

SVC is a REIT focused on owning hotels and service focused retail net lease properties.

SVC owns \$11.3 billion in assets including 238 hotels and 765 net lease service and necessity-based retail properties located in 46 states, Puerto Rico, Canada and Washington, D.C.

Our business strategy incorporates a focus on sustainable approaches to operating our properties in a manner that benefits our shareholders, tenants and the communities in which we are located. We encourage our managers and tenants to operate our properties in ways that improve the economic performance of their operations, while simultaneously managing energy and water consumption, as well as greenhouse gas emissions. Further details can be found in The RMR Group’s (RMR) [2022 Sustainability Report](#) (the RMR Report).

GOVERNANCE HIGHLIGHTS

The Board has adopted Governance Guidelines and Committee Charters for each of its three standing Board Committees. All of SVC’s trustees, officers and personnel are subject to a Code of Business Conduct and Ethics. We also have a Governance Hotline that allows users to report concerns or complaints about accounting, internal accounting controls or auditing matters and any violation or possible violation of SVC’s Code of Business Conduct and Ethics.

We also have a Business Partners’ Code of Conduct, an Employee Health and Wellness Policy, a Human Rights Policy and a Philanthropy Policy.



Employee Health and Wellness Policy



Business Partners’ Code of Conduct



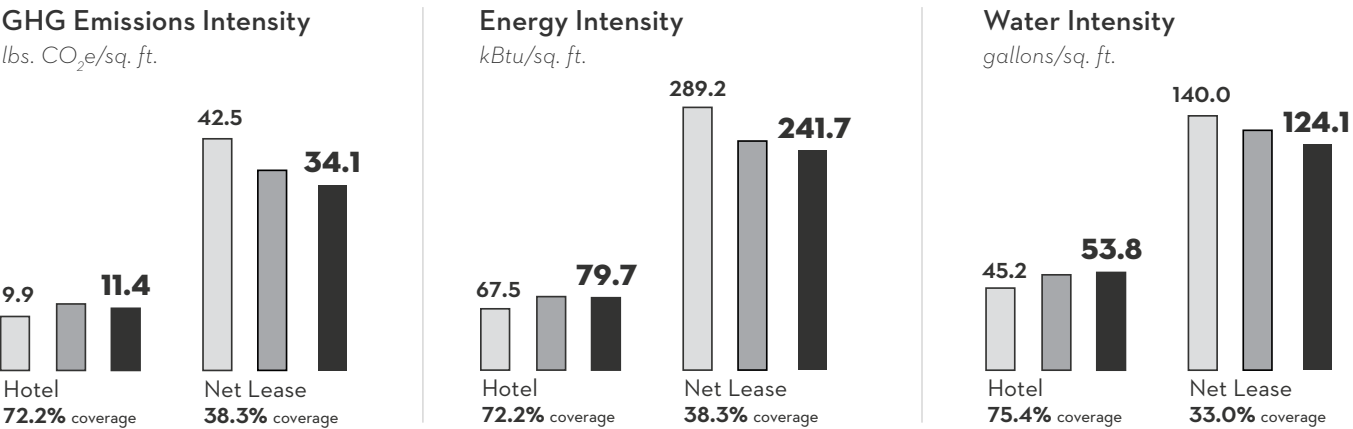
Human Rights Policy



Philanthropy Policy

ENVIRONMENTAL HIGHLIGHTS

PERFORMANCE 2020 2021 2022



ACTIVE ENVIRONMENTAL PROGRAMS

- Real-time energy monitoring
- Energy/water benchmarking
- Electric vehicle charging station evaluation



▲ The Royal Sonesta Kaua'i Resort, Lihue, HI

SOCIAL HIGHLIGHTS

We have no employees of our own. We rely on our manager, RMR, to hire, train and develop a workforce that meets the needs of our business, contributes positively to our society and helps reduce our impact on the natural environment. RMR’s 2022 Sustainability Report can be found [here](#).

Board diversity highlights include the following:

14%
Underrepresented
Communities

29%
Women

DIVERSITY HIGHLIGHTS

Woman as Lead Independent Trustee

HONORS HIGHLIGHTS

Jennifer Clark, Secretary – Awarded Boston Real Estate Times’ 2022 Lifetime Achievement Award and Named an In-House Leader for 2022 by Massachusetts Lawyers Weekly

For more information on RMR’s social and environmental programs, see **THE 2022 RMR ANNUAL SUSTAINABILITY REPORT**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Our existing business practices are intended to align with the TCFD framework across both physical and transition risks and opportunities. For more information on our approach to climate risks and opportunities, please see the 2022 Sustainability Report of our manager, RMR LLC.

All page references are to the 2022 RMR Sustainability Report unless otherwise noted.

GOVERNANCE	
DISCLOSURE	DISCLOSURE RESPONSE
a) Describe the board's oversight of climate-related risks and opportunities.	Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 Good Governance - ESG Oversight, pp. 9-10 Good Governance - Risk Management and Compliance, p. 12 2023 Proxy Statement - Our Board's Role in Oversight of Risk Management, pp. 5-6
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 Good Governance - ESG Oversight, pp. 9-10
STRATEGY	
DISCLOSURE	DISCLOSURE RESPONSE
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Physical and transitional risks vary by asset type and geographical location. Both climate events and local, state and federal policy developments are monitored for portfolio impact. Programs are deployed where risks and opportunities exist. Physical risk review is coordinated with property insurance brokers. Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 2022 Form 10-K Annual Report - Item 1A. Risk Factors, pp. 13-26
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 2022 Form 10-K Annual Report - Item 1A. Risk Factors, pp. 19-22
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 2022 Form 10-K Annual Report - Item 1A. Risk Factors, pp. 13-26

RISK MANAGEMENT	
DISCLOSURE	DISCLOSURE RESPONSE
a) Describe the organization's processes for identifying and assessing climate-related risks.	Good Governance - Risk Management and Compliance, p. 12 2023 Proxy Statement - Sustainability, pp. 2-5
b) Describe the organization's processes for managing climate-related risks.	Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42 Good Governance - Risk Management and Compliance, p. 12 2023 Proxy Statement - Sustainability, pp. 2-5
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Good Governance - Risk Management and Compliance, p. 12 Environmental Leadership - Alignment with TCFD Framework, pp. 25, 42
METRICS AND TARGETS	
DISCLOSURE	DISCLOSURE RESPONSE
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental Leadership - Greenhouse Gas Emissions and Climate Change, p. 21 Environmental Leadership - RMR's Pathway to Net Zero Emissions from Operations, p. 18 Environmental Leadership - Energy Management, p. 22 Environmental Leadership - Water and Waste Management, p. 24 Appendices E to H, pp. 46-56
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Appendices E to H, pp. 46-56
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Environmental Leadership - At a Glance, p. 17 Environmental Leadership - Greenhouse Gas Emissions and Climate Change, p. 21 Environmental Leadership - RMR's Pathway to Net Zero Emissions from Operations, p. 18

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

The following disclosures are informed by the guidance of the Sustainability Accounting Standards Board (SASB) Industry Standard for Real Estate Version 2018-10. To the extent an accounting metric, as defined by the SASB Standard, is not applicable to our portfolio or data to report on the applicable accounting metric is not available to us, we have not made any disclosure.

For the following disclosures, our properties are reported in two operating segments, Hotel and Net Lease, and are consistent with how these properties and our operating results are presented in our other Securities and Exchange Commission (SEC) filings. The information presented is as of December 31, 2022, unless otherwise noted. Additionally, for all sustainability accounting metrics, Same Property includes properties owned and were operated continuously by our managers and tenants since January 1, 2021.

SASB CODE	TOPIC	2022 RESPONSE	
ENERGY MANAGEMENT			
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Net Lease ¹ Hotel ¹	38.3% 72.2%
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Net Lease ² Hotel ²	(1) 1,306,935 GJ; (2) 54.6%; (3) 0% (1) 1,501,225 GJ; (2) 56.8%; (3) 0%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Net Lease ^{2,3} Hotel ^{2,3}	0.9% 16.1%
IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Net Lease ¹ Hotel ¹	(1) 0%; (2) 0% (1) 24.3%; (2) 0%
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	See footnotes 4 and 5	
WATER MANAGEMENT			
IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Net Lease ¹ Hotel ¹	(1) 33.0%; (2) 41.0% (1) 75.4%; (2) 89.4%
IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Net Lease ^{1,2} Hotel ^{1,2}	(1) 2,077.1 km ³ ; (2) 28.5% (1) 3,804.6 km ³ ; (2) 19.1%
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Net Lease ^{2,3} Hotel ^{2,3}	-1.0% 1.6%
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	See footnotes 5 and 6	

¹ Leasable floor area is used for metrics reported as square feet and metrics represented as a percentage of total floor area.

² Disclosed as whole building. Energy and water data is reported where available.

³ Like-for-like metrics include properties where data is available and acceptable to report as defined by SASB.

⁴ We encourage our managers and tenants to deploy energy management best practices that improve the economic performance of their operations, which include Centralized utility bill processing and payment system; ENERGY STAR® benchmarking (hotel properties); Real-time energy monitoring (hotel properties); Light Emitting Diodes (LED) lighting upgrades; and Energy performance review for end-of-life heating, ventilation and air conditioning (HVAC) equipment replacements. These energy management efforts reduce energy usage helping to generate both economic and environmental benefits. As SVC does not operate these properties, it does not track the impact energy strategies have on tenant demand, the cost or benefits associated with these strategies, or the approach taken towards renewable energy generation. RMR Group does assess energy management opportunities and physical and policy driven climate-related risks as part of property acquisition due diligence as well as throughout the life of the asset where applicable to RMR (see page 11).

⁵ SVC is prohibited by tax law from operating its hotel properties and all of its other properties are leased to third parties that assume operating responsibilities for their properties, and as such, where an accounting metric or metric component, as defined by the SASB Standard, is not applicable to SVC's portfolio or data to report on the applicable accounting metric is not available to us, we have not made any disclosure. Targets and goals throughout this report represent RMR's commitments and are not that of SVC specifically.

⁶ Managers are strongly encouraged to use water management practices that reduce operating costs as well as their impact on the consumption of natural resources. These best practices include upgrades for indoor plumbing fixtures, low-flow water closets and urinals, low-flow flush valves, low-flow automatic faucet controls, low-flow faucet aerators and shower heads, water-efficient landscaping, water stress risk analysis using Aqueduct tool, and cooling tower water management, among others. As part of due diligence, risks associated with water withdrawals and wastewater discharge are assessed, and during operation, we encourage operators and tenants to reduce water consumption to reduce risk associated with cost and droughts.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SASB CODE	TOPIC	2022 RESPONSE	
MANAGEMENT OF TENANT SUSTAINABILITY IMPACTS			
IF-RE410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	See footnote 7	
IF-RE410a.2	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	See footnote 8	
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	See footnotes 5 and 9	
CLIMATE CHANGE ADAPTATION			
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Net Lease ¹ Hotel ¹	431,222 sq. ft. 1,751,186 sq. ft.
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	See footnote 10	
ACTIVITY METRIC			
IF-RE-000.A	Number of assets, by property subsector	Net Lease Hotel	765 238
IF-RE-000.B	Leasable floor area, by property subsector	Net Lease Hotel	13,374,325 sq. ft. 24,779,050 sq. ft.
IF-RE-000.C	Percentage of indirectly managed assets, by property subsector	Net Lease Hotel	99.4% 100%
IF-RE-000.D	Average occupancy rate, by property subsector	Net Lease ¹¹ Hotel ¹¹	97.6% 58.6%

¹ Leasable floor area is used for metrics reported as square feet and metrics represented as a percentage of total floor area.

⁵ SVC is prohibited by tax law from operating its hotel properties and all of its other properties are leased to third parties that assume operating responsibilities for their properties, and as such, where an accounting metric or metric component, as defined by the SASB Standard, is not applicable to SVC’s portfolio or data to report on the applicable accounting metric is not available to us, we have not made any disclosure. Targets and goals throughout this report represent RMR’s commitments and are not that of SVC specifically.

⁷ Cost recovery clause for resource efficiency-related capital improvements is not applicable to hotel management agreements and net lease arrangements.

⁸ Sub metered energy and water use at SVC properties is not applicable as substantially all energy and water at SVC’s properties are managed by the hotel operators or the tenants.

⁹ On SVC’s behalf, RMR collaborates with our hotel managers and net leased retail tenants to capture environmental data for our properties. Engaging with our managers and tenants that manage data directly, RMR has increased visibility into operational performance for our properties. This effort has provided insight for over 23 million square feet of Hotel and Net Lease properties. Even though SVC does not directly utilize green lease language aligned with GRESB Real Estate Assessment Q39.1, RMR’s asset managers encourage our hotel managers and Net Lease tenants to operate our properties in ways that improve the economic performance of their operations, while simultaneously managing their own sustainability impact related to energy and water consumption, as well as greenhouse gas emissions. We believe the engagement activities by RMR incentivizes our hotel managers’ and tenants’ behaviors toward positive sustainability outcomes.

¹⁰ SVC defines climate change resilience as our ability to anticipate, prepare for and recover from adverse physical climate activity including increased severity of acute weather events and chronic changes to weather patterns as well as identify and plan for climate-related transitional activities such as changes in policy and market-driven expectations. Properties susceptible to inundation from flood waters are evaluated by region routinely. The evaluation may include implementing tenant and local agency coordination protocols, property incident response plan reviews, insurance provider assessments and the implementation of physical protection elements, such as flood protection barriers. SVC routinely utilizes technology to evaluate our properties for energy and water performance. Such activities support lower operating expenses, improve comfort for our occupants and reduce our exposure to impacts from policies targeting greenhouse gas emissions. SVC’s portfolio strategy includes the development of hazard and vulnerability assessments of our existing properties and scenario planning and economic risk reviews of property development opportunities over long term ownership periods. In 2021, RMR, in coordination with a third-party consultant, began physical climate scenario analyses for substantially all our properties. The climate scenario assessments under evaluation include current physical climate risk exposure and assessments of future physical climate risk exposure models covering near-term (2030), mid-term (2050) and long term (2100) time periods that consider a “business as usual” approach, a 2.0°C emissions mitigation approach in line with the Paris Climate Agreement and a “middle” approach, all based on the Intergovernmental Panel on Climate Change (IPCC) sixth assessment Representative Concentration Pathways (RCP) 8.5, 2.6 and 4.5, respectively. See pages 25 and 42.

¹¹ Hotel occupancy is for the three months ended 12/31/2022 and Net Lease occupancy is as of 12/31/2022.