



CHATHAM
LODGING TRUST

COURTYARD
BY MARRIOTT

2022 CORPORATE RESPONSIBILITY REPORT

CONTENTS



Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 about Chatham Lodging Trust, including statements regarding future plans, strategies, performance, acquisitions, capital expenditures, future operating results and the timing and composition of revenues, among others, and statements containing words such as “expects,” “believes” or “will,” which indicate that those statements are forward-looking. Except for historical information, the matters discussed in this press release are forward-looking statements that are subject to certain risks and uncertainties that could cause the actual results or performance to differ materially from those discussed in such statements. Additional risks are discussed in the company’s filings with the Securities and Exchange Commission.

CHAIRMAN'S MESSAGE

To Our Shareholders:

Chatham Lodging Trust remains committed to creating value while serving as responsible stewards within our hotels, communities, and industry. I am delighted to present our 2022 Corporate Responsibility Report, encapsulating our 2022 performance and critical updates on key initiatives and milestones. This report aligns with the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD).

The year 2022 marked a pivotal period for Chatham as we witnessed the easing of COVID-19 travel restrictions. It became a year of recovery and strategic positioning for us. Notably, leisure travel maintained its strength, and the return of business travelers, though gradual, marked a meaningful resurgence. The journey toward pre-pandemic levels continues to unfold. Chatham's unwavering commitment extends beyond financial success; we are fully dedicated to excellence in sustainability, social responsibility, and corporate governance.

In 2023, we participated in the Global Real Estate Sustainability Benchmark ("GRESB") for the second time, achieving a notable 9% increase in our overall score compared to 2022. Chatham secured an impressive overall score of 82/100, ranking 31st out of 115 listed companies in the Americas region and second out of six in our peer group. We were honored with GRESB's "Green Star" for surpassing the 50% threshold in both the Management and Performance components.

From a governance perspective, our commitment to sustainability is evident. In February 2022, the board of trustees established the Environmental, Social, and Governance (ESG) Committee. Comprising three trustees and two non-trustees, this committee provides vital oversight and reporting on sustainability and ESG matters, including climate risks, human rights, human capital management, social impact, and diversity, equity, and inclusion. In 2022, the ESG Committee approved enhanced versions of key documents, including the ESG Committee Charter, Human Rights Policy, Environmental Policy, and Supplier Code of Conduct.

Environmental stewardship remains at the core of our values. Since 2017, we have achieved a 27.4% reduction in greenhouse gas emission intensity, a 13.4% reduction in energy intensity, and a positive trend in water intensity reduction. By the end of 2022, we established specific and actionable targets to cut absolute carbon emissions by 50% by 2030. Acknowledging the imperative of reaching net-zero emissions by 2050, we are committed to formulating an organizational plan defining our pathway to net zero.

In social responsibility, our commitment to Diversity, Equity, and Inclusion (DEI) is steadfast. I joined the CEO Action for Diversity and Inclusion initiative, pledging to advance diversity within our workplace and the board of trustees. Post our annual meeting, 29% of our trustees are female, and 14% are African American. We are dedicated to furthering these numbers, committed to achieving no less than 30% female representation on the Board by the end of 2025.

As we embark on this sustainability journey, we thank all stakeholders for contributing to our commitments and successes. Your ongoing support is pivotal as we shape a sustainable and responsible future for Chatham Lodging Trust.



Thank you for your trust and confidence in Chatham Lodging Trust's leadership and associates.

Jeffrey H. Fisher
Chairman, Chief Executive Officer and President

ABOUT CHATHAM LODGING TRUST

Chatham Lodging Trust (“Chatham”) is a self-advised, publicly-traded real estate investment trust focused primarily on investing in upscale extended-stay hotels and premium-branded, select-service hotels. Our high-quality hotels are located in major markets with high barriers to entry, near primary demand generators for both business and leisure guests. Our primary objective is to generate attractive returns for our shareholders through investing in hotel properties at prices that provide strong returns on invested capital, paying meaningful dividends, and generating long-term value appreciation. As a Company, we are:

- owners of a superior portfolio reflected by top brands and attractive markets;
- specialists with a significantly larger concentration of extended-stay rooms than any other U.S. lodging REIT;
- leaders in ethical corporate governance with a comprehensive Code of Business Conduct;
- stewards of the environment with extensive portfolio and corporate initiatives; and
- corporate citizens committed to diverse and inclusive workplaces and positive community relations.

Business Strategy

We believe we can create long-term value by pursuing the following strategies:

- Disciplined acquisition of hotel properties
- Opportunistic hotel repositioning
- Aggressive asset management
- Selective hotel development
- Flexible selection of hotel management companies

