



SUMMIT
HOTEL PROPERTIES

Corporate Responsibility Report 2017

Ethics and Governance

Environmental Stewardship

Social Responsibility

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Summit Hotel Properties, Inc.'s ("SHP" or the "Company") Corporate and Social Responsibility plan is designed to help our stakeholders better understand the Company's efforts regarding ethics and governance, environmental stewardship and social responsibility.

The Corporate and Social Responsibility Goals detailed in this report are modeled after the United Nations Sustainable Development Goals ("UN SDGs"). On September 25, 2015, a number of countries adopted a set of 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each of the goals has specific targets to be achieved over the next 15 years. For additional information on the UN SDGs, please visit <https://sustainabledevelopment.un.org/>.

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.

Dear Stakeholders,

Our mission at Summit Hotel Properties extends beyond our role as a steward of investor capital and into a passion to improve the quality of experience for our guests, the work environment for our associates and our engagement in local communities.

We spent much of 2017 engaging with our associates, stockholders and business partners to incorporate the great work we are currently doing with a longer-term plan to improve our reach in the community and broaden our contributions to society. Many of these initiatives are consistent with the UN Sustainable Development Goals (“UN SDGs”), which demonstrate a continued global interest in working collaboratively to address a range of critical needs across our planet. Our industry has joined forces to examine how we can collectively address some of the topics most relevant to our business, including energy and water conservation, diversity, and human rights.

Our partnerships with global brands, such as Marriott®, Hilton®, Hyatt®, and IHG® allow us to leverage our efforts through support and compliance with their initiatives and programs. In addition, we work directly with our third-party management companies, the direct employer of our hotel employees, to ensure participation and compliance with initiatives consistent with our goals and those of our brand partners.

We are excited to build upon an already strong legacy of caring and highlight not only the great progress that has been made but also the goals for further improvement.

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



Goal *Maintain the highest standards of corporate governance including an annual review of our Code of Business Conduct and Ethics*

Goal *Further cultivate a culture of connectedness based on our primary values of passion, integrity, and execution with a focus on overall organizational excellence*

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

Goal *Foster a supportive and inclusive work environment where all associates are empowered to succeed*

Corporate Governance Principles

Our Board of Directors oversees our management team and our business for the benefit of all of our stakeholders and with a primary objective of enhancing long-term stockholder value. The Board has adopted Corporate Governance Guidelines, which are reviewed annually and periodically amended by the Board to enhance our corporate governance principles.

The Board has also adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers, and employees. The purpose of the Code of Business Conduct and Ethics is to promote honest and ethical conduct and compliance with all applicable rules and regulations that apply to our Company and our directors, officers and employees.

Board of Directors Structure

- All directors must be elected annually.
- Directors are subject to a resignation policy as part of our policy on voting procedures with respect to the election of directors in uncontested elections.
- Eighty-three percent (83%) of our directors are independent (non-executives).
- All members of the Governance, Compensation, and Audit committees of the Board are independent
- Independent directors meet regularly without the presence of any of our officers or employees.
- Independent directors designate an independent, non-employee director to serve as our Lead Independent Director.

Compensation Clawback Policy

The Board has adopted a compensation clawback policy that contains terms to ensure that executives are not unduly enriched in the event of a financial restatement. If our Company is required to restate its audited, consolidated financial results due to material non-compliance with financial requirements under securities laws as a result of intentional misconduct, fraud or gross negligence, each executive that is directly responsible is required to reimburse the Company for the after-tax value of the incentive compensation that would not have been earned if the restated financial information had been reported initially. In addition, the Board may withhold from executives not directly responsible for the intentional misconduct, fraud or gross negligence future awards with equivalent value to that of the after-tax value of the awards initially made to such executive on the basis of the restated financial results, to the extent such occurrences were within the preceding 24 months.

Corporate Governance Principles

Stock Ownership Guidelines

The Board believes all non-employee directors and certain key executive officers should own a meaningful equity interest in our Company to more closely align the interests of directors and executive officers with those of stockholders. Accordingly, the Board has adopted stock ownership guidelines for key executive officers and all non-employee directors.

Anti-Hedging and Anti-Pledging Policies

The Board has adopted an insider trading policy that contains restrictions on hedging and pledging securities issued by the Company. With respect to hedging, directors and executive officers are prohibited from engaging in any hedging or monetization transactions involving securities issued by the Company. Additionally, directors and executive officers are also prohibited from holding securities issued by the Company in a margin account or pledging these securities as collateral for a loan, except in very limited circumstances. No director or executive officer has pledged securities as collateral for a loan.

Company Opted Out of MUTA

The Board values the input and insights of our Company's stockholders and believes that effective stockholder engagement strengthens the Board's role as an informed and engaged fiduciary. At our 2016 annual meeting of stockholders, a stockholder proposal recommending that our Board take all steps necessary to cause the Company to opt out of all provisions of the Maryland's Unsolicited Takeover Act ("MUTA") and to require a majority vote of shareholders before opting back into MUTA received the affirmative vote of 54% of the votes cast on the proposal. In light of the support of our stockholders for the proposal, and based on discussions with our stockholders, the Board approved the Company's opting out of all provisions of MUTA and the Company is prohibited from opting back into any of MUTA's provisions without the prior approval of a majority vote of stockholders.

No Poison Pill

The Board has not adopted a shareholder rights plan also known as a "poison pill".

Succession Planning

Our Board has established a succession plan for the Chief Executive Officer and other key executives to cover emergency and other possible occurrences resulting in a vacancy in key positions.

Awards & Recognition

Institutional Investor 2018 All-America Executive Team – Small Cap - Financial Institutions

Summit Hotel Properties President and CEO, Daniel Hansen, was awarded second place in the Institutional Investor's 2018 All-America Executive Team ranking for best CEO, which identifies the region's best CEOs, CFOs, IROs and Investor Relations programs, by sector. This ranking is based on an annual survey of more than 4,048 top portfolio managers and analysts who are investing in U.S. equities.

NAREIT Investor CARE (Communications & Reporting Excellence) Award

In 2017, Summit was awarded the NAREIT Bronze Investor CARE Award in the Small Cap Equity REIT category. The Award recognizes NAREIT's stock-exchange listed REIT Corporate Members that have demonstrated excellence in communicating and reporting to their stockholders online, in writing and orally during the past year. The judging includes consideration of a company's online presence, SEC filings, and investor relations practices, including earnings calls.

EY Entrepreneur of the Year Program

Recognized as one of the most prestigious business award programs in the country, The Entrepreneur Of The Year® Awards celebrate the country's most innovative business leaders. Awards are given to entrepreneurs who have demonstrated excellence and extraordinary success in such areas as innovation, financial performance, risk and personal commitment to their businesses and communities. Daniel Hansen, Summit's Chairman, President & CEO, was named a finalist of the EY Entrepreneur of the Year Award program in 2016, 2017, and 2018.

Caring for our Colleagues

Culture

Summit is committed to fostering a culture of connectedness based on our primary values of passion, integrity, and execution, with a focus on overall organizational excellence. To support and further these ideals, Summit has hosted guest speakers including: CEO's, sports legends, and industry experts. These speakers discussed topics ranging from women's leadership to team dynamics to equity in the workplace. 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.

Diversity and Inclusion

We are committed to providing both personal and professional growth through a supportive and inclusive work environment for employees of all genders, racial, and ethnic backgrounds. Women represent approximately 40% of our workforce, while minorities represent approximately 12%. Our development strategy focuses on four main principles: (1) communication and teamwork; (2) networking and mentorship; (3) leadership development; and (4) work-life balance.

Occupational Health and Wellness

We strive to create a culture of health and well-being and partner with our human resources service provider to offer programs and resources that provide our associates with the support they need to live a healthy and happy lifestyle. Specifically, an Employee Assistance Program ("EAP") is offered which provides a confidential resource to employees and their family members who are struggling with stress, substance abuse, relationship problems, grief, and a host of other personal issues to get the help that they need. While providing counseling is a primary service, the EAP also offers many additional resources that our associates can use to manage a variety of situations.

Caring for our Colleagues

Ethical Standards

We strive to always be guided by our fundamental values and ethical standards in everything we do in order to provide our associates 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.

Training and Education

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

- Goal** *Implement an Energy and Environmental Action Plan as a roadmap for reducing our environmental footprint*
- Goal** *Initiate an Energy Reduction Campaign to reduce our energy usage per room*
- Goal** *Support and maintain the current reduction initiatives established by our brand partners and management companies*
- Goal** *Increase the number of LEED certified hotels through renovation and construction*
- Goal** *Increase the recycling participation of our eligible hotels*
- Goal** *Decrease the amount of construction waste through recycling or upcycling*
- Goal** *Continue to preserve and protect our historical buildings*

Energy & Environmental Action Plan

Summit has invested in a comprehensive resource management tool through our partner, ENGIE Insight, that combines energy, carbon, water, and waste metrics to deliver the visibility and resource insights needed to promote our sustainability goals. Through this platform, we will continue developing an Energy and Environmental Action Plan that can measure our usage reduce our nonrenewable resource consumption and waste.



Energy Consumption & Water Usage

Energy Reduction Campaigns

Summit has invested in a comprehensive resource management tool through our partner, ENGIE Insight, that combines energy, carbon, water, and waste metrics to deliver the visibility and resource insights needed to promote our sustainability goals. Through this platform, we will continue developing an Energy and Environmental Action Plan that can measure our usage reduce our nonrenewable resource consumption and waste.

Water Conservation

We remain committed to reducing our water usage. We adhere to our brand partners' and management companies' targeted approach to water conservation such as laundry and linen reuse programs, low water landscaping and efficient irrigation. We have also invested in low-flow fixtures including low-flow faucets, shower heads and toilets throughout our portfolio.

When possible, we employ water harvesting to divert natural rain water to landscaped areas to reduce water consumption and maintenance. We have installed irrigation system rain gauges to monitor rainfall and effectively minimize unnecessary watering overlap. We have also implemented submetering for irrigation to monitor water consumption and aid in early detection of leaks. We actively monitor our water usage trends to quickly identify and rectify water leaks to reduce water waste.

Construction & Renovation

We are committed to reducing our effect on the environment by building more sustainable hotels and continuing to retrofit our existing portfolio of hotels. Summit's in-house construction management team is committed to decreasing resource consumption by implementing LEED compatibility initiatives for renovations and new construction such as the following:

- Setback thermostats
- Low-E windows
- EDPM & TPO roofing technology consistent with area climate
- Rooftop heat recovery systems
- LED lighting upgrades in public spaces
- HVAC occupancy sensors in guest rooms
- KVAR capacitor banks
- Permafrost liquid coating for refrigeration systems
- Rainwater irrigation
- Low flow faucets and showerheads



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Responsible Sourcing & Disposal

Recycling Initiatives

We promote and adhere to recycling programs and support recycling initiatives established by our brand partnerships and management companies. Most recently, Marriott® has established a new guestroom recycling program across their brands effective in January 2018. Further, a portion of the Company's construction material is made from recycled pre-consumer content and the Company recycles/upcycles construction waste where possible.

Waste Initiatives

We support food waste initiatives established by our brand partnerships, management companies and the American Hotel & Lodging Association (AHLA). In November 2017, a partnership was unveiled between the AHLA and the World Wildlife Fund ("WWF"), with support from The Rockefeller Foundation, for the launch of Hotel Kitchen, a dynamic new initiative to cut food waste in hotels. This unique partnership combines the hotel industry's strong commitment to sustainability with WWF's decades of conservation expertise to provide hotels with an easy-to-follow roadmap for implementing a program to decrease food waste.

Soil Conservation and Pollution Prevention

Our construction activity aims to prevent pollution by controlling soil erosion, waterway sedimentation and airborne dust generation. Specifically, we use Stormwater Pollution Prevention Plans ("SWPPP") and green roof technology to reduce water runoff and improve water quality. Furthermore, we utilize low-emitting materials such as Low-VOC (volatile organic compound) paints to reduce air contaminants.

Historical Property Preservation

We are committed to the preservation and protection of our historical buildings, as many of our hotels hold a unique story of their community's past, thereby shaping their present and future. Below is an overview of our noteworthy activity:

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. The hotel became a Recorded Texas Historic Landmark in 1998 and still holds many semblances of its past, including vintage décor and signage, original sash windows, irregular setbacks, and ornamental terra cotta detailing. In 2018, Summit plans to invest in an exterior coating to preserve the integrity of the building facade, further maintaining the property's rich architectural history.

Courtyard by Marriott® - Atlanta Downtown/Carnegie Building

The Carnegie Building, built in 1925 as a "flat iron" shaped office building, was originally known as the Wynne-Claughton Building, but was renamed the Mortgage Guarantee Building after it was purchased by the Mortgage Guarantee Insurance Company in 1928. In 1963, the name was changed to the Carnegie Building to commemorate the former Carnegie Library, which once stood across the street. In 1990, the building was designated as an historic landmark and today features various historical placards commemorating the Wycoff Hotel Fire access window, speakeasy tunnels, and original elevator drive motors. The historic exterior cladding is comprised of original brick veneers with limestone architectural elements over clay tile masonry and original window units. In 2007, the previous owner began planning a renovation project to convert the building from its original use as office space into a hotel. Renovation began in 2008 and in May 2011, the building reopened as the Courtyard by Marriott® - Atlanta Downtown. Working together, the design team of architects, interior designers, architectural historians, and preservation planners brought unique perspectives to the project. Summit last renovated the exterior façade in 2015, and the property will undergo renovation to further preserve the interiors in 2019.

Historical Property Preservation

Courtyard by Marriott® - New Orleans Downtown/Convention Center

Situated in the New Orleans Warehouse District, the Courtyard was once a sugar and molasses factory. Recent renovation of the property embraces the Big Easy hotel's past while solidifying a radiant and vibrant future. While Marriott's design package provides a modern feel, the lobby reveals the building's historical elements by showing off exposed brick and cypress wood beams.

Courtyard by Marriott® - Pittsburgh Downtown

This 182-guestroom property was fashioned from four existing buildings. The design required significant interior structural engineering to create an open view of six guest floors from an open atrium on the third floor. This nine-story building previously had no open space but now has views of a unique urban garden area. The exteriors were also renovated within historical guidelines. Further, local artists were commissioned for artwork that reflect the Pittsburgh landscape and community. In May 2004, the property was presented a Historical Preservation Award by the City of Pittsburgh and The Historic Review Commission of Pittsburgh.



- Goal** *Contribute meaningfully to our local communities through fundraising and volunteer hours*
- Goal** *Explore formation of a charitable foundation to support our goals and initiatives*
- Goal** *Require Summit associates to complete human rights training, including sexual harassment and human trafficking awareness for those primarily in the field*

Investing in Our Communities

Summit Hotel Properties Charity Committee is comprised of both management and associates and leads the Company's efforts in giving back to our local Austin community as well as disaster relief throughout the state. The Committee is currently exploring partnership opportunities with local charitable organizations. Our goal is to invest meaningfully through fundraising and volunteer hours. Further, we are exploring the viability of forming a 501(c)(3) charitable foundation to support our charity goals and initiatives.

Other charitable organizations that we support include the following:



Investing in Our Communities

The travel and tourism industry bolsters America's economy and provides career growth and development to over 16 million individuals. In 2017, hotels added \$590 billion to the U.S. economy, supported \$1.1 trillion in U.S. sales including hotel revenue, guesting spending, and taxes, and supported 8 million jobs. We understand the significance of our role in helping provide opportunity to underserved youth, diverse populations, women, people with disabilities, and veterans. In addition, we believe that education and job readiness skills are critical to an individual's success. Therefore, we contribute our time and resources to organizations and programs that provide such opportunities, including:

American Hotel & Lodging Foundation Educational Foundation

For more than 60 years, the American Hotel & Lodging Educational Foundation ("AHLEF") has been the primary source of financial support for industry-related scholarships and research. In recent years, its mandate has expanded to include funding to launch and maintain school-to-career and workforce development initiatives in efforts to attract and retain more employees to the lodging industry. Beginning in 2016, Summit committed \$125,000 to be donated to the AHLEF over a 5-year period.

College Summer Internship Program

For several years, Summit has hired graduate and undergraduate students from area universities pursuing a career in finance, real estate, and/or a hospitality-related field for summer internships. The internships have provided the opportunity for aspiring youth to gain valuable industry experience and insight working with our Company.

Advocating for All

Industry Engagement

Our Company and our executives actively engage with industry associations through leadership roles on boards and executive committees to promote effective 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

The United Nations Declaration of Human Rights (“UDHR”) was proclaimed by the United Nations General Assembly in Paris on December 10, 1948, as the common standard of achievements for all peoples and all nations. Summit aims to protect human rights and conduct our business in adherence to the principles outlined in the UDHR, specifically those that uphold workers’ rights in relation to freedom of association, nondiscrimination, and working conditions and wages. Such adherence is translated through programs and trainings. All Summit employees complete harassment training, and we support the human rights programs and trainings implemented by our brand partners and management companies.

Responding to Disasters

Natural Disaster Relief

In 2017, two catastrophic hurricanes devastated the Texas and Florida coastal regions, areas in which we own several hotels. We mobilized our asset management team and hotel employees early to provide support to those in need. Further, we maintained or quickly reestablished the operations of our hotels to serve meals and provide lodging to families and first responders affected by the hurricanes.

Partnering to Provide Relief

In partnership with the Austin Disaster Relief Network and Operation Blessing International, a group of our employees volunteered for clean-up in the Houston-area in the aftermath of Hurricane Harvey and supplies were donated to the Rockport Disaster Relief to help those affected.

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, 2017, the Company's portfolio consists of 83 hotels located in 26 states with a total of 12,242 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, 2016, 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.