS



Form a charitable foundation to support our goals and initiatives.



Contribute meaningfully to our local communities through fundraising and volunteer hours.



Further cultivate a culture of connectedness based on our primary values of passion, integrity, and excellence.



Advance a supportive and inclusive work environment where all associates are empowered to succeed.



Provide increased career development opportunities for women and minorities in an effort to promote their growth and scope of responsibility.



Require Summit associates to complete human rights training, including harassment and human trafficking prevention training.

INVESTING IN OUR COMMUNITIES



SUMMIT FOUNDATION

In 2018, we formed the Summit Foundation as a 501(c)(3) nonprofit organization to expand our charitable activities and to provide increased charitable engagement opportunities to our team members. The mission and vision of the Summit Foundation are as follows:

VISION: To stimulate the development of youth and improve the well-being of families in the communities in which we live, work and serve.

MISSION: To empower, inspire and serve our communities by supporting charitable organizations that provide increased opportunity for youth and individuals with special needs, foster educational advancement and develop next generation leaders.





INVESTING IN OUR COMMUNITIES

Charitable Engagement

VARIETY - THE CHILDREN'S CHARITY OF TEXAS

In 2018, we partnered with Variety-the Children's Charity of Texas, which supports children with special needs and their families by providing resources and empowering experiences. At Variety's Peaceable Kingdom Retreat for Children, Summit team members have created an organic garden, which includes a composting center, raised wicking beds, and hydroponics and aquaponics systems. The garden will be utilized by Variety's summer camps as well as school field trips throughout the year to teach local students about sustainable farming techniques. In addition, we have resurfaced their putting green and completed various other improvement projects.

[Click here](#) for more information about Variety

CLEAN THE WORLD FOUNDATION

In 2018, we partnered with Clean the World Foundation, a global health organization committed to improving the quality of life for vulnerable communities around the world. They provide sustainable resources, programming, and education focused on water, sanitation, and hygiene for people affected by poverty, homelessness, or humanitarian or natural crises. We engage Clean the Word to recycle soap and plastics from our hotel properties.

[Click here](#) for more information about Clean the World



HEALTH, SAFETY AND WELL-BEING



We believe the health, safety and well-being of our associates, guests and other stakeholders is critical to the continued success of our Company. We are committed to a holistic approach in caring for our colleagues and continuously work to create an environment that supports their physical, mental and social health.

[Click here](#) to download our Health, Safety & Well-being Policy



CARING FOR OUR COLLEAGUES



We are committed to cultivating a culture of connectedness based on our primary values of *passion*, *integrity*, and *excellence*. We strive to always be guided by our fundamental values and ethical standards to provide our team members with a fair and ethical work environment. We distribute an employee handbook to all associates that provides direction on relevant policies related to conducting our business in accordance with our core values. We believe that equal employment opportunity is a fundamental principle and do not tolerate discrimination against any person on the basis of race, color, religious creed, sex, age, gender, gender identity, national origin, ancestry, present or past history of mental disability, learning disability, physical disability, marital status, pregnancy, genetic information, sexual orientation or any other protected characteristic as established by law, in recruiting, hiring, compensation, benefits, termination or any other terms or conditions of employment.

Further, Company policy strictly prohibits any form of harassment in the workplace, including sexual harassment. We provide associates with a variety of means to seek advice and report unethical behavior, including a confidential reporting system hosted by a third-party company.

Additionally, we recognize employees throughout the year that demonstrate our core values in their daily performance with awards that signify an individual's contribution to our culture of excellence.



