



## ENVIRONMENTAL POLICY

### **Environmental Commitment and Objectives**

Chatham Lodging Trust ("Chatham") is committed to implementing responsible environmental management practices. Through responsible investments, we strive to integrate the consideration of environmental concerns into our decision making to create long-term value for our stockholders.

In support of this commitment, Chatham commits to the following environmental objectives:

1. anticipate, identify and address environmental issues;
2. require accountability at all levels of our organization;
3. provide our employees with the tools, training, and resources to recognize, achieve and maintain sound environmental practices; and
4. include consideration of environmental matters in business planning, leasing, acquisition, and disposition decisions.

This policy's objective is for Chatham to manage the business impacts of environmental risk factors and exercise appropriate due diligence concerning the environmental challenges presented by its properties. Also, environmental stewardship presents a business opportunity. Those risks and opportunities may include:

- increased operating costs stemming from chronic physical risks, such as inadequate water supply due to rising mean temperatures;
- decreased revenue from hotel closures resulting from acute risks, such as extreme weather;
- reduced accessibility to insurance, or increased insurance premiums, for hotels located in areas with high exposure to climate risk factors;
- higher capital costs associated with damages from the physical effects of climate change; and
- increased revenue or operating costs from adhering to customer preferences for 'green' hotels.

### **Environmental Oversight**

The Nominating and Corporate Governance Committee of the Board of Trustees (the "Committee") has primary responsibility for reviewing and refining this policy, which dictates the implementation, management and enhancement of environmental programs, subject to the oversight of Chatham's Board of Trustees.

Chatham's executive management shall make recommendations to the Committee which shall adopt measures and then report periodically to the Board of Trustees.

### **Risk Management and Mitigation**

The Committee will make decisions regarding the prioritization of environmental risks and the allocation of resources to the mitigation of such risks. Therefore, we focus our planning, implementation, and monitoring activities around the following focus areas:

- Environmental compliance
- Energy consumption

- Greenhouse gas (“GHG”) emissions
- Water consumption
- Waste generation
- Environmental stress
- Responsible procurement

Constraints in the execution of any environmental program include financial, technological, operational and/or regulatory constraints. Chatham understands that commitment of reasonable resources to support adherence to this policy is essential. Chatham shall use commercially reasonable efforts to manage those constraints in a manner that supports the allocation of resources in accordance with environmental priorities for risk management.

### **Implementation**

Chatham strives to take effective and practical measures to minimize the environmental impacts of our business operations. Accordingly, Chatham focuses on:

- Environmental Compliance
  - Promote environment-friendly investment management operations by adhering to environmental laws and regulations.
  - Comply with applicable laws and regulations and be accountable for any environmental issues that occur at our properties.
  - Monitor environmental codes and regulations for updates in the communities where our hotel properties operate.
- Energy Consumption and Management
  - Reduce carbon footprints and educate employees and partners through regular communication, sharing new technologies and adopting energy efficient design and certifications, and making improvements to the energy efficiency of building operations, where possible and fiscally reasonable.
  - Require our operating partners to mitigate energy consumption in unoccupied rooms and public spaces by properly setting thermostats and only using necessary lighting.
  - Develop an energy conservation program and implement various property-level initiatives. Examples of property-level initiatives to directly improve energy efficiency or reduce energy consumption include performing analytics, installing occupancy sensors (lights and escalators), optimizing building systems, purchasing energy-efficient fixtures, and encouraging the adoption of green building design and renewable energy sources whenever feasible and fiscally reasonable.
- Water Consumption and Management
  - Reduce water footprints and educate employees and partners through regular communication, raising awareness, and encourage visitors regarding sustainable water usage, as well as making improvements to building operations, where possible.
  - Adapt to potential water stress through improving water conservation at our properties.
  - Develop a water conservation program and implement various property-level initiatives. Examples of property-level initiatives to directly improve efficiency or reduction in water consumption include performing analytics, installing auto-sensors, setting up leak detection and rainwater collection systems, adopting water efficient design and

certifications, and using water-saving technologies such as lessening water usage related to housekeeping by encouraging guests to reuse towels and linens.

- Waste Generation and Management
  - Reduce waste, minimize non-recyclable materials, and educate employees, partners and visitors on appropriate practices such as the responsible usage of papers and plastics.
  - Develop a waste management program and implement various property-level initiatives. Examples of property-level initiatives include increasing placement of recycling bins at strategic locations, including in each guest room, and purchasing environmentally friendly products such as eco-friendly stationery and toiletries.
  
- Environmental Stress
  - Identify properties with high risk exposure to the physical impacts of climate change, including heat stress, water stress, sea level rise, severe weather events, flooding and wildfires.
  - Identify properties with high risk exposure to water scarcity.
  - Develop best practices for extreme weather events, such as regularly check and improve our assets' adaptability to extreme events related to weather and climate (especially floods and rainfall).
  
- Responsible Procurement & Building Materials Sourcing
  - Consider potential environmental and ecological impacts when sourcing for suppliers and contractors.
  - Integrate both green and socially-responsible supplier selection criteria where applicable into the purchasing process. Examples of sustainable and non-toxic building materials include materials derived from recycled content or those with low carbon sources.
  - Regularly evaluate suppliers' environmental performance and provide them with feedback for improvement.
  
- Environmental Education
  - Educate, train and motivate our employees to carry out tasks in an environmentally responsible manner.
  - Encourage environmental practices among partners and suppliers by including environmental issues in business discussions and initiatives.
  - Encourage third party operators and tenants to do their part in energy, water and resource conservation.
  - Promote the importance of biodiversity and habitat protection to the public and tenants through the use of green wall, rooftop garden, hydroponic organic farm and other vegetation.

### **Supplier Engagement**

Chatham works with its hotel brand companies, third-party operators, procurement partners and strategic suppliers on environmental and climate change-related issues. As part of our engagement, Chatham seeks to share our environmental goals and procure sustainable materials to incorporate into our development, redevelopment and renovation projects where feasible. In 2021, Chatham adopted a Supplier Code of Conduct, which outlines standards and expectations of how our suppliers should conduct business in a manner consistent with Chatham's values and commitment to responsible business practices. Chatham expects our suppliers to follow high ethical standards, promote fair trade

practices, comply with applicable laws and regulations, uphold human and labor rights and demonstrate a commitment to reducing the environmental impact of their operations. Chatham also expects its hotel managers to consider the ideals expressed in our Supplier Code of Conduct when setting their own policies concerning the provision of goods and services to the hotels they manage for Chatham and when acting on behalf of Chatham, in their capacity as hotel manager.

Version *1.0*

Adopted: *February 4, 2021*