2022 Company Attributes

39



Hotels

5,913



Guest Rooms

117.3



Full Year RevPAR Index

61.0%



Extended Stay Rooms as a % Total

38.0%



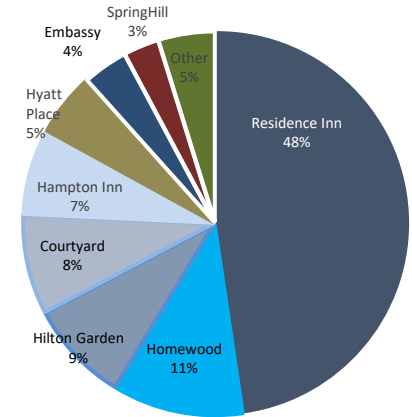
Hotel EBITDA Margin

4,418,469

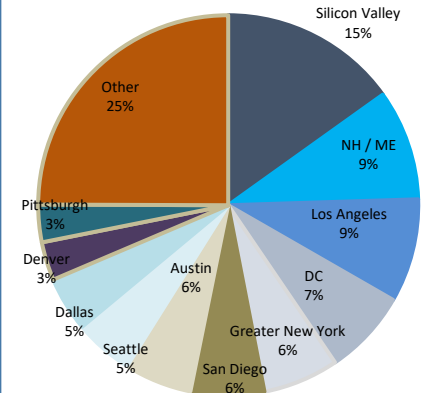


Sq. Feet of Hotel Space

BRAND COMPOSITION

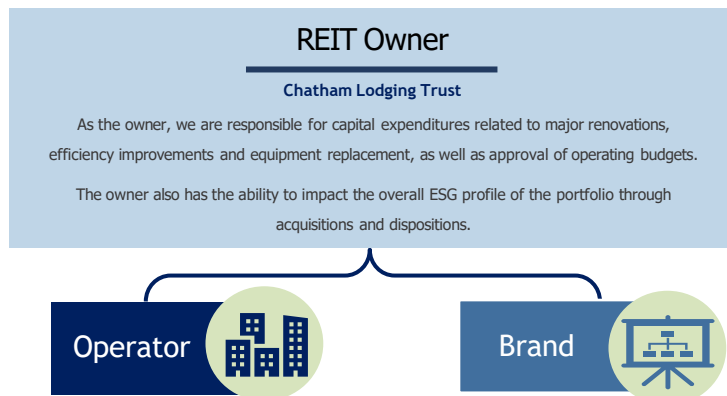


TOP MARKETS



Relationship with Operator and Brands

As an owner of lodging assets, Chatham Lodging Trust's relationships with its management company, Island Hospitality Management, and brand companies are central to our business model. Additionally, our designation as a REIT places strict limitations on performing any services related to management or day-to-day operation of the hotel properties. We aim to help stakeholders and readers understand this relationship in further detail to provide context for the scope of ways that we can contribute to and influence ESG-related performance at the property-level.



The operator is responsible for daily operations. From an ESG perspective, it is the operator that has control and influence of daily energy and water consumption, adaptation to guest/consumer preferences and behavioral changes and maintenance activities that could influence consumption and efficiencies.

Chatham Lodging Trust leveraged its strong relationships with Island Hospitality to promote ESG initiatives at its hotels. Independently, Island Hospitality prioritizes ESG in all manners of their operations.

As part of its offering to owners, the brands may provide ESG-related support such as software, training, design guidelines, manuals, and more. Brand-level support complements the property-level operations and ESG-related efforts.



CORPORATE RESPONSIBILITY STRATEGY

Our corporate responsibility strategy takes a two-pronged approach. We set general sustainability commitments to continue doing well by doing good. To achieve these commitments, we take a strategic Environmental, Social, and Governance (ESG) approach to ensure that our commitments are addressed and achieved through our material issues. Furthermore, we believe that utilizing an ESG approach will bolster our corporate responsibility through an enhanced examination of our business impacts.

Overarching Sustainability Commitments

Our sustainability commitments frame our Company's plan to create long-term value by integrating environmental, social, and governance factors into our Company's central value creation strategy, in which we:

- Support hotel operators to achieve brand level environmental initiatives throughout the portfolio
- Build resilient hotels to withstand the physical impact of climate change and other environmental considerations
- Maintain the highest standards of health, safety, and well-being for our employees
- Create and sustain lasting relationships with the communities in which we operate
- Establish accountability through transparent ESG policies and disclosure of important ESG information
- Leverage sustainability to drive value for our stakeholders, including stockholders, employees, suppliers, and external partners

CORPORATE RESPONSIBILITY STRATEGY

Strategic ESG Approach

We achieve our sustainability commitments by implementing a three-pronged ESG approach.

Environmental

- Develop conservation programs related to energy, water and waste, and support third-party operators to implement property-level initiatives to reach net zero by 2050.
- Identify properties with high-risk exposure to the physical impacts of climate change and develop best practices for withstanding extreme weather events.
- Source suppliers and contractors pursuant to our Supplier Code of Conduct which sets standards for supplier treatment of workers, ethical business practices and impact on environment.

Social

- Implement an 'open door' policy to encourage open communications between management and employees.
- Provide opportunities for stakeholders to provide confidential feedback.
- Monitor employment, labor and human rights regulations and be accountable for compliance.
- Prioritize diversity, equity and inclusion in hiring
- Deliver ongoing associate ESG training
- Offer associate advancement and professional development opportunities
- Commitment to AHLA's 5-Star Promise to enhance policies, training and resources to strengthen safety and security.

Governance

Adopt the following ESG policies:





- Environmental Policy
- Human Rights Policy
- Anti-Harassment Policy
- Supplier Code of Conduct





Establish roles for senior leadership and the Board on the oversight of environmental and social risk factors

- Maintain a comprehensive Code of Business Conduct and Corporate Governance Guidelines
- Form ESG Committee

Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a set of 17 actionable goals that seek to address global challenges and achieve a more sustainable future for all. While we recognize that all of the SDGs are important, for 2022 we concentrated on the below goals that most relate to our business:

| SDG | Chatham Strategies & Actions | SDG | Chatham Strategies & Actions |
|--|---|--|---|
| <div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div></div> | <div><div>Good Health & Well-Being</div><ul style="list-style-type: none">Support the health and well-being of corporate employees, hotel associates and guests' health safety and wellbeingSupport Quantum House which helps families in need during times of health hardshipSupport Feeding America and Feeding South FloridaCommitted to AHHA's 5-Star Promise to enhance policies, training and resources to strengthen safety and securityParticipated in OneBlood blood drive</div> | <div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div></div> | <div><div>Clean Water and Sanitation</div><ul style="list-style-type: none">Implement water initiatives such as auto-sensors, leveraging water-saving technologies, and supporting our operating partners with adopting a linen and towel reuse program</div> |
| <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div><div></div></div> | <div><div>Affordable and Clean Energy</div><ul style="list-style-type: none">Maintain property-level initiatives such as energy-efficient design, working with operating partners to mitigate energy consumption, and identify feasible and fiscally reasonable energy conservation opportunitiesOngoing energy conservation initiatives include energy-efficient lighting, room occupancy sensors, routine energy audits, and electric</div> | <div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div> | <div><div>Reduced Inequalities</div><ul style="list-style-type: none">Prioritize diversity, equity and inclusion in hiringCommitted to CEO action on diversityEthnic, racial and gender diversity on Board of TrusteesExpanded training on DEI matters</div> |

| SDG | Chatham Strategies & Actions | SDG | Chatham Strategies & Actions |
|--|---|--|---|
|  | <p>Responsible Consumption and Production</p> <ul style="list-style-type: none"> • Adopted a Supplier Code of Conduct in 2021, expressing expectations of suppliers and vendors • Procurement of sustainable materials to incorporate into all development projects where feasible • Support development of waste minimization programs, recycling, reduction of single-use plastics, and reduction of food waste |  | <p>Climate Action</p> <ul style="list-style-type: none"> • Commitment to carbon targets and net zero • TCFD, target, Invest in low carbon opportunities • Conduct portfolio wide assessment on climate and biodiversity risks |
|  | <p>Life Below Water</p> <ul style="list-style-type: none"> • Contribute to community beach cleanups and recycling operations in association with the Loggerhead Marine Life Center |  | <p>Partnership for the Goals</p> <ul style="list-style-type: none"> • Partner with AHLA on 5 Star Promise • Partner with CEO Action on Diversity • Support industry collaboration and engagement by participating in the Cornell Hotel Sustainability Benchmarking (CHSB) |

Sustainability Risk and Opportunity Assessment

In 2021, we conducted a portfolio wide assessment of water risk, climate risk, biodiversity proximity, socio-economic indicators, and transition risk of regulation and policy via research of relevant local policies for our hospitality portfolio. The study looked at the following risk indicators:

| | | | |
|---|--|--|--|
| Climate Risk Indicators Drought risk Cyclone risk Temperature change | | Biodiversity Risk Indicators Proximity to IUCN protected areas Proximity to species recognized by the IUCN as critically endangered | |
| Water Risk Indicators Baseline water stress Future water stress 2030 Water risk premium Water intensity (Gallons/Sq. Ft.) Relative market water intensity | | Socio-economic Risk Indicators Obesity Children living in poverty High school graduation rate Food insecurity Unemployment Access to healthcare | |
| Seasonal variability Future water demand 2030 Future water supply 2030 | | Access to exercise Infant mortality rate Level of insurance Air pollution Crime | |

Through this study, we found the most significant risk categories include:

- **Water** - Almost half of Chatham's portfolio is at High to Very High overall water risk. The top five properties with highest overall water risk are in Colorado, Texas and California. The most significant water related risk for the Chatham portfolio is that of baseline water stress. Baseline water is determined based on the amount of water demand to the amount of water available in the location.
- **Climate** - Just under half of the portfolio has High to Very High overall climate risk. The top five properties with the highest overall climate risk are in Georgia, New Hampshire, Florida, Virginia and Texas. The most significant climate-related risk for the Chatham portfolio is that of long-term temperature and precipitation change.
- **Biodiversity** - Almost half of the portfolio (21 out of 40) is within 5km (3.11 miles) of a recognized protected area. All of Chatham's properties are within 50km (31.06) of an endangered or critically endangered species. Across the 40 properties, a total of 958 threatened species have been identified out of which 33% are critically endangered and 67% are endangered.
- **Socio-economic risk** - The most pressing socio-economic risks across Chatham properties are crime, air pollution and food insecurity. Fortunately, many of our properties have programs underway that address these risks and more will be developed going forward. The impacts of climate and water risk on properties, buildings, operations and working conditions, as well as guest experience will be further researched and understood, and we will put adaptive plans put in place where necessary. For properties located within 5km of a protected area, we are planning to undertake due diligence to ensure the properties and operations do not negatively impact local biodiversity. Since crime rates have implications for guest and employee safety, we are planning to work with local communities to reduce violent crime, through job creation, access to education, access to mental health services and other such initiatives. We are also planning to support properties in counties with high food insecurity to properly account for food waste at the property level.

CORPORATE GOVERNANCE

In February 2022, the Board of Trustees established an Environmental, Social and Governance (ESG) Committee. The ESG Committee consists of three trustees - and two non-trustees and provides ESG oversight to the Company and reports to the full Board of Trustees. This new committee oversees and advises the Board on the Company's goals, strategies, and commitments related to sustainability and ESG, including climate risks and opportunities, human rights and human capital management, community and social impact, and diversity and inclusion. The Committee also reviews and oversees the policies and procedures used to prepare sustainability and ESG-related statements and disclosures, including preparation of the Company's annual corporate responsibility report and reviews these statements and disclosures before their publication. The ESG Committee meets at least quarterly. The charter of the ESG Committee is available on our website at www.chathamlodgingtrust.com.



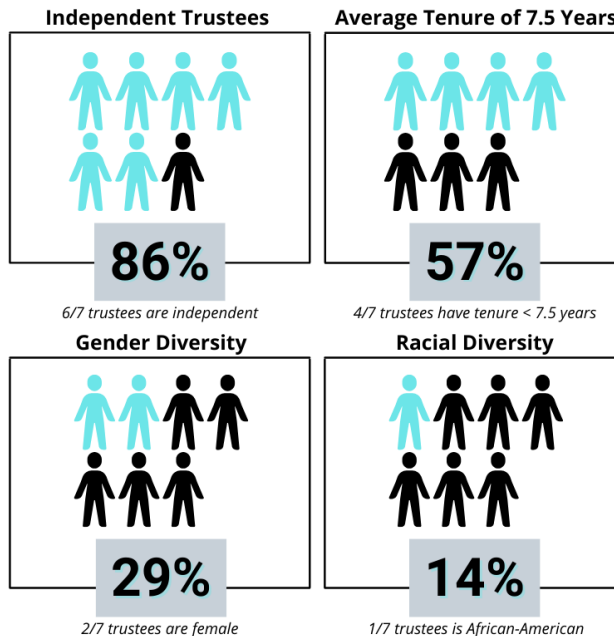
Board Oversight of ESG Risks

As a Company, we intend to maintain the highest standards of ethical business practices and compliance with all laws and regulations applicable to our business. In turn, we have adopted a corporate code of ethics relating to the conduct of our business by our employees, officers, and trustees. Furthermore, our Board of Trustees has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and an ESG Committee to provide organizational structure and to adapt to a changing business landscape sustainably.

Corporate Governance – Board Makeup

The below graphic illustrates the makeup of our Board based on the 2023 annual proxy statement. If instead the focus was just on the independent trustees, the percentages would be as follows: Independence - 100%; Short Tenure - 67%; Gender Diversity - 33%; and Racial Diversity - 17%.

In addition, in 2023, the Board committed to increase the percentage of females on the Board to no less than 30% by the end of 2025. Chatham has a long history of progressive board refreshment and has added four (4) new board members since 2017.



Corporate Governance – 2022 Initiatives

Shareholder Rights

In 2022, the Company proposed, and the shareholders voted to approve, an amendment to the Company's Declaration of Trust to provide our shareholders the right to amend the Company's bylaws.

ESG Committee Initiatives

In 2022, the ESG Committee approved revised and improved versions of the following documents:

- ESG Committee Charter
- Human Rights Policy
- Environmental policy
- Supplier Code of Conduct

ESG Factors in Annual Performance

Executive compensation is partially based on annual performance, and we have included ESG/Governance Factors in performance reviews. These factors apply to Chatham's named executive officers as well as to the employees specifically working on ESG efforts. In 2022, these performance factors included:

- Renewing organizational importance of ESG through commitment to public disclosure, organizational controls and board member diversity, equity, and inclusion.
- Implementing new organizational ESG strategies, including public disclosures, organizational controls and board member diversity, equity, and inclusion.
- Implementing organizational processes, controls, public disclosures and reporting with respect to ESG initiatives, addressing scoring by ISS and MSCI and identifying opportunities for improvement as well as expanding board member diversity, equity and inclusion.

ESG Policies

In 2021, we established several ESG policies to help drive our strategy, maintain our commitments and achieve our objectives. In 2022, the ESG Committee approved revised and improved versions of the ESG Committee Charter, Human Rights Policy, Environmental Policy and Supplier Code of Conduct.

- **ESG Committee Charter:** Outlines the structure of the ESG Committee and responsibilities.
- **Environmental Policy:** Outlines Chatham's commitment to identify and manage the business impacts of environmental risk factors and exercise appropriate due diligence concerning the environmental challenges presented by its properties.
- **Human Rights Policy:** Guides Chatham's commitment to respect of human rights and labor rights within the communities we operate in and to engage our stakeholders in developing, implementing, and evaluating the policy's effectiveness.
- **Supplier Code of Conduct:** Establishes the minimum standards that must be met by any Supplier that sells goods to or does business with Chatham regarding the treatment of workers; workplace health and safety; the impact on the environment; and ethical business practices.
- **Anti-Harassment Policy:** Outlines Chatham's prohibition of harassment in any form, including verbal, physical, visual, online, and other forms as well.

Corporate Governance Highlights

We have made strong corporate governance a priority. The following highlights some of the critical elements of our corporate governance practices.

- Commitments to gender and ethnic diversity on Board of Trustees
- Six of our seven existing trustees are independent
- Lead independent trustee
- Code of Business Conduct acknowledged by all employees
- Insider Trader Policy acknowledged annually by all employees
- Anti-hedging and anti-pledging policy
- Compensation "clawback" policy as a mechanism for executive accountability
- Shareholder rights on amending the Company's bylaws
- Participation in the CEO Action for Diversity and Inclusion™ pledge

STAKEHOLDER ENGAGEMENT

We recognize that our Company's success relies on positive relations with all our stakeholders, including our investors, board trustees, operating partners and tenants, employees, local communities, and suppliers. As such, we have ongoing efforts to engage them to understand their interests better.

Investors

Chatham values the views and opinions of our shareholders and believes strong corporate governance practices demand regular outreach and conversations with our shareholders. Management actively engages with shareholders at numerous investor road shows, industry and investment community conferences, and meetings with analysts. We also respond to individual shareholders who express interest in our business. Specifically, we communicated with various shareholders who supported increasing diversity representation on our Board of Trustees.

Board of Trustees

Chatham depends on our Board of Trustees' expertise and direction to guide our Company and promote good governance. We engage our Board through four full board meetings per year. In 2022, the Board met five times and all board members attended 75% or more of the Board meetings and meetings of the committees on which they served either in person or by conference call. As outlined in our Corporate Governance Guidelines, trustees are invited and encouraged to attend meetings of shareholders. Additionally, our senior leadership team maintains direct communication with our trustees through regular business updates and the opportunity for two-way communication.

Operating Partners & Hotel Brands

Chatham works closely with Island Hospitality Management to maximize top-line performance and margin performance. We also support them with creating sustainable environments for their employees and our guests. In 2022, we continue to benefit from significant asset management and increased collaboration with Island Hospitality Management. We have engaged our third-party operating partner in several ways, including monthly meetings with our asset management team, collaborating with brands to deliver training, such as 100% of associates being trained to recognize signs of human trafficking at all properties. In early 2022, we launched a sustainability survey to all the general managers in charge of operating our hotel properties to provide insight into the properties' environmental and social factors. Results of the survey are provided throughout this report.

With respect to our branded hotels, we work closely with Marriott International, Hilton Worldwide, and Hyatt to follow requirements and guidance pertaining to environmental and social factors, such as waste management, water usage, building safety, and health and wellbeing. Additionally, we support industry collaboration and engagement by participating in the Cornell Hotel Sustainability Benchmarking Index (CHSB) to benchmark our environmental performance.



STAKEHOLDER ENGAGEMENT

Employees

At Chatham, we strive to provide each employee with a safe and healthful work environment. We also recognize the diversity of our employees is an important asset. Therefore, we are committed to understanding their interests, setting clear expectations, and boosting morale, which is done through various engagements, where applicable. These include:

- Providing orientation on the employee handbook for all new hires, which includes written acknowledgment, and annual refreshments
- Tracking promotion rates of diverse groups
- Creating an open-door policy across the organization, especially the Human Resources Department
- Undertaking a third-party administered annual associate opinion survey (AOS) to understand employee satisfaction

Local Communities

Chatham is supportive of the communities in which our hotels operate. We aim to promote positive community relations in several ways. Our Architecture and Design team has previously orchestrated public consultations to allow local community members to understand our hotel development projects better and create active dialogue. We also rely heavily on Island Hospitality Management to sustain positive community relations. Also, as part of our regular meetings with our third-party hotel management company, community interests may be discussed if that is material to the business updates at the time.

Suppliers

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. Additionally, in 2021, we adopted a Supplier Code of Conduct to express our expectations of our suppliers and vendors.

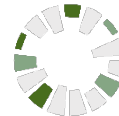
GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK (GRESB)

In 2023, we participated in the Global Real Estate Sustainability Benchmark (“GRESB”) for the second time. We are pleased to share that our overall score increased 9% from 75 to 82

2023 GRESB SCORE (RELATED TO 2022 PERFORMANCE)

- Chatham earned four of five GRESB Stars
- Chatham received an overall score of 82/100, ranking 31st out of 115 listed companies in the Americas region, and 2nd out of 6 in its peer group
- Chatham earned 27 of 30 available points on the Management component
- Chatham was awarded GRESB’s “Green Star” for achieving a score higher than 50% of the points allocated to the Management and Performance components

| GRESB Score Breakdown | |
|-----------------------|--------|
| Component | Score |
| GRESB Score | 82/100 |
| Management Score | 27/30 |
| Performance Score | 56/70 |
| ESG Theme Breakdown | |
| Theme | Score |
| Environmental | 48/62 |
| Social | 16/18 |
| Governance | 18/20 |



G R E S B
REAL ESTATE
member

ENVIRONMENTAL STEWARDSHIP



At Chatham, we recognize the importance of environmental stewardship in driving long-term shareholder value and creating a portfolio of resilient hotels. We undertake a multi-stakeholder approach to our hotels' environmental stewardship through the ongoing engagement of our third-party operating partners and energy consultant. Together, we address environmental considerations through quarterly meetings where each stakeholder can voice their interests and needs so that our investment decisions in environmental stewardship are holistic. In turn, we have invested in many environmental conservation measures, particularly around energy and water efficiency. In 2022, we managed to invest over \$2 million in energy efficiency projects. Presently, our focus is on resource management and sourcing responsibility. In 2021, we conducted a portfolio-wide environmental risk assessment to help us understand the material or significant aspects of our environmental footprint. In January 2022, Chatham completed the construction of a hotel in Los Angeles County, built to both CalGREEN and LEED Silver standards.

Chatham Environmental Policy Focus Areas:

- *Environmental compliance*
- *Energy consumption*
- *Greenhouse gas ("GHG") emissions*
- *Water consumption*
- *Waste generation*
- *Environmental stress*
- *Responsible procurement*
- *Environmental education*

Pathway to Net Zero

The 1.5 degree or lower scenario is the global community's accepted limitation on temperature growth to avoid potentially catastrophic changes to the planet. Under this scenario, Chatham anticipates a transformational shift as business, government and society as a whole focus on decarbonizing the way we live and work with an eye toward net-zero by 2050. We recognize that global efforts alone will not be enough to meet the 1.5-degree goal and every individual and business will need to take immediate and sustained action to prevent catastrophic consequences to the planet.

Though our company is at the beginning stages of understanding and undertaking changes in the way we operate, Chatham is currently evaluating the pathway and corresponding budgetary needs required to reduce its emissions toward net zero over the next 30 years. Chatham's pathway to net zero is in alignment with the Hotel Net Zero Methodology, Second Edition June 2023.

Overall, our target is to reach net zero emissions across all scope 1, 2 and 3 emissions by 2050. Our current plan is to focus on activities through 2030, which are managerially tangible and will have further impacts past 2030 as a result. We will report progress toward the 2030 milestones. Our milestones will be updated as industry best practice and expectations evolve.

We are committed to shifting as necessary, in partnership with our customers, lawmakers and investors, to make whatever changes are necessary to meet the critical planetary goal of net zero. As such, we anticipate changes in building standards, pricing, regulation, customer preferences, low carbon products and services. Our newly formed ESG Committee is tasked with further development of the plan for defining our path to net zero.

2030 Environmental Reduction Targets

In early 2023, we set 2030 portfolio-wide environmental intensity reduction targets using a 2017 baseline year. As part of our efforts to achieve these targets, we track our environmental performance as to carbon (GHG), energy, water and waste. The following are the 2030 reduction targets for 2030 for GHG, energy and water intensity:

GHG Target:

- 50% reduction carbon kg CO₂e/sq ft by 2030, Net Zero by 2050

ENERGY Target:

- 30% reduction energy intensity kwh/sq ft by 2030

WATER Target:

- 30% reduction water M³/sq ft by 2030



ENVIRONMENTAL PERFORMANCE

Our commitment to environmental stewardship is evident through our environmental performance since our baseline. Since 2017, we have experienced a 27.4% reduction in our greenhouse gas emission intensity and 13.4% in energy intensity. Additionally, our water intensity is also trending downward having decreased by 3.54% since 2017. Since 2017, the percentage of portfolio coverage for waste data went from 38% to 82%.

| Resource Integrity | 2017 - Baseline | 2018 | 2019 | 2020 | 2021 | 2022 | 2030 Target | % Change 17-22 |
|---|-----------------|--------|--------|--------|--------|--------|-------------|----------------|
| Greenhouse Gas Emission Intensity (kgCO ₂ e per sq.ft) | 7.07 | 6.78 | 6.68 | 5.20 | 5.16 | 5.18 | -50% | -27.4% |
| Energy Intensity (kilowatt-hours per square foot) | 21.49 | 22.86 | 22.32 | 17.54 | 18.31 | 18.95 | -30% | -13.4% |
| Water Intensity (gallons per occupied room) | 131.88 | 127.37 | 122.02 | 142.19 | 127.46 | 125.32 | -30% | -1.2% |
| Waste Intensity (lbs per occupied room) | - | 4.06 | 4.48 | 4.09 | 4.24 | 6.74 | | |

*waste data was not yet available in 2017. Therefore, the current baseline year for waste calculations is 2018 with 4.06 lbs per occupied room



WATER

We work to improve water conservation at our properties by developing property-level initiatives to improve efficiency or reduce water consumption. Common examples of our water initiatives include installing auto-sensors, leveraging water-saving technologies, and supporting our operating partners with adopting a linen and towel reuse program.



74%

of our hotel properties have over 75% of toilets that are low-flush or dual flush

72%

of our hotel properties have low-flow showerheads in over 75% of guestrooms

69%

of our hotel properties utilize native or drought-tolerant landscaping to reduce irrigation needs

33%

of our hotel properties have smart irrigation systems and/or an automatic sprinkler system

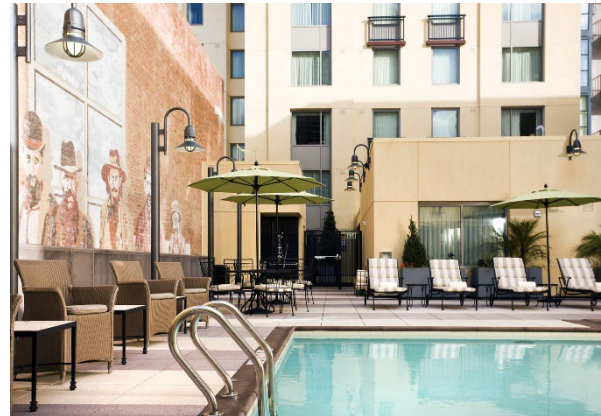


Water Efficiency Projects

In 2022, we balanced shower flows at the Residence Inn San Diego Downtown/Gaslamp by installing low-flow valves in all showers of the property. We also balanced all shower and sink flows at the Hilton Garden Inn Los Angeles Marina Del Rey property. As a result, water usage has been reduced by 3.4 gallons per occupied room per day at the Residence Inn San Diego Downtown/Gaslamp and by 13.28 gallons per occupied room per day at the Hilton Garden Inn Los Angeles Marina Del Rey.



Hilton Garden Inn – Marina del Rey, CA



Residence Inn Gaslamp – San Diego, CA

ENERGY

We develop and maintain an energy conservation program where various property-level initiatives are implemented across our portfolio of hotels. Some of those practices include adopting energy-efficient design, working with operating partners to mitigate energy consumption, and identify feasible and fiscally reasonable energy conservation opportunities. Ongoing energy conservation initiatives include energy-efficient lighting, room occupancy sensors, routine energy audits, and electric vehicle chargers installation.

92%

of our hotel properties
have digital
thermostats in at least
75% of guestrooms

84%

of our hotel properties
have digital
thermostats in at least
75% of meeting rooms

62%

of our hotel properties
have replaced more than
80% of their lights with LEDs

97%

of our hotel properties have a
preventative maintenance plan
that checks building energy &
water equipment at least
quarterly



Electric Vehicle Chargers

In addition to our belief in electric vehicles, we are also committed to providing superior service to our hotel guests who drive electric vehicles, to ensure these vehicles stay on the road as long as possible, further amplifying their positive environmental impact.

Therefore, in early 2023, we entered into our first contracts with Tesla, Inc. to install level 2 Tesla chargers (for use by both Tesla and non-Tesla electric vehicles) at eleven (11) of our properties. We continue to work with Tesla to add EV chargers to our other properties and anticipate entering contracts for at least another ten (10) properties later this year.





WASTE

We support our operating partners with addressing waste generation and support their development of waste minimization programs, recycling, reduction of single-use plastics, and reduction of food waste, sensors, routine energy audits, and electric vehicle chargers' installation.

Continued mattress recycling program portfolio-wide in connection with all mattress replacements

26%

of our hotel properties have eliminated single-use plastics or reduce them to an absolute minimum

41%

of our hotel properties have implemented a food waste prevention strategy over the last year.

49%

of our hotel properties have eliminated plastic straws

RESPONSIBLE PROCUREMENT

Chatham supports Island Hospitality's expectation of its suppliers to meet the same environmental and social standards as we do for ourselves. Currently, our Hilton-operated hotels participate in the Clean the World soap recycling program. Moreover, in 2019, our Marriott-operated hotels switched to pumped-topped bulk dispensers in all guestrooms. During the transition, existing soap bars and amenity bottles were donated to Clean the World. Additionally, our operating partners work closely with Ecolab to ensure the chemicals we use are safe for housekeepers and guests and reduce their environmental footprint.

RECYCLING SOAP BARS & SINGLE-USE AMENITY BOTTLES

- At Chatham, we are committed to supporting our hotel properties with minimizing their waste footprint. One way our hotels are reducing waste is by participating in soap recycling through Clean the World - an organization that recycles hotel soap and hotel amenities.
- In 2022, our Hilton-branded properties donated 238lbs of soap.
- Additionally, we supported the transition from single-use amenity bottles to large pump-topped dispensers. At the end of 2022, 83% of our properties were not using any single-use amenity bottles anymore.
- The donation of soap bars not only diverts hotel waste from landfills but it also contributes to Clean the World's charitable efforts. That include distribution of repurposed soap bars and hygiene kits for humanitarian causes.

LEEDING HOTEL DESIGN & CONSTRUCTION

In January 2022, Chatham completed the construction of a hotel in Los Angeles County, built to both CalGREEN and LEED Silver standards.

To qualify for LEED, the following aspects are being addressed:

- Location and transportation
- Site selection
- Water efficiency
- Energy and atmosphere
- Materials and resources
- Indoor environmental quality

Beyond our new development project, we are committed to sustainable design and construction practices in our other business activities. With respect to renovations, we follow the requirements set forth by our operating partners, including Marriott International and Hilton Worldwide, regarding scope and materials. Common practices include retrofitting and recommissioning energy and water fixtures.



Responsible Procurement During Construction

In 2022 we renovated five hotels and spent an aggregate of \$15,000,000. These renovations included the replacement of furniture, lighting, and carpet. During hotel development and renovations, we work closely with our contractors, as well as Marriott and Hilton, and their sustainability brand standards.

As part of renovations, we assess how to improve sustainability through upgrading to more efficient lighting, low flow showerheads, and low-flow toilets, and consider which furniture needs to be replaced. When furniture needs to be replaced, we make sure to donate or recycle items depending on their condition. One ongoing program includes our mattress recycling program. This program has been in place for 10 years and includes all mattresses being removed for replacement. Since the inception of the program for all replaced mattresses, we have, in collaboration with our logistics partner, recycled a total of 11,634 bed sets (652 in 2022). Our logistics partner also is a member of Smartway, an EPA program aimed at reducing truck emissions in the United States.

Data Management and Quality Assurance

Chatham has a robust system for managing and ensuring the quality of its environmental performance data. We engage a third-party utility bill management company to capture data from utility invoices for all our hotel properties. In addition, Chatham underwent third-party verification of its GHG emission, energy, water, and waste data with an ANSI-accredited assurance provider for the second year. This year, the verifier provided limited assurance for assertions of the 2017 baseline year and the 2022 reporting year. The verifier has thoroughly reviewed our environmental reporting boundaries, data gathering procedures, and greenhouse gas (GHG) calculation methodology throughout the assurance process. We are confident that our comprehensive data collection, management, and third-party verification systems underscore our dedication to upholding the highest data accuracy and reporting standards, supporting the needs of investors and third-party reporting organizations.

The Verification Statements are available to download on our website and linked here for [2017](#), [2021](#), and [2022](#) respectively.



SOCIAL SUSTAINABILITY

At Chatham, we believe each of our employees contributes directly to our growth and success. Island Hospitality, as manager of all of our hotels, shares this view. As such, we are firmly committed to providing equal opportunity in all aspects of employment since our respective employees' diversity is an important asset for our companies. We also strive to provide each employee with a safe and healthy work environment, which we aim through setting rules for occupational health and safety, setting loss prevention programs, and creating an environment of open communication. Additionally, we also strive to create positive community relations in the communities where our hotel properties operate.

Social and Human Capital Focus Areas

- Diversity and Inclusion
- Occupational Health & Safety
- Community Relations



HUMAN CAPITAL

The Company believes that each of its employees is an important contributor in the success of the organization. Management aims to provide an inspiring, inclusive work environment where employees feel valued, empowered, and encouraged to make positive differences within the Company and throughout their communities. Chatham operates under the belief that the most successful management provides clear leadership, while empowering employees to make timely and responsible decisions and to take actions necessary to achieve exceptional operating results. The Company offers competitive compensation and benefits, a flexible leave policy and a culture that encourages balance of work and personal life.

The Company emphasizes an open-door policy for communications and conducts regular employee satisfaction surveys, which provide the opportunity for continuous improvement. During 2022, all employees at our hotels involved in day-to-day operation were employed by Island Hospitality Management III, LLC, a third-party management company engaged pursuant to hotel management agreements. The Company is committed to the health, safety and security of hotel associates and guests and is proud to support the American Hotel & Lodging Association's 5-Star Promise.

DIVERSE & INCLUSIVE WORKPLACES

The Company is committed to diversity, equity and inclusion and does not tolerate discrimination or harassment in the workplace. The ESG Committee oversees this commitment and we, in partnership with our operator, Island Hospitality, have had an equal employment opportunity policy in place since 2014. We are committed to fostering a diverse and inclusive environment that supports the development and advancement of all. We strive to cultivate an atmosphere of listening, learning and acting; treating each other as equals; showing support and respect to each other and our partners; and encouraging freedom of expression and understanding of differences. We appreciate that our employees' unique viewpoints, diverse backgrounds and experiences working together lead us to better business outcomes and we attribute this, in part, to our ongoing success. The Company's CEO has joined the CEO Action for Diversity & Inclusion initiative and personally pledged to continue to advance diversity and inclusion within our workplace. The scope of this pledge supports equity for all, including ethnically or racially diverse persons, the LGBTQ community, people with different abilities, veterans and women. The pledge includes four goals:

1. Make the workplace an inclusive and safe environment for complex and difficult conversations
2. Implement and expand diversity and inclusion training, including unconscious bias education.
3. Share best and even unsuccessful practices with other participating CEOs.
4. Have Board oversight for the Company's goal action plans

In 2022, all of the Company's trustees, named executive officers and all other employees received training on unconscious bias.



OCCUPATIONAL HEALTH & SAFETY

The health and safety of our employees are of paramount importance. Our policy is to provide a safe and healthy workplace and comply with applicable safety and health laws and regulations, as well as internal requirements. We work to provide and maintain a safe, healthy, and productive workplace, in consultation with our employees, by addressing and remediating identified risks of accidents, injury, and health impacts. To maintain a healthy and safe workplace, some of our focus areas include workplace security, forced labor and human trafficking, and sustainable and livable work hours, wages and benefits. Additionally, we pledged to the American Hotel & Lodging Association's 5-Star Promise in 2021, having made the following commitments:

- Build on our industry's longstanding commitment to hospitality and a People Culture by continuing to provide industry-wide training and materials on safety and security and retain expert guidance to work with the industry on diversity and safety matters.
- Ensure mandatory anti-sexual harassment policies are in place in multiple languages.
- Provide ongoing training and education for employees on identifying and reporting sexual harassment.
- Provide U.S. hotel employees with employee safety devices to help them feel safe on the job.
- Broaden vital partnerships with wide-ranging national organizations that target sexual violence and assault and trafficking and promote workplace safety.

As a Company, we aim to create sustainable livelihoods for our employees. Relating to employee compensation, we provide all our employees with a living wage and company sponsored health benefits, life insurance, short-term disability, sick time, vacation days, and a 401(k) plan.

We also promote safe and healthy work environments for the workers at our hotel properties. Highlights include:

100%

of our hotel properties
change HVAC system
filters routinely

58%

Of our hotel properties
only use low or zero VOC
paints, finishes and other
items for renovations



COMMUNITY RELATIONS

Chatham is dedicated to many causes. We especially recognize the need for better food security and youth empowerment in our community; and as such have continuously supported charitable organizations focused on these areas. Chatham is supportive of communities around our corporate headquarters, as well as in the communities where our hotels operate. We aim to promote positive community relations through all our business activities. In 2022, our combined Chatham and Island corporate employees' giving and volunteerism has amounted to 259 volunteer hours, 22,500 lbs of food donated, 342 meals donated, 220 young people impacted, 162 women and 75 veterans impacted \$6,329 raised for organizations, including \$1,500 provided in in-kind donations.

In 2022, we supported the following organizations:

- Florida Atlantic University Foundation
- Quantum House
- Soldier's Angels
- OneBlood
- Big Dog Ranch Rescue
- Nebraska Humane Society
- Literacy Coalition of PBC
- OC Business Council
- Loggerhead Marine Life Center
- No One Dies Alone (NODA)
- United Way
- Feeding South Florida
- Salvation Army
- Operation Homefront

Loggerhead Marinelife Center

Loggerhead Marinelife Center, located in Loggerhead Park, Juno Beach, Florida, is a sea turtle research, rehabilitation, education and conservation center. The Center is one of Florida's most visited non-profit scientific destinations focused on ocean and sea turtle conservation. We partner with Loggerhead Marinelife Center to support their efforts in conserving our environment and precious coastline through regular beach cleanups and recycling operations. These events always draw the largest turnout to clean up our beaches.



Quantum House

Quantum House is a caring and supportive home that lessens the burden for families whose children are receiving treatment for a serious medical condition in Palm Beach County, Florida. We have been a long-time partner with Quantum House to provide meals for families and their children while undergoing medical procedures. We also love to engage with the families through crafts and one on one time when possible.



Big Dog Ranch Rescue

Big Dog Ranch Rescue, established in 2008, has saved the lives of over 50,000 dogs, guided by a mission to rescue, rehabilitate, and educate while aiming to save 5,000 dogs annually. As the largest cage-free, no-kill dog rescue in the U.S., they provide a healing haven for neglected and mistreated dogs, believing that every dog deserves a happy, full life. We proudly partner with Big Dog Ranch Rescue, offering our support through volunteer efforts to walk, bathe, feed, and care for these dogs, contributing to their mission and our community's well-being.



Chatham Hotel Properties in the Community

We rely heavily on Island Hospitality Management to sustain positive community relations on our behalf as they operate our hotels. Island Hospitality Management has created Island Cares, a 501(c)(3) non-profit organization that was founded on the mission to “act responsibly and with integrity while being a great employer, corporate citizen, and good neighbor”. For example, the general manager of Residence Inn San Diego Downtown/Gaslamp is an active director of The Gaslamp Quarter Association® (GQA), a non-profit 501(c)6 merchants association, representing more than 400 businesses located within the boundaries of the Gaslamp Quarter. Other notable local community initiatives that the general managers of our hotel properties serve voluntarily include Marriott Local Business Council, Children’s Hospital fundraising, and the New Hampshire Lodging & Restaurant Association.