CARING FOR OUR COLLEAGUES

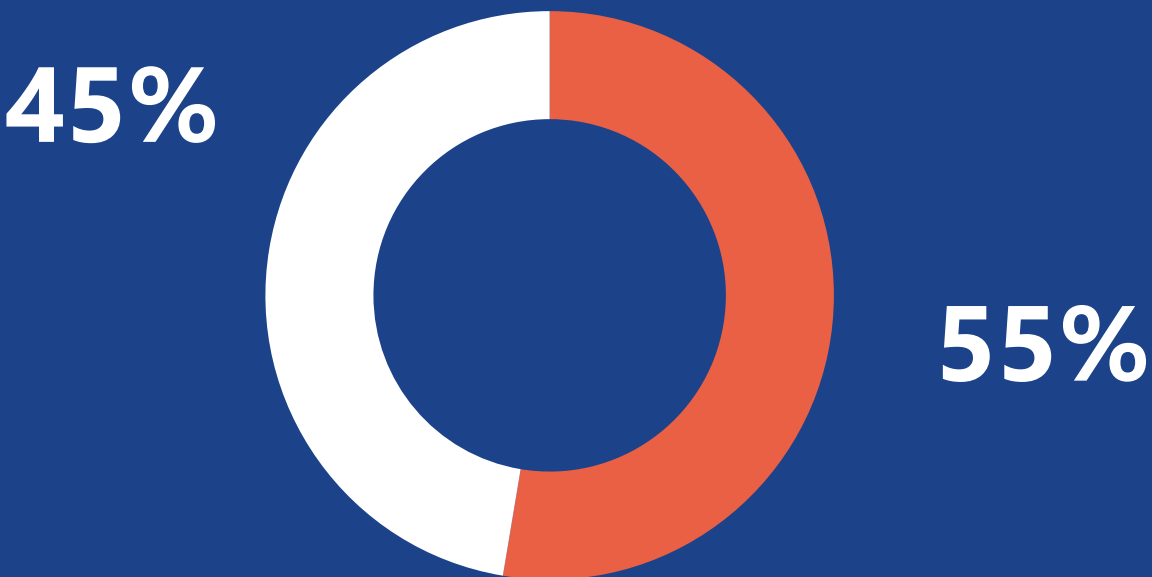
Diversity and Inclusion

We work to advance a supportive and inclusive work environment where all associates are empowered to succeed. We value and embrace diversity and believe that unique perspectives allow for innovation and growth.

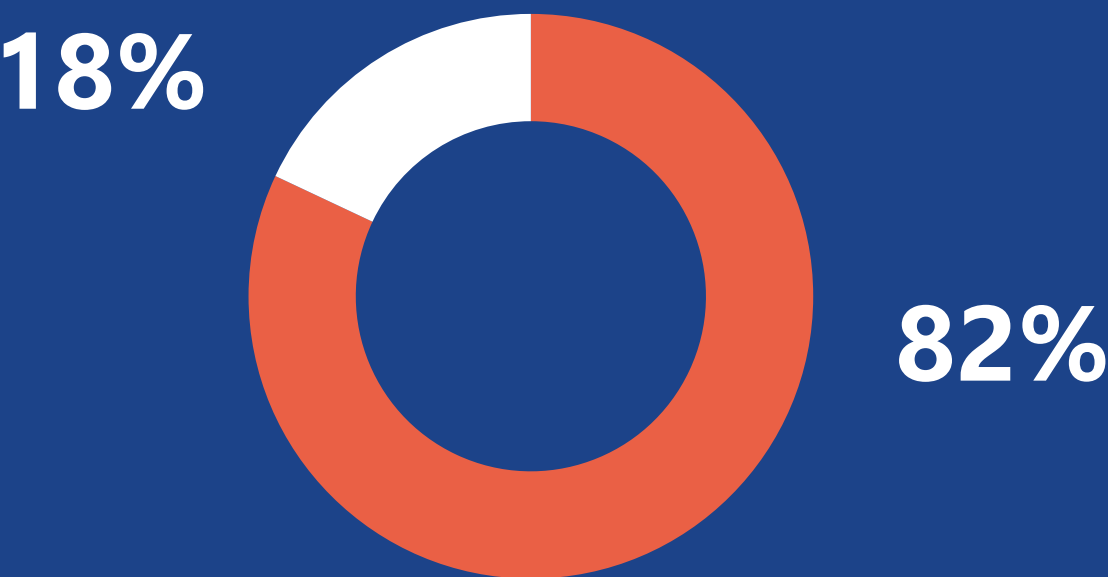
We have established an Empowerment Circle with a goal of promoting a culture of unity and collaboration amongst our various departments, genders, and racial and ethnic backgrounds through career development strategies designed to inspire all of those involved. Our career development strategy focuses on four main principles: (1) communication and teamwork; (2) networking and mentorship; (3) leadership development; and (4) work-life balance. Our career development opportunities include hosting influential guest speakers and supporting the Texas Conference for Women and ForWard women’s conference as well as other women’s empowerment events. We are committed to a gender diversity strategy for board, senior management and all workforce levels and support pay equity and provide equal opportunities to all team members.

DIVERSITY STATISTICS

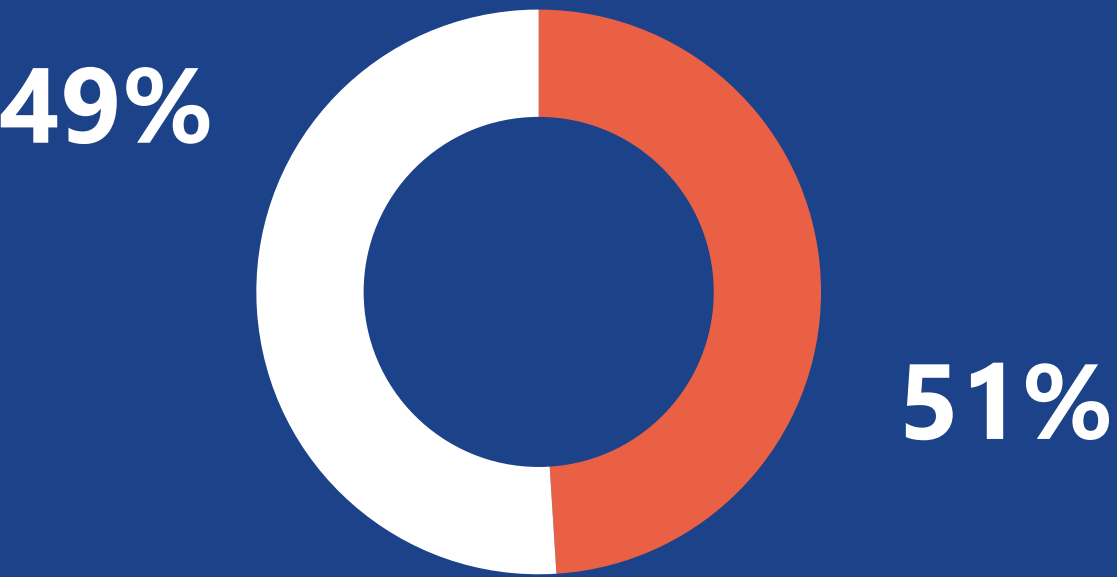
Gender Diversity



Minority Diversity



Age Diversity



■ Females ■ Males

■ Minorities ■ Caucasians

■ Under 40 ■ Over 40



CARING FOR OUR COLLEAGUES



Training & Education

Through skills training programs, professional development opportunities, and other learning experiences, we provide our associates with many opportunities for career and personal development. We provide relevant training through both internal training programs, such as our monthly professional development program, as well as other external professional training opportunities.



Tuition Reimbursement for Employees

We support associates who wish to continue their education to secure increased responsibility and growth in their professional careers. The Company has established a tuition reimbursement program for expenses incurred through approved institutions of learning that offer either growth in an area related to an associate's current position or that may lead to promotion opportunities.



ADVOCATING FOR ALL

Industry Engagement

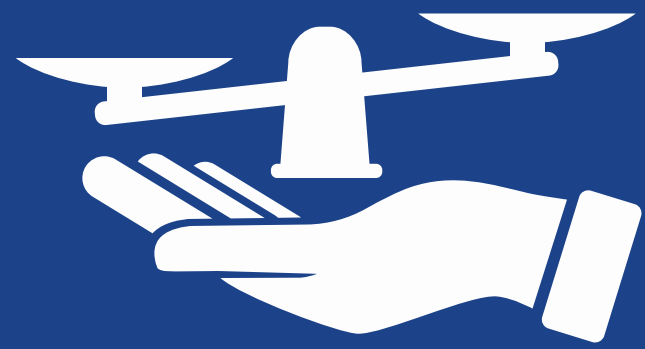
We actively engage with industry associations through leadership roles on boards and executive committees to promote public policy. For example, the American Hotel & Lodging Association (AHLA) advocates on behalf of our industry to promote bipartisan policy discussions and action that: (1) protect our guests and improve the guest experience; (2) rein in “illegal hotels” where commercial operators list multiple units in the same metropolitan area or list units for extended periods of time without adhering to common sense regulations or tax obligations; (3) support the hotel industry’s workforce; and (4) promote travel and tourism. As an AHLA member company and holding both board and executive committee seats, Summit is highly involved with the organization.



Respecting Human Rights

We understand that human rights risks, such as sexual harassment and human trafficking are issues that affect our industry. We conduct our business in a manner that respects human rights. We have modeled our human rights training, initiatives and policies on the guiding principles outlined in the UN Universal Declaration of Human Rights. All employees are required to complete sexual harassment training, and we support the human rights programs implemented by our brand partners, third-party management companies and industry associations, such as the AHLA’s [5-Star Promise](#).

[Click here](#) to download our Human Rights Policy



Governance & Resiliency





GOVERNANCE & RESILIENCY GOALS



Maintain the highest standards of ethics and corporate governance.



Strike a fair balance for stakeholder rights.



Maintain open and effective lines of communication with stakeholders.

GOVERNANCE & RESILIENCY

Corporate Governance Principles

We are committed to maintaining the highest moral and ethical standards of corporate governance through our Code of Business Conduct and Ethics and hold our suppliers, vendors and other business partners to the same standards.

Our Board of Directors has adopted and annually reviews the following policies or guidelines:



**Code of Business
Conduct and Ethics**




**Compensation
Clawback Policy**



**Corporate
Governance
Guidelines**



**Insider Trading
Policy**



**Stock Ownership
Guidelines for
Executive Officers
and Directors**

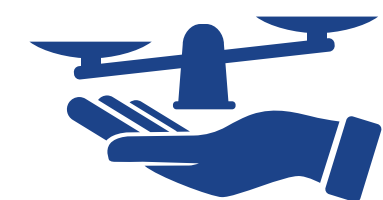


GOVERNANCE & RESILIENCY



Resilience Measures

We are committed to strengthening our portfolio's resiliency against climate-related risks, such as rising sea levels, tropical storms, floods, wildfires, extreme temperatures and drought. We periodically assess the vulnerability of our assets to dramatic social and environmental change and employ a third-party disaster recovery service to promptly restore operations and serve those affected following a natural disaster.



GENERAL DISCLOSURES

ABOUT SUMMIT HOTEL PROPERTIES

Headquartered in Austin, Texas, Summit Hotel Properties, Inc. is a publicly-traded real estate investment trust focused on owning premium-branded hotels with efficient operating models primarily in the Upscale segment of the lodging industry. As of December 31, 2018, the Company's portfolio consists of 77 hotels located in 26 states with a total of 11,659 guestrooms.

For additional information, please visit the Company's website, www.shpreit.com, and follow the Company on Twitter at @SummitHotel_INN.

FORWARD LOOKING STATEMENTS

This report contains statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "forecast," "continue," "plan," "likely," "would," or other similar words or expressions. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections or other forward-looking information. Examples of forward-looking statements include the following: the Company's ability to realize sustainability goals and objectives or other financial items; descriptions of the Company's plans or objectives for future operations and descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of their occurrence. These forward-looking statements are subject to various risks and uncertainties, not all of which are known to the Company and many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, the state of the U.S. economy, supply and demand in the hotel industry and other factors as are described in greater detail in the Company's filings with the Securities and Exchange Commission ("SEC"). Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. For information about the Company's business and financial results, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission ("SEC"), and its quarterly and other periodic filings with the SEC. The Company undertakes no duty to update the statements in this report to conform the statements to actual results or changes in the Company's expectations.