

# 2021 HERSHA EARTHVIEW SUSTAINABILITY REPORT

**HERSHA**  
HOTELS AND RESORTS

 **EARTHVIEW**  
Sustainable Hospitality



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## 2021 HERSHA EARTHVIEW SUSTAINABILITY REPORT

Hersha's proprietary sustainability platform, EarthView®, was created in 2010 and exemplifies our commitment to simultaneously delivering financial value while supporting the well-being of our guests, our associates, our communities, and our planet. Our approach considers the impact of our business on all stakeholders and the environment in order to achieve long-term growth and success. We are delighted to share our 2021 impact and the strides we have made in our environmental, social, and governance (ESG) efforts toward a more sustainable, connected, and inclusive world.

This report is prepared in accordance with relevant international standards and best practices, in particular the Sustainability Accounting Standards Board (SASB) for the Real Estate Sector and the Task Force on Climate-related Financial Disclosures (TCFD).

## 2021 EARTHVIEW SUSTAINABLE HOSPITALITY HIGHLIGHTS

### Net-Zero

#### Scope 1+2 GHG Emissions by 2050

Hersha has committed to achieving net-zero Scope 1 and 2 GHG emissions across all operations by 2050, with an interim reduction target set for 2030.

### Risk & ESG

#### Board Oversight of ESG

In 2021, our Board added a Risk & ESG Subcommittee to increase oversight of ESG-related risks and opportunities.

### #1

#### In Global Real Estate Sustainability Benchmark (GRESB) Public Disclosure

Ranked #1 in GRESB's public disclosure among U.S. hotel REITs in 2021 for the second consecutive year.

### Diversity & Inclusion

#### Signatory of the CEO Action for Diversity and Inclusion Pledge

Hersha is a signatory of the CEO Action for Diversity & Inclusion pledge to advance diversity and inclusion in the workplace.

# 2021 AT A GLANCE

## FINANCIAL IMPACT OF ESG

**\$22M** in EarthView savings since inception

**1.7 YEAR** average payback period for our efficiency investments

**\$2M** from additional energy savings protocols implemented in 2020 and 2021

## ENVIRONMENTAL

### 2021 RESULTS

In 2021, we announced updated and more ambitious targets for reducing our environmental impact, including a net-zero target in line with a 1.5°C future. We have joined the Science Based Targets initiative and set an interim emissions reduction target for 2030 to help us get there. See our Environmental section for more information on our targets.

The pandemic's impact on our business and physical occupancy in 2020 and 2021 was material. As business and leisure travel resumed in 2021, our consumption increased as reflected in our like-for-like metrics. We continue to progress toward our 2030 environmental targets, as seen in our overall reductions compared to a 2010 baseline.

#### EMISSIONS REDUCTION



**absolute reduction**  
**2021 vs 2010**  
3% like-for-like increase per SF 2021 vs 2020

#### ENERGY REDUCTION



**reduction per SF**  
**2021 vs 2010**  
5% like-for-like increase per SF 2021 vs 2020

#### WATER REDUCTION



**reduction per SF**  
**2021 vs 2010**  
13% like-for-like increase per SF 2021 vs 2020

#### WASTE DIVERSION



**diversion rate in 2019**

## SOCIAL

**39%**

of our workforce identify as women

**29%**

of our workforce identifies as a member of a minority group

**42%**

of women at Hersha hold roles of Director and above

**32,200+**

people provided with access to clean water for 21 years since 2015

**20,300**

hours volunteered in our local communities since 2015

**583,000**

new bars of sanitized and repackaged soap sent to developing nations since 2011

# GOVERNANCE

## BOARD OF TRUSTEES AND GOVERNANCE INFORMATION

**8**

Size of Board at Hersha,  
6 Independent Board Trustees

**Yes**

Dedicated Risk & Environmental,  
Social, & Governance (ESG) Board  
Subcommittee

**5**

Board Meetings  
Held in 2021

**50%**

Female and  
Minority Board  
Trustees

**Yes**

Separate Chair  
and CEO

**Yes**

Independent  
Lead Trustee

**Yes**

Proxy  
Access

**Yes**

Code of Conduct  
for Trustees and  
Executive Officers

Our comprehensive Code of Ethics and Code of Conduct – including policies on human rights, labor rights, diversity, anti-harassment, formal grievance process, whistleblowers, non-retaliation, health & safety, and supplier code of conduct – are available in the [Governance section](#) of our Hersha website.

# RESILIENCY & RISK

Our resiliency strategy includes the ongoing evaluation of potential climate risks, the identification of mitigation strategies, and the ongoing monitoring and assessment of our progress. In 2021, we added a dedicated board-level Risk & ESG Subcommittee, which has a formal schedule for the consideration of climate-related risks and opportunities as well as oversight of policies and operational controls of environmental, health and safety, and social risks.

*\*Hersha NOAA Hazard Score is collated from data by the National Oceanic Atmospheric Administration (NOAA), and peer risk score calculated from the Morgan Stanley report "Rising Flood Risk: How Much and at What Cost?" (3/2019). The NOAA Hazard Score takes into account flood risk as defined by FEMA, the Federal Emergency Management Agency.*

## NOAA FLOOD RISK SCORE

**1.6**

average portfolio risk,  
vs. 2.8 average risk for US Lodging REITs\*  
(1-10, 1=low risk)

**2.8%**

of properties by count at high risk  
(as defined by NOAA), vs. an average 3% of US Lodging REITs'  
properties are at high risk

# AWARDS & RECOGNITION

Hersha has been recognized for our approach to driving positive environmental and community impact, both at a local and global scale. Highlighted are a few of our recent awards:

 <p>Global Real Estate Sustainability Benchmark Public Disclosure – Hersha ranked #1 within the U.S. Hotel peer set</p>	 <p>NAREIT's Leader in the Light (Lodging &amp; Resorts sector) – Recognized four times for superior sustainability practices</p>	<p><b>2021</b></p> <p>Hersha recognized by Newsweek as one of America's Most Responsible Companies</p>	 <p>Hersha – Crain's 2021 Best Places to Work in NYC</p>
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# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We recognize that all of the United Nations Sustainable Development Goals (SDGs) are closely integrated and play vital roles in our communities and planet. However, similar to other leading companies, we realize that a focus on specific goals is the most effective avenue towards progress. Therefore, to further support both Hersha's and the UN's missions, we have prioritized eight SDGs that are closely aligned with our business:

<p><b>1</b> NO POVERTY</p> 	<p><b>2</b> ZERO HUNGER</p> 	<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	<p><b>4</b> QUALITY EDUCATION</p> 	<p><b>5</b> GENDER EQUALITY</p> 	<p><b>6</b> CLEAN WATER AND SANITATION</p> 
<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> 	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p><b>10</b> REDUCED INEQUALITIES</p> 	<p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 
<p><b>13</b> CLIMATE ACTION</p> 	<p><b>14</b> LIFE BELOW WATER</p> 	<p><b>15</b> LIFE ON LAND</p> 	<p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p><b>17</b> PARTNERSHIPS FOR THE GOALS</p> 	

## ABOUT THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), developed by the United Nations, are a framework for achieving sustainability globally by addressing the pressing challenges we face as a global society. Though initially framed for world leaders, the United Nations has since called for a broader coalition of support for the SDGs from other stakeholders – including the world’s business community.

## QUICK FACTS ON THE SDGS

- Adopted by the United Nations General Assembly in September 2015
- Part of the 2030 Agenda for Sustainable Development
- 17 Sustainable Development Goals in total
- Primary goals are to end poverty, fight inequality, and curb climate change by 2030

## ABOUT HERSHA HOTELS AND RESORTS

Hersha owns and operates high quality hotels in urban gateway markets and regional resort destinations. Property and room counts below reflect Hersha’s portfolio as of year-end 2021.

### OUR PROPERTIES



**36**

hotels



**5,802**

rooms



**Bi-Coastal**

US portfolio

### OUR VALUES



**People Are Our Capability**



**Only Excellence**



**Hearts That Serve**



**Stay Nimble**



**Own It**

## OUR SUSTAINABILITY PROGRAM: EARTHVIEW

Started in **2010**

Centered on a  
**triple-bottom-line**

Leading program in  
**sustainable hospitality**



## LETTER FROM THE CEO



### Dear Fellow Stakeholders...

As the hospitality industry continued to recover from the global pandemic, our EarthView Sustainable Hospitality program has proven crucial to the fulfillment of Hersha's core values and mission. The unpredictable fluctuation in regulations, the rise of new variants, and shifting cultural practices have required us to stay nimble in mitigating the impacts on our business, our associates, and our communities. The rising risks and effects of global climate change and the depletion of the earth's irreplaceable natural resources underscore the importance of our corporate responsibility and industry-leading environmental, social, and governance (ESG) practices.

In 2021, our company continued to recover from the impact of the COVID-19 pandemic on both business and leisure travel. Achieving solid profitability and generating free cash flow as the industry drives forward from the worst crisis in its history is a testament to the quality of our hotels, the effectiveness of our cluster operating strategy, and the diversity of our portfolio. Sustainability has been a core tenet of our business since 2010, and through our EarthView Sustainable Hospitality platform, we have implemented a broad range of best-in-class, holistic ESG measures across the portfolio.

I'm proud of the work our team has done to continue to push the envelope. In 2021, we further integrated ESG performance into our governance structure through the addition of a board-level Risk & ESG Subcommittee and tied executive remuneration to specific ESG performance metrics. We joined the fight for a zero-emissions future by setting Science-Based Targets in line with a 1.5°C future and committing to reaching net-zero greenhouse gas emissions by 2050.

We continue to embody our core value of Hearts That Serve by giving back to disadvantaged communities. We completed funding for a second Hersha-sponsored well in Tanzania with the Waterboys organization and continue to provide access to clean drinking water for 32,200+ people in need around the world. We also worked to give back to our local communities, supporting the development of urban green spaces, including a new schoolyard at the Add B. Anderson School in Philadelphia.

In 2021, we were recognized for our corporate responsibility and ESG leadership by multiple organizations, ranking as one of America's Most Responsible Companies by Newsweek for the third year in a row, #1 in Public Disclosure by the Global Real Estate Sustainability Benchmark for the hotel peer set, and one of NYC's Best Places to Work by Crain's New York.

Our EarthView program is vital to the thriving future of our triple-bottom-line. As we strive to meet our increasingly ambitious ESG targets, we are energized to lead sustainable change for our stakeholders, associates, and communities in the post-pandemic era.

Thank you for taking the time to review our report.

### Jay H. Shah

Chief Executive Officer  
Hersha Hotels and Resorts



## FINANCIAL IMPACT OF ESG

Incorporating sustainability into our business strategy is key to capturing value. Our EarthView mindset is a framework that drives lower operating expenses and higher real estate value by identifying efficiencies in current practices, areas for hospitality innovation, and future market trends.

## EARTHVIEW'S INITIATIVES HAVE CREATED

**\$22M** in EarthView savings since inception

**1.7 YEAR** average payback period for our efficiency investments

**\$2M** from additional energy savings protocols implemented in 2020 and 2021



## EARTHVIEW'S STRATEGY

EarthView has informed the way we approach business and is now wholly integrated into Hersha's business strategy. Having a strategy informed by sustainability leads to hotels with higher margins, stronger net operating income (NOI), and increased long-term valuations. Every \$1 of savings from reduced energy and water usage, and lower waste production flows directly to the bottom line.

## EARTHVIEW INTEGRATION & PROCESS

Our full-time, in-house EarthView sustainability team reports directly to Hersha's CEO and works closely with executives and senior leadership across departments, including asset management, capital planning, operations, risk management, and sales. Through this process, sustainability is incorporated into department-specific strategies and goals.

Our team integrates climate-related risks and opportunities into our business, strategy, and financial planning as we strive to support our triple bottom line. Sustainability is a key driver of our decision-making as we assess and invest in low-carbon opportunities like energy efficiency upgrades, on-site electric vehicle charging stations, and renewable energy procurement.

All sustainability strategies and initiatives undergo a rigorous analytical process to ensure they:

- Demonstrate a positive short-term return on investment
- Reduce annual tangible and intangible costs
- Improve levels of engagement and well-being for our communities and associates

## EARTHVIEW DRIVES VALUE

EarthView initiatives alleviate the pressure of increasing labor costs, taxes, and insurance by contributing directly to margins. EarthView drives long-term value through:

- Increased energy and water efficiency, which reduces utility and waste-related expenses, one of our portfolio's largest controllable operating expenses
- Additional revenue from group and corporate travel managers increasingly focused on sustainable travel
- Greater retention of guests and associates who prefer companies with values that resonate with theirs
- More robust preparation for and mitigation of risks, including regulatory and physical risks

## EXTERNAL STAKEHOLDER ENGAGEMENT

EarthView's continued influence and leadership at Hersha is supported by our advancement of sustainability awareness and education for the overall real estate and hospitality industry through regular engagement with peers, investors, community partners, and the cities in which we operate. We share knowledge, discuss trends, and learn from our peers and partners to help drive the future of sustainable buildings and hospitality for the entire industry.

## HERSHA IS AN ACTIVE PARTICIPANT IN THE FOLLOWING



The Real Estate Roundtable

G R E S B



Cornell University  
Sustainability Roundtable

CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION



[Learn More](#) about how EarthView is structured and managed.

## **DRIVING VALUABLE, INNOVATIVE GUEST EXPERIENCE**

EarthView is one of the industry's most established hotel sustainability platforms. As leaders in this field, we are constantly searching for and capitalizing on innovative opportunities that have positive externalities and create operational savings, long-term value, and enhanced guest experiences.





## ENHANCING GUEST EXPERIENCE

Guests are increasingly seeking more from their travel experiences, and we are well poised to capture this growing interest. As travelers become more mindful of their environmental and social impact, hotels that minimize their environmental footprints, provide quality responsibly sourced products, engage with local communities, and empower their associates are better positioned to succeed. We provide memorable amenities and unique offerings to elevate the quality of our guests' experiences.

## SUSTAINABILITY-ORIENTED AMENITIES THAT ENHANCE GUEST EXPERIENCES INCLUDE:

- Energy-efficient lighting and thermostat technology increases guest comfort while reducing energy usage.
- In-room recycling programs allow guests to continue the environmental habits they practice at home.
- Locally sourced food and beverages support the local economy while providing guests with unique offerings.
- Electric vehicle charging stations offer drivers the convenience of charging their vehicles while they are on-site.
- High-quality bathroom amenities, such as soap and shampoo from larger dispensers, provide a luxurious bathroom experience for guests while reducing waste and plastic usage.

## GREEN MEETINGS

Individual guests are not the only ones seeking more sustainable travel options – businesses are as well. Through EarthView, we are able to satisfy this need by providing green meeting options, helping to decrease Scope 3 emissions and waste generation from business travel.



## EXAMPLES OF GREEN MEETING OPTIONS INCLUDE:

- Tap water provided in carafes and reusable glasses
- Elimination of single-use plastic
- Recycling containers located in all meeting rooms
- Providing linenless tables
- Provision of vegetarian and vegan food and beverage options
- Reports on the environmental impact of stays and meetings at our hotels

## WASTE MANAGEMENT

Our mindful waste management efforts increase the quality of experience for our guests, associates, and communities. Our hotels and our corporate offices participate in recycling and waste management programs, including operational, guest, and business waste recycling, compost, towel & linen reuse, laundry water reuse, and Clean the World.



## ENVIRONMENTAL

We recognize our fundamental reliance on our planet’s resources and ecosystems, and focus on using resources responsibly. Our planet’s ability to support and provide a livable climate for all of us depends on it.



## OUR TARGETS & RESULTS

This year, we submitted our commitment to reach net-zero greenhouse gas emissions by 2050 to the Science Based Targets initiative. Our targets are aligned with our Sustainable Development Goal priorities. We share our progress against these targets below.

## OUR SCIENCE-BASED NET-ZERO COMMITMENT

Our near-term science-based greenhouse gas emissions target has been verified by the Science-Based Targets initiative as aligned with necessary GHG reductions to limit global temperatures to 1.5°C (vs. 1C currently) above pre-industrial levels.



While this interim target is important, our ambition doesn’t stop in 2030. We have committed to reach net-zero greenhouse gas emissions by 2050 and expect the SBTi to validate our long-term target in 2022. As a part of our science-based targets and net-zero strategy, Hersha is committed to measuring and reducing our scope 3 emissions.

# OUR 2030 REDUCTION TARGETS

## EMISSIONS TARGET



**63%**

absolute reduction by 2030\*

## ENERGY CONSUMPTION TARGET



**35%**

reduction per SF by 2030\*

## WATER WITHDRAWAL TARGET



**30%**

reduction per SF by 2030\*

## WASTE DIVERSION TARGET



**50%**

diversion rate in 2030

\*Target is compared to a 2010 baseline. Our scope 1+2 greenhouse gas emissions reduction target is in line with a 46% absolute reduction in Scope 1+2 greenhouse gas emissions from 2019 to 2030, as validated by the Science Based Targets initiative.



### SDG 13 – CLIMATE ACTION:

- Reduce our greenhouse gas emissions to alleviate climate change and its impacts
- Pursue and invest in expanding our renewable energy strategy



### SDG 6 – CLEAN WATER AND SANITATION:

Increase water efficiency in our buildings and reduce overall water usage



### SDG 7 – AFFORDABLE AND CLEAN ENERGY:

Increase energy efficiency in our buildings and reduce overall energy consumption



### SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION:

Reduce waste generation

# OUR 2021 RESULTS & PROGRESS

In 2021, we announced updated and more ambitious targets for reducing our environmental impact, including a net-zero target in line with a 1.5°C future. We have joined the Science Based Targets initiative and set an interim emissions reduction target for 2030 to help us get there. See our Environmental section for more information on our targets.

## EMISSIONS REDUCTION



**51%**

absolute reduction  
2021 vs 2010

3% like-for-like increase per SF 2021 vs 2020

## ENERGY REDUCTION



**22%**

reduction per SF  
2021 vs 2010

5% like-for-like increase per SF 2021 vs 2020

## WATER REDUCTION



**17%**

reduction per SF  
2021 vs 2010

13% like-for-like increase per SF 2021 vs 2020

## WASTE DIVERSION



**33%**

diversion rate in 2019

## GREENHOUSE GAS EMISSIONS REDUCTION

	Absolute Production			
	2020	2021		
	Emissions (mT)	Emissions (mT)	Data coverage (SF)	Data coverage (%)
Scope 1	6,589	6,452	3,800,808	100%
Scope 2 (location-based)	15,912	16,156	3,800,808	100%
Total	22,501	22,607	3,800,808	100%

	Like-For-Like Production		
	2020	2021	
	Emissions	Emissions	Like-for-like change (%)
Total (mT)	12,516	12,951	3%
Intensity (mT/SF)	0.0047	0.0048	3%

## ENERGY REDUCTION

	Absolute Consumption			
	2020	2021		
	Consumption (mBTU)	Consumption (mBTU)	Data coverage (SF)	Data coverage (%)
Total energy	314,182	310,580	3,800,808	100%
Electric	179,957	181,291	-	-
Natural gas	124,047	121,466	-	-
Chilled water	3,367	0	-	-
Steam	6,818	7,831	-	-
Renewable energy	512	512	-	-
As % of electricity	0.3%	0.3%	-	-

	Like-For-Like Consumption		
	2020	2021	
	Consumption	Consumption	Like-for-like change (%)
Total (mBTU)	188,966	193,573	2%
Intensity (kBTU/SF)	70.34	72.05	2%

## WATER REDUCTION

	Absolute Withdrawal			
	2020	2021		
	Withdrawal (kgal)	Withdrawal (kgal)	Data coverage (SF)	Data coverage (%)
Total	203,264	214,025	3,800,808	100%

	Like-For-Like Withdrawal		
	2020	2021	
	Withdrawal	Withdrawal	Like-for-like change (%)
Total (kgal)	122,957	139,138	13%
Intensity (gal/SF)	0.0458	0.0518	13%

**Note on Water Reduction:** By nature of our business in the real estate and hospitality industry, our water usage is primarily made up of water withdrawal. The majority of our water is "returned" through municipal sewer systems as we do not use large amounts of water for consumption.

\* Like-for-like considers only properties with comparable operating results during the period

\*\* Reflects reduced occupancy at our hotels in 2020 and 2021 resulting from the COVID-19 pandemic

# WASTE DIVERSION

## Absolute Production 2021

Total weight of all waste (tons)	5,568
Landfill	67%
Total diverted	33%
Diverted – recycling	20%
Diverted – compost	7%
Diverted – waste to energy	4%
Diverted – incineration	2%
Data coverage (SF)	3,800,808
Data coverage (%)	100%

### Waste Diversion

By nature of our business, we do not produce hazardous waste in the US or outside of our primary domicile. We exercise waste diversion through our business waste management and recycling program, which includes packaging waste management and recycling. Total waste production is attributed to regular operations and does not include waste produced from major renovations.



# MEASURING OUR FOOTPRINT

In order to reduce our environmental footprint, we measure where we have been and where we are now. To this end, we have tracked our greenhouse gas emissions, energy and water usage, and waste production since we launched EarthView in 2010.

Since EarthView’s inception, we have also implemented data management systems that allow us to confidently report high quality, non-financial data, better manage our footprint, and identify opportunities for continual improvement.

## METRIC ALIGNMENT WITH THIRD PARTY STANDARDS

The metrics we provide in this report are:

- Aligned with the Greenhouse Gas Protocol, a global standard that outlines a methodology for reporting on environmental impact to ensure these metrics are comparable with those reported by our peers and other organizations
- Most material and relevant to our industry, as recommended by the Sustainable Accounting Standards Board (SASB) for the Real Estate Sector
- Aligned with Hersha’s Global Real Estate Sustainability Benchmark (GRESB) assessment
- Aligned with key reporting recommendations from the Task-force for Climate-related Financial Disclosures (TCFD)

## METRIC SCOPE

Our environmental metrics and results are derived from the 2021 calendar year performance of our Hersha-owned, operating hotel portfolio across our markets. We use an equity approach for reporting, accounting for emissions, energy, water, and waste reductions from property operations according to our share of equity in the property under the World Resources Institute’s reporting protocols. The pandemic’s impact on our business and physical occupancy in 2020 and 2021 was material. As business and leisure travel resumed in 2021, our consumption increased as reflected in our like-for-like metrics. We continue to progress toward our 2030 environmental targets, as seen in our overall reductions compared to a 2010 baseline.

## METHODOLOGY FOR EMISSIONS CALCULATIONS

- Our Scope 1 and 2 emissions are calculated in line with the Greenhouse Gas Protocol and Science-Based Targets initiative (SBTi) recommendations. Scope 1 emissions are derived primarily from the natural gas consumption of our owned properties. Scope 2 emissions are derived from the electricity, steam, and chilled water consumption of our owned properties. Although we do not include Scope 3 emissions in this report, our team is committed to measuring and reducing Scope 3 emissions annually as a part of our climate strategy.
- Our emission inventories include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O). Hydrofluorocarbons (HFCs) are not included in our emissions inventory as we currently do not have the ability to measure the amount of HFCs produced from our HVAC systems. In our estimates, we found that HFCs contributed to less than 1% of company emissions and thus were not required to be included in our targets according to SBTi standards, while other emissions (e.g., sulfur hexafluoride, perfluorocarbons, and nitrogen trifluoride) are not included as they are not produced due to the nature of our business.
- We use EPA guidelines, via ENERGY STAR Portfolio Manager's Reporting tool, to generate location-based Scope 1 and Scope 2 emissions. To report emissions over time, we use the most recent eGRID emissions factors available during the year in which emissions are being calculated.

## BIODIVERSITY POLICY

At Hersha, we seek to promote biodiversity as an integral part of our sustainability efforts. We minimize our impact on local biodiversity through our resource efficiency programs and holistic waste management that includes packaging, business waste, operational waste, food waste, and wastewater. Our hotels use only non-plastic straws and stirrers to prevent these items from littering our oceans and harming wildlife. Additionally, as a part of our philanthropic efforts, our associates regularly participate in volunteer efforts that protect and promote biodiversity, from community clean-ups to ecological restoration. As we seek to increase the sustainability and eco-friendliness of our business, we will continue to evaluate the potential for biodiversity-improving developments, including pollinator-friendly urban environments like green roofs.

## EFFICIENT BUILDINGS & OPERATIONS

Buildings have an outsized impact on our environment. According to a joint report published by the UN Environment Programme and the International Energy Agency, buildings and construction account for 39% of global energy-related emissions. We implement green leases in all of our property agreements and strive to run our buildings as efficiently and sustainably as possible.

**100%** of our portfolio is benchmarked against ENERGY STAR.

**31%** of our portfolio has been awarded a third-party building certification, such as LEED, ENERGY STAR, ISO 14001 (for environmental management), or ISO 50001 (for energy management) over the past five years.





## THE AMBROSE HOTEL

**California Green Lodging Program Environmentalist Level, certified by the California Department of General Services**

California's Green Lodging Program recognizes hotels that reduce their carbon footprint, conserve energy and water, divert waste from landfills, and improve indoor environmental quality. The "Environmentalist Level" is the highest level of program participation. The Ambrose Hotel was the first in the United States to earn the prestigious LEED-EB certification.



## THE BOXER HOTEL

### Waste Diversion, Compostable K Cups

The Boxer Hotel has launched a successful compostable K cups initiative in an effort to decrease single-use plastic consumption and divert waste from landfills. The pods themselves are entirely compostable, and the coffee is sustainably sourced through the Rainforest Alliance, an organization that helps to support local coffee farmers and communities.

— The —

# BOXER

BUILT IN 1904

IN THE HEART OF BOSTON

Join us on our mission of sustainability with Tayst Coffee's compostable pods for Keurig®.

## DOING GOOD

*feels great*

Every compostable pod you consume from Tayst helps to reduce the plastic waste that pollutes our planet.

### TAYST

COFFEE ROASTER



**BREW A DELICIOUS BEVERAGE!**

- Push "PRESS TO OPEN" button.
- Place the Tayst Pod in holder.
- Do not remove or puncture lid.
- Lower handle until it clicks.
- Fill the tank with water.
- Close the water tank.
- Place cup on black tray.
- Press "BREW" Button.
- When brewing is complete, Sip & Enjoy!

# RENEWABLE ENERGY & NON-EMITTING TRANSPORTATION

We believe transitioning to an economy run on clean energy is imperative to curb climate change and maintain a livable future for our society. To support this endeavor, Hersha is committed to sourcing clean, renewable energy to power and light our hotels, as well as spurring the growth and availability of electric and non-emitting transportation options in our communities.

## KEY PROJECTS



### ELECTRIC AND NON-EMITTING TRANSPORTATION

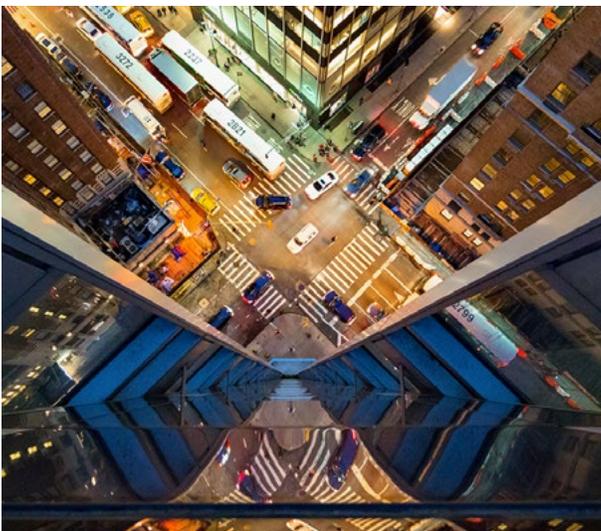
To encourage the reduction of emissions from transportation, we are installing electric vehicle charging stations across the portfolio, providing electric house cars when possible, encouraging exploration of local neighborhoods through walking and biking, and educating guests on public transportation options.



**Electric Vehicle Charging Station:** These efforts support the expansion of a larger charging infrastructure, which is needed to spur the transition away from combustion vehicles. Currently, we have electric vehicle charging stations at 8 of our hotels, with a target to eventually have charging stations at 20 of our hotels.



**Electric House Car:** Our Ambrose Hotel has an electric house car, a Tesla, that transports guests to and from popular destinations. We evaluate options to purchase electric house cars for other hotels as transportation needs arise.



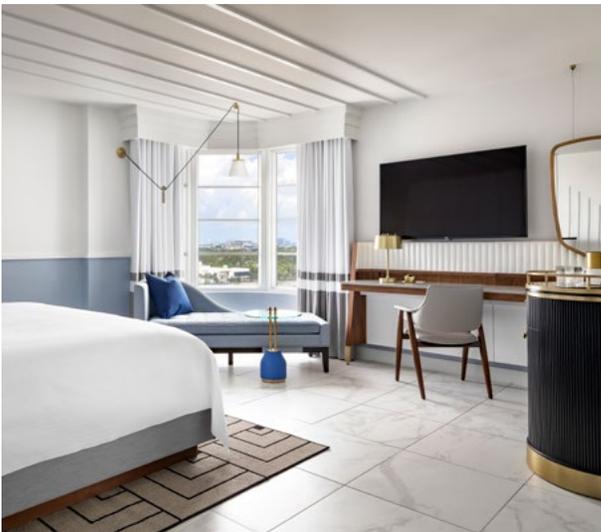
### EASY WALKABILITY & ACCESS TO PUBLIC TRANSPORTATION

Our hotels are mostly based in dense, urban neighborhoods, with a portfolio-wide Walk Score of 81 out of 100 across the portfolio. A high Walk Score indicates there is a greater number of diverse amenities that are easily accessible via walking. Our Courtyard by Marriott Los Angeles Westside also communicates public transportation route information to guests via their GoBoard. This reduces the number of single-passenger emitting rides taken to and from the hotel, as well as supports local transportation systems.

# PLAN TO ACHIEVE OUR TARGETS

In 2019, we announced ambitious 2030 targets for our greenhouse gas emissions, energy and water reductions, and waste diversion. In 2021, we updated these targets to be in line with the SBTi Business Ambition for 1.5C, increasing the ambition of our GHG emissions reduction targets and aligning with a path to achieve net-zero emissions by 2050. To achieve these, we are focused on projects and initiatives that increase energy efficiency, water efficiency, the amount of waste diverted from landfills, and the renewability of our energy source with sub-targets for some of these initiatives to track our progress towards reaching our overall environmental targets.

## KEY PROJECTS



### LED LIGHTING

- Our energy-efficient lighting strategy is focused on retrofitting existing lighting with LEDs, which are more efficient than incandescent and fluorescent lighting and have much longer lifespans.
- LEDs have been installed at 100% of our hotels.
- We continue to purchase and install LEDs as hotels are renovated.
- We are on track to install LEDs across 100% of our portfolio.



### GUESTROOM EMS

- Our HVAC efficiency strategy includes installing guestroom energy management systems (EMS).
- Our guestroom EMS is programmed to reduce energy consumption while rooms are unrented or unoccupied, saving our hotels 25-30% in heating and cooling costs.
- Engineering teams are trained to review their hotel's energy management system.
- Currently, EMS has been installed at 85% of our eligible, HVAC compatible properties and is continuing to be implemented at all new acquisitions.



## HIGH-EFFICIENCY WATER FIXTURES

- Water fixtures, including faucets and showerheads, can make up the majority of a hotel's water usage.
- We have increased the water efficiency of these fixtures through balanced flows that still maintain guest comfort.
- On average, properties with high-efficiency water fixtures lower their water usage by 20-30%.
- We have high-efficiency water fixtures installed at 78% of our hotels in regions with "high" or "extremely high" baseline water stress.



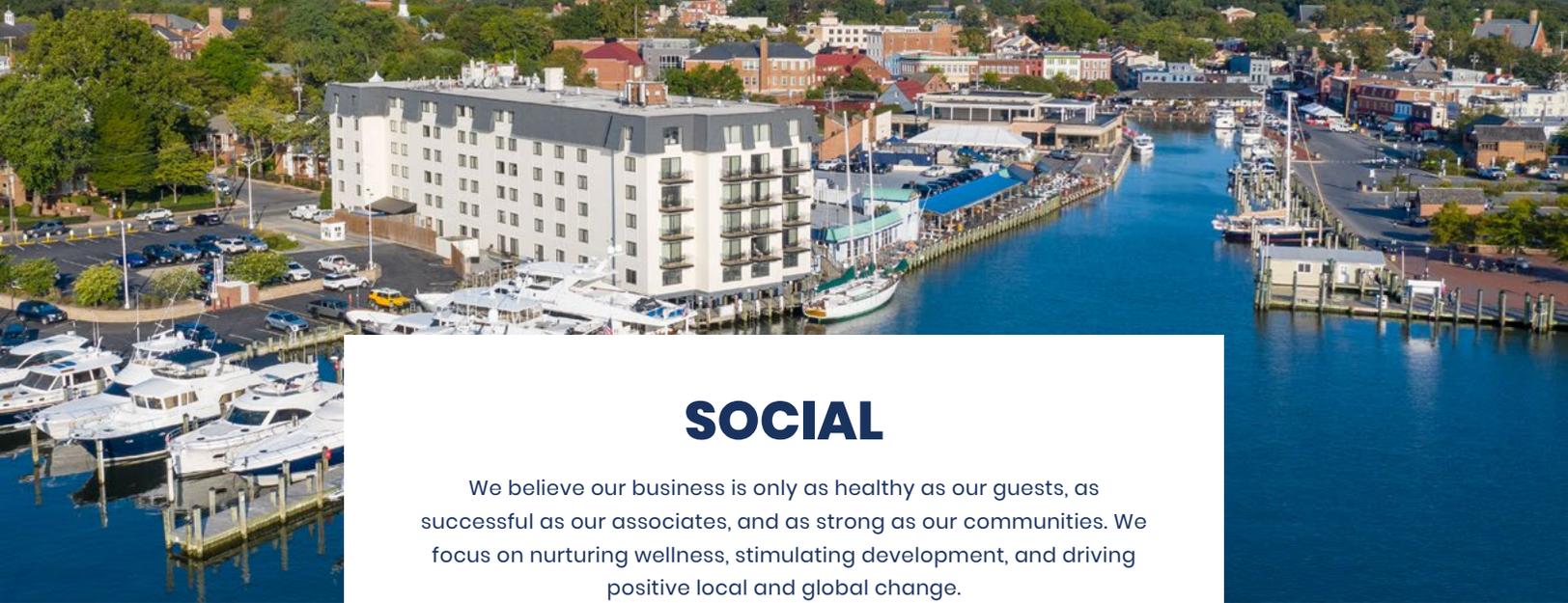
## LAUNDRY WATER REUSE SYSTEMS

- For our hotels with on-site laundry, washers consume a significant amount of water every year. Laundry-water reuse systems use recycled and filtered laundry grey water for 70-80% of our laundry cycles. We are continuing to evaluate the opportunities for the installation of these systems at our other hotels.
- To date, our laundry-water reuse systems have reused 2,440 kGal of water, which would fill more than three Olympic-sized swimming pools.



## NON-PLASTIC STRAWS & STIRRERS

- To avoid the detrimental environmental impacts of single-use plastic, our hotels only use paper straws and wooden stirrers in their operations. Over the course of a year, we avoid using over 4 million plastic straws and stirrers, preventing these items from littering our oceans and harming wildlife.



# SOCIAL

We believe our business is only as healthy as our guests, as successful as our associates, and as strong as our communities. We focus on nurturing wellness, stimulating development, and driving positive local and global change.



## EARTHVIEW'S STRATEGY

Our social Sustainable Development Goals focus on our local and global impact. The EarthView team works to implement programs that support and uplift the overall health and well-being of our associates, guests, and communities.



### SDG 6: Clean Water and Sanitation

- Provide access to safe and affordable drinking water, a fundamental human right
- Facilitate access to sanitation and hygiene



### SDG 17: Partnerships for the Goals

- Engage in public-private partnerships both on and off-site to support our communities and sustainability goals



### SDG 4: Quality Education

- Increase education in sustainable, diversity, and inclusion practices on-site
- Support partners providing access to education, as we believe quality education has the power to significantly improve lives, communities, and the world at large.



### SDG 3: Good Health and Well-Being

- Facilitate an inclusive, safe, open, and understanding work environment
- Provide opportunities for empowerment and professional development
- Demonstrate appreciation for our associates
- Embrace health and wellness of our associates and guests

# OVERVIEW OF SOCIAL IMPACT

**39%**

of our workforce identify as women

**29%**

of our workforce identifies as a member of a minority group

**42%**

of women at Hersha hold roles of Director and above

**32,200+**

people provided with access to clean water for 21 years since 2015

**20,300**

hours volunteered in our local communities since 2015

**583,000**

new bars of sanitized and repackaged soap sent to developing nations since 2011

## HAVING A LOCAL & GLOBAL IMPACT

One of our core values is “Hearts that Serve.” This means that our care and service of people does not apply only to guests and associates but also to our stewardship of local and global communities.

## OUR LOCAL IMPACT

Our hotels are deeply rooted in the communities in which they operate. Stronger, more vibrant host communities contribute to the success of our hotels, which enhances our ability to contribute to the success of our communities. We support our local communities through the lenses of economic development, revitalization, and philanthropy.



## ECONOMIC DEVELOPMENT

We encourage our management teams to hire local or regional associates and procure local products. These efforts support the growth and prosperity of our local economies:

- **Parrot Key Hotel & Villas** sources local fresh fish and shrimp from locally-based Key West businesses.
- **The Rittenhouse** provides space for Egan Day, a boutique that sells fine jewelry designed and crafted by local Philadelphia designers.

## URBAN REVITALIZATION

Several of our hotels were constructed to support urban revitalization, as well as the development and remediation of urban brownfield sites (when applicable) within their neighborhoods. These hotels have created 271 jobs in our communities:

- **The Ritz-Carlton Georgetown** is an adaptive reuse of a formerly vacant industrial building.
- **The Envoy Hotel** was developed on former parking lots, which supported the revitalization of Seaport, MA, a neighborhood that had at one point been abandoned and inaccessible.

## PHILANTHROPY

We support our associates by encouraging them to actively serve their communities and providing them with the autonomy to support the projects, organizations, or causes they care about. With each property participating in or holding at least three philanthropic events a year, we are proud to see our hotels being positive forces in their communities.



### HAMPTON INN PHILADELPHIA TEAM SERVES THE HUNGRY

To support the ambition of the second UN Sustainable Development Goal (SDG), our associates at Hampton Inn Philadelphia volunteered with the Philabundance food bank to organize and prepare food items for people experiencing homelessness.



### HERSHA INCREASES ACCESS TO GREEN SCHOOLYARDS IN GREATER PHILADELPHIA

In 2021, Hersha partnered with the Trust for Public Land on an urban environmental justice initiative, fundraising for the development of a new green schoolyard at Anderson Elementary in Philadelphia, PA.

## OUR GLOBAL IMPACT

In our hotels, we provide guests with access to clean water and superior cleanliness. However, we believe it is important to contribute to sustainability, health, and well-being, not just locally, but also in global communities in which we do not directly operate.



## PROVIDING ACCESS TO CLEAN WATER

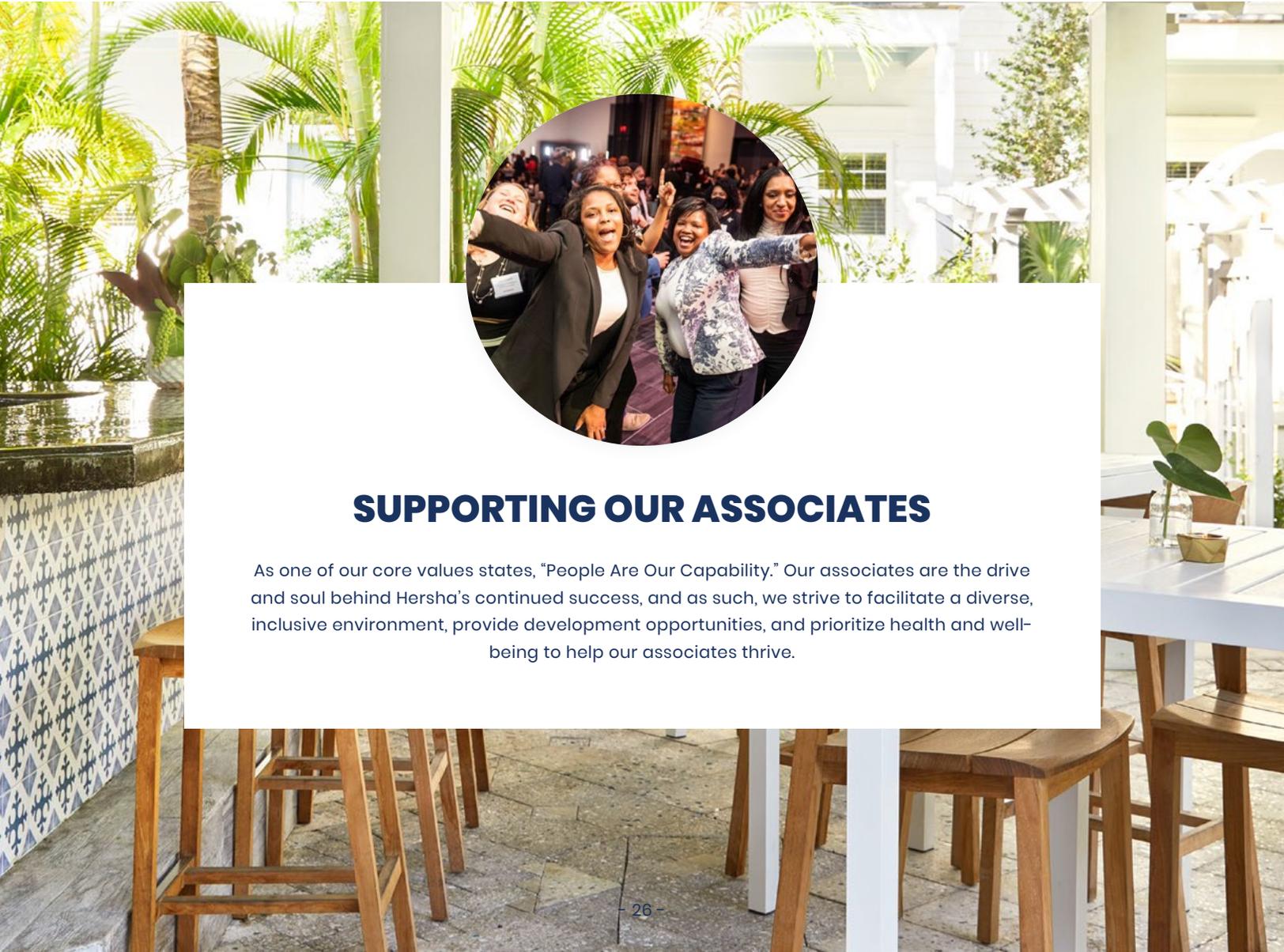
- Why? One in ten people globally lacks access to safe drinking water. We believe access to clean, safe, sufficient, and affordable drinking water is a fundamental human right that we seek to protect.
- How? In 2015, we developed EarthView Water in an effort to combat this problem. EarthView Water is a privately labeled water bottle made from 100% recycled materials available for purchase at our properties. For each bottle purchased, Hersha donates \$1 to help bring clean, drinkable water to those in need.
- Update: In 2020, and in partnership with Waterboys.org, a Hersha-funded well was successfully dug in Tanzania and is bringing life-sustaining water to 8,000 people. In 2021, we completed funding with Waterboys.org for a second well that will bring clean water to 6,200 additional people who currently lack access.
- About Waterboys.org: Waterboys is an initiative founded by Chris Long that brings clean, accessible drinking water to rural communities in East Africa. Local crews in East Africa are hired to drill deep borehole wells for communities where drinking water is unsafe or requires community members to walk miles each day to retrieve.



We have achieved our target to provide accessible, clean water to 25,000 individuals in need! This year, we set a new target to expand access to clean water for 40,000 individuals by 2025.

## PROVIDING IMPROVED SANITATION

- Why? Hotels dispose of a staggering amount of single-use soaps every day. At the same time, two of the top five leading causes of death, particularly among children, could be prevented by improved hygiene.
- How? We partner with Clean the World to give our soaps a second life. Our hotel associates collect and send partially used soaps to Clean the World. Clean the World sanitizes these items, repackages them, and then distributes new bars of soap to communities in need.
- Update: Since 2011, our hotel donations have created and distributed over 583,000 new bars of soap. When we first partnered with Clean the World, we were the largest hotel company to do so. Now, we are excited to see many of our peers join us in decreasing operational waste and providing greater access to soaps for those in need.



## SUPPORTING OUR ASSOCIATES

As one of our core values states, "People Are Our Capability." Our associates are the drive and soul behind Hersha's continued success, and as such, we strive to facilitate a diverse, inclusive environment, provide development opportunities, and prioritize health and well-being to help our associates thrive.

## OUR WORK ENVIRONMENT

We provide an inclusive, safe, and open work environment, and have a staunch commitment to our Code of Conduct. Additionally, we provide numerous benefits that allow our associates to lead full lives outside of Hersha.

Hersha's work-life balance practices provide associates with the flexibility to work from home during the COVID-19 pandemic as well as paid time off. We also upgraded to a video conferencing system that enables off-site associates to connect with conference rooms via video.

For more information on Hersha's human rights and labor policies, benefits, and other policies, please see our [Code of Conduct](#) on our Hersha website.



## POLICY & BENEFIT EXAMPLES

### Policy examples

- Robust human rights and labor policies
- Diversity and inclusion
- Established reporting mechanisms in the event of assault or harassment
- Tax-exempt commuter spending accounts

### Benefit examples

- Annual employee satisfaction and engagement surveys
- Health insurance
- A retirement plan
- Paid time off, family and medical leave
- A lodging discount program



## GETTING TO KNOW THE TEAM:

### Sergio Sosa,

Director of Engineering, West Coast

Sergio has been an exceptional contributor to Hersha's sustainability efforts across multiple properties. He was born in Guatemala and has lived in San Diego since age twelve. Since starting as an Engineering Associate more than ten years ago, Sergio has risen to lead significant sustainability efforts at Hersha. He has overseen the transition to 100% LED lighting and water-efficient fixtures as well as the installation and maintenance of a laundry water recycling unit. His commitment to collaboration has strengthened his capacity to create change. In the future, Sergio is looking forward to working with his teammates on improving waste diversion through refined in-room recycling initiatives and composting efforts.

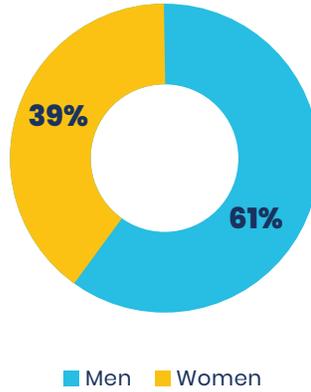
# DIVERSITY AT HERSHA

We are taking action to advance diversity and inclusion within our workspaces by establishing programs, trainings, and plans that address the concerns and needs of diverse employees. In the spirit of sharing and learning from each other, we are signatories of the CEO Action for Diversity & Inclusion Pledge. We are continuing to explore ways to promote and celebrate diversity within our organization, including the addition of employee resource groups and a diversity committee.

## GENDER DIVERSITY

**39%** of our workforce identify as women

**42%** of women at Hersha hold roles of Director and above

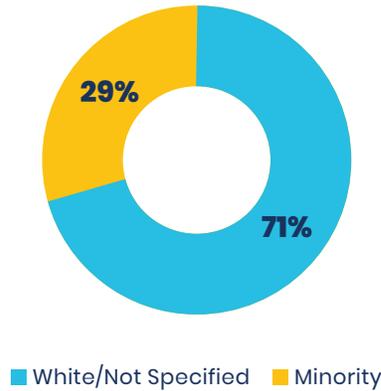


## DIVERSITY REPORT SCOPE

Within the scope of this report, there is no substantial portion of our work that is performed by workers who are legally recognized as self-employed or by individuals other than employees or supervised workers, including associates and supervised associates of contractors. We have no part-time employees; all of our employees work full time.

## ETHNIC DIVERSITY

**29%** of our workforce identifies as a member of a minority group



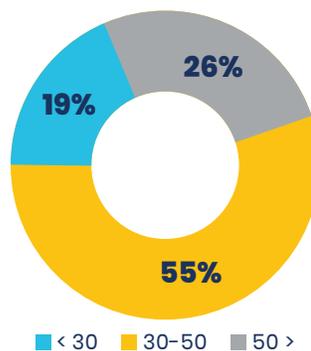
## DIVERSITY STRATEGY

The company's lead for talent acquisitions is a certified DEI recruiter who brings practices and tools to the company's recruiting and hiring processes that help support equity and inclusion. Hersha's sourcing and screening processes for recruitment engage diverse candidates and interviewers to ensure diversity on both sides of the conversation. We utilize this strategy to increase and retain diversity at all levels, including senior management. With regards to gender diversity, all of our 2021 corporate new hires are women.

## AGE DIVERSITY

**19%** of our workforce is under age 30

**55%** is between 30 and 50





## NURTURING GROWTH

We believe our associates will become tomorrow's leaders, so we support them by providing numerous opportunities for professional advancement and personal growth, as well as benefits to support their health and well-being.

## PROFESSIONAL DEVELOPMENT & OPPORTUNITIES

We provide associates with numerous opportunities to advance, grow personally and professionally, and become future leaders. A few of these opportunities and programs include:

- Formalized, comprehensive programs dedicated to succession planning and development at multiple levels. Succession plans and development processes are in place for all executives and senior leadership
- Extensive policy trainings and job-specific development training programs tailored to all job functions and roles, provided internally and by the brands we work with
- Leadership development support for our management team, as well as hotel and corporate associates at multiple levels to become department heads and key corporate leaders
- Yearly stipends for all associates, full-time and part-time, interested in further education, training, and workshops, either in-person or online classes

## ASSOCIATE APPRECIATION

Hersha's successes today are all thanks to our dedicated, inspiring associates. We consciously foster a culture of appreciation to ensure our associates feel recognized for all they do for our company, our collective environment, and our communities. The organization conducts Hersha HEARS sessions with a third-party professional to allow associates to share how their work experiences and environments might be better. These sessions afford the opportunity for all voices to be heard in a conversational format that is Honest, Empathetic, Authentic, Respectful, and Safe.

THE **HERSHA**

## ASSOCIATE RECOGNITION PROGRAM

Hersha formally recognizes associates who embody Hersha's core values.

## THE HERSHA ASSOCIATE RECOGNITION PROGRAM

This program shares inspiring stories of associates with 'Hearts that Serve,' who strive for 'Only Excellence,' who 'Stay Nimble,' who 'Own It,' and who are embodiments of 'People Are Our Capability.'



## EMBRACING HEALTH & WELL-BEING

We promote the health and wellness of our associates and guests in order to create a great place to work, as well as design a comfortable destination to stay.

**For our associates**, we aim to support their physical and mental health, as well as overall well-being. Our efforts have been recognized, with our New York City office being named a 2021 “Best Place to Work” by Crain’s New York.

**For our guests**, we aim to help them maintain their daily wellness routines while traveling. We foster an environment that provides opportunities for guests to recharge and refresh.

## ASSOCIATE BENEFITS

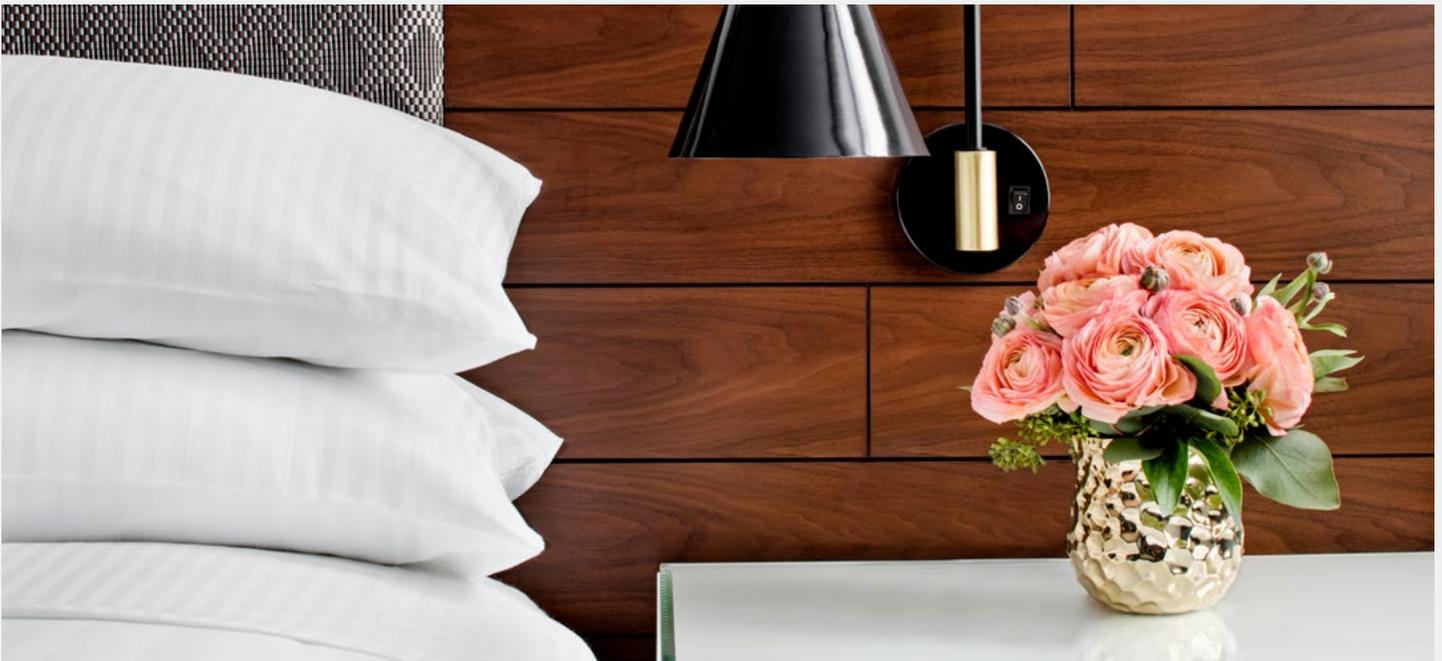
Among many benefits, some of which are described under the “Our Work Environment” section above, we:

- Host team events and sponsor team outings
- Celebrate each other’s important milestones
- Provide education on healthy nutrition and diets
- Provide access to stress management and healthy living (including diabetes wellness, emotional well-being, work-life balance, positivity)
- Provide access to support for elder care, parenting, and personal financial well-being
- Provide access to flu shots annually
- Offer use of sit-stand desks, dual monitors, and ergonomic chairs
- Provide access to a Mother’s room for new mothers

## GUEST OFFERINGS

- Walking distance from and accessibility to local sights and destinations, with a portfolio-wide Walk Score of 81 out of 100
- Locally sourced produce and foods ensure foods are served at peak nutritional value and support the health of guests
- Complimentary bike rentals allow guests to easily explore our cities and neighborhoods in an eco-friendly and unique way at select hotels
- Access to fitness centers (available at all of our hotels), with many of our hotels providing complimentary high-tech fitness equipment that support guests’ wellness and allow guests to maintain their exercise routines during their stay





## THE ST. GREGORY HOTEL

### PURE Wellness Hotel Rooms

The St. Gregory Hotel has PURE Wellness hotel rooms, which are allergy-friendly rooms treated with a patented in-room, seven-step purification and filtration process that treats every surface to make the rooms 99% allergen-free. These rooms ensure guests can feel fresher, breathe deeper, and have a healthy stay with us.



## REST ASSURED™

In response to the COVID-19 pandemic, we developed and launched Rest Assured™ – a proprietary health and safety program focused on the well-being of guests and associates through science-based, advanced cleaning practices complemented by innovative service offerings and technologies. Highlights of the program include:

- Employee training modules regarding COVID-19 workplace leading practices
- Implementation of signage and safety measures throughout the hotels
- Contactless forms of check-in, payment, and F&B service
- Utilization of HEPA filtration along with EPA-approved disinfectants for advanced cleaning





## GOVERNANCE & RESILIENCY

Good governance is the key to running an effective organization that benefits and balances the interests of all of our stakeholders and the environment. To us, good governance means transparently conducting business with full integrity, a constant commitment to ethical business practices, and reinforcement of good citizenship and community involvement.



## “OWN IT”

We are committed to conducting governance with accountability, honesty, and responsibility to our stakeholders. Strong corporate governance is fundamental to our continued high performance across our triple-bottom-line. Hersha’s Board of Trustees has established multiple trustee-chaired committees, including the audit committee, compensation committee, and nominating & corporate governance committee, to ensure accountability.

Hersha’s portfolio consists of a diversity of locations, travel segments, and hotel brands. Hersha’s structure not only mitigates risk but affords Hersha operational efficiencies by benchmarking similar hotels and sharing best practices to improve profitability.

## BOARD OF TRUSTEES AND GOVERNANCE INFORMATION

**8**

Size of Board at Hersha,  
6 Independent Board Trustees

**Yes**

Dedicated Risk & Environmental,  
Social, & Governance (ESG) Board  
Subcommittee

**5**

Board Meetings  
Held in 2021

**50%**

Female and  
Minority Board  
Trustees

**Yes**

Separate Chair  
and CEO

**Yes**

Independent  
Lead Trustee

**Yes**

Proxy  
Access

**Yes**

Code of Conduct  
for Trustees and  
Executive Officers



### FOR MORE INFORMATION

on Hersha's governance practices, including the Risk & ESG Subcommittee charter, please see our [Governance documents](#) on our Hersha website.

## BOARD ROLE IN RISK & ESG OVERSIGHT

We believe having robust board oversight around risks and opportunities is paramount to running a successful business. In 2021, we updated our governance structure to include a dedicated Risk and ESG board subcommittee housed under the Audit Committee and chaired by a sitting board member. This choice was made in an effort to ensure quality board oversight of climate-related risks and opportunities, including a formal schedule for the consideration of environmental, health and safety, and social matters. The Risk & ESG Subcommittee is also responsible for oversight of key diversity initiatives.



## RISK & ESG SUBCOMMITTEE PROCESS

Management of risk and resiliency is a business priority, delivered through an interdisciplinary effort, with contributions from our sustainability, acquisitions, asset management, finance, accounting, and legal teams. These business teams update the Risk & ESG Subcommittee regularly on market trends and forecasts that may lead to identification of new risks and opportunities, changes in risk exposure, potential impact, and management strategy. The Risk & ESG Subcommittee reviews these updates and provides recommendations on risk management strategies to the full Board. Responsibility for monitoring progress against risks and opportunities, particularly climate-related, falls on the Risk & ESG Subcommittee and the members and directors of the appropriate business team.

“Sustainable investments have now reached \$4 trillion. Actions and ambitions towards decarbonization have also increased. This is just the beginning – the tectonic shift towards sustainable investing is still accelerating... Every company and every industry will be transformed by the transition to a net zero world. The question is, will you lead, or will you be led?”

– Larry Fink, CEO of BlackRock, 2022 Letter to CEOs

## OUR RESILIENCY STRATEGY

Climate preparedness and resiliency efforts are supported by all aspects of the business – from the Board to executives and senior management in asset management, acquisitions, capital planning, operations, accounting, and risk management. Our resiliency strategy includes the ongoing consideration of potential climate risks and opportunities, the identification of mitigation strategies, and the ongoing monitoring and assessment of our progress.



## CLIMATE RISKS

We are working to mitigate inherent sustainability and climate risks that may impact our business and the built environment at large. Key risks most pertinent to us include both physical and transition risks:

- **Physical risks** are those that arise from the physical effects of climate change, especially those associated with increasing intensity and frequency of extreme weather events – including hurricanes, storm surges, and wildfires – degradation of ecosystems, and changