

EXTENDED STAY AMERICA, INC.

**COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS**

CHARTER

(Last Amended effective as of August 14, 2018)

I. PURPOSE

The Compensation Committee (the “**Committee**”) shall provide assistance to the Board of Directors (the “**Board**”) of Extended Stay America, Inc. (the “**Company**”) by fulfilling the Committee’s responsibilities and duties outlined in Section IV and Section V and as otherwise reasonably requested by the Board.

II. STRUCTURE AND OPERATIONS

A. Composition and Qualifications

The Committee shall be comprised of three (3) or more members of the Board, each of whom shall be determined by the Board to be “independent” under the applicable rules of The Nasdaq Stock Market (“**Nasdaq**”). Additionally, it is expected that (i) each member of the Committee will be a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended and (ii) each member of the Committee will be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code and the regulations and guidance promulgated thereunder.

B. Appointment and Removal

The members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation, removal, disqualification or death. The members of the Committee may be removed, with or without cause, by a majority vote of the Board.

C. Chairperson

Unless a Chairperson is elected by the full Board, the members of the Committee shall designate a Chairperson by the majority vote of the full Committee membership. The Chairperson of the Committee will chair all regular sessions of the Committee and is responsible to set the agendas for Committee meetings. In the absence of the Chairperson of the Committee, the Committee shall select another member to preside.

D. Delegation to Subcommittees

The Committee may form subcommittees comprised of one (1) or more of its members for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate.

The Committee may delegate to one (1) or more officers of the Company the authority to make grants and awards of cash or options or other equity securities to any non-Section 16 officer of the Company under the Company's incentive-compensation or other equity-based plans as the Committee deems appropriate and in accordance with the terms of such plan; provided that such delegation is in compliance with the plan and the laws of the state of the Company's jurisdiction. In the event of such delegation, at each meeting of the Committee, the delegated officer(s) shall report to the Committee the awards made since the prior meeting.

III. MEETINGS

The Committee shall meet at least twice per year, and the Chairperson of the Board or any member of the Committee may call meetings of the Committee.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least once per year with the CEO, the Company's principal human resources executive, and any other corporate officers as it deems appropriate. However, the Committee should meet regularly without such officers present. The CEO may not be present during voting or deliberations with respect to determination of his or her compensation. All meetings of the Committee may be held telephonically. In addition, unless otherwise restricted by the Company's certificate of incorporation or bylaws, the Committee may act by unanimous written consent in lieu of a meeting, either in writing or by electronic transmission.

The Committee may invite to its meetings any director, management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of business, legislative, regulatory, legal or other conditions or changes. The Committee shall also carry out any other related responsibilities and duties delegated to it by the Board from time to time.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and may, in its sole discretion, retain, obtain the advice of and terminate any compensation consultant, independent legal counsel or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of any compensation consultant, independent legal counsel or other adviser retained by the Committee. The Company shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, independent

legal counsel or other adviser retained by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall undertake an independence assessment prior to selecting any compensation consultant, legal counsel or other advisers that will provide advice to the Committee (other than in-house legal counsel), taking into account such factors as may be required by the Nasdaq from time to time and such other factors as the Committee shall deem necessary or advisable. Any compensation consultant retained by the Committee to assist it in connection with setting the amount or form of executive or director compensation (other than any role limited to consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice) shall not, nor shall any of its affiliates, provide any other services to the Company or its subsidiaries, unless such services are pre-approved by the Committee. Finally, the Committee shall evaluate, at least once per year, whether any work provided by the Committee's compensation consultant raised any conflict of interest.

A. Setting Compensation for Executive Officers and Directors

1. Establish and review the overall compensation philosophy of the Company.
2. Review and approve corporate goals and objectives relevant to CEO and other executive officers' compensation, including annual performance objectives, if any.
3. Evaluate the performance of the CEO in light of such goals and objectives and determine and approve the annual salary, bonus, equity-based incentive and other benefits, direct and indirect, of the CEO.
4. Review and approve, or recommend to the full Board, the annual salary, bonus, equity and equity-based incentives and other benefits, direct and indirect, of the other executive officers.
5. In connection with executive compensation programs:
 - (a) Review and recommend to the full Board, or approve, new executive compensation programs;
 - (b) Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are effective in achieving their intended purpose(s);
 - (c) Establish and periodically review policies for the administration of executive compensation programs; and

- (d) Consider any desirable modifications to any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.
- 6. Establish and periodically review policies in the area of senior management perquisites.
- 7. Discuss the results of the shareholder advisory vote on “say-on-pay” with regard to the named executive officers.
- 8. Review and recommend to the full Board the compensation of directors, as well as director’s and officer’s indemnification and insurance matters.
- 9. Review and recommend to the full Board, or approve, any contracts or other transactions with current or former executive officers (“executive officer” has the same meaning specified for the term “officer” in Rule 16a-1(f) under the Securities Exchange Act of 1934) of the Company, including consulting arrangements, employment contracts, severance or termination arrangements and loans to employees made or guaranteed by the Company.

B. Monitoring Incentive and Equity-Based Compensation Plans

- 1. Review and approve, or recommend to the Board, the Company’s incentive-compensation plans and equity-based plans that are subject to the approval of the Board, and oversee the activities of the individuals responsible for administering those plans.
- 2. Review and approve all equity compensation plans of the Company that are not otherwise subject to the approval of the Company’s shareholders.
- 3. Review and recommend to the full Board, or approve, all equity-based awards, including pursuant to the Company’s equity-based plans.
- 4. Review the Company’s regulatory compliance with respect to compensation matters, including ensuring that reasonable efforts are made (to the extent deemed desirable) to structure compensation programs to preserve tax deductibility, and, as and when required or otherwise deemed necessary or desirable, approving performance goals and certifying that performance goals have been attained.
- 5. Monitor compliance by executives with the rules and guidelines of the Company’s equity-based plans.
- 6. Review and monitor any employee retirement, profit sharing and benefit plans.

C. Reports

1. Prepare the compensation committee report on executive officer compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.

2. Oversee the preparation of a Compensation Discussion and Analysis ("CD&A") for inclusion in the Company's annual proxy statement or annual report on Form 10-K, in accordance with the rules of the SEC. The Committee shall review and discuss the CD&A with management each year and, based on that review and discussion, determine whether or not to recommend to the Board that the CD&A be included in the Company's annual proxy statement or annual report on Form 10-K, as applicable.

3. Report regularly to the Board, including:

(a) Following all meetings of the Committee; and

(b) With respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide its recommendations to the Board as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make such report.

4. Maintain minutes or other records of meetings and activities of the Committee.

V. **ANNUAL PERFORMANCE EVALUATION**

The Committee shall perform a review and evaluation, at least once per year, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least once per year, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or appropriate. To the extent required by the rules of the SEC or the Nasdaq, a copy of this Charter will be attached to the Company's annual proxy statement at least once every three (3) years or included on the Company's website. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

VI. **RELIANCE ON OTHERS**

Unless a committee member has knowledge that makes reliance unwarranted, each Committee member, in discharging his or her duties to the Company, may rely on information, opinions, reports, or statements, any of which may be written or oral, formal or informal, including financial statements, valuation reports, and other financial data, if prepared or presented by:

A. One (1) or more officers or employees of the Company whom the Committee member believes in his or her reasonable business judgment and good faith to be reliable and competent in the matters presented;

B. Subject to the independence assessment of outside advisors described in Section W, consultants, legal counsel, or other persons as to matters which the Committee member believes in his or her reasonable business judgment and good faith to be within the professional or expert competence of such person; or

C. Another committee of the Board of which such Committee member is not a member if the Committee member believes in his or her reasonable business judgment and good faith that such committee merits confidence.

VII. ACTION IN CONJUNCTION WITH COMPENSATION COMMITTEE OF ESH HOSPITALITY, INC.

Certain of the actions of the Committee may be taken in tandem with the actions of the compensation committee of the board of directors of ESH Hospitality, Inc. (the “**REIT Compensation Committee**”) in connection with the implementation and administration of certain employment agreements, equity incentive plans and any other benefit plans and programs as they relate to certain employees of the Company and/or ESH Hospitality, Inc. In all such instances in which the Committee considers actions taken in connection with the REIT Compensation Committee, the Committee shall consider any such action in the same manner as it considers all other actions of the Committee, provided, that, the Committee shall not, in any way, be obligated to approve any such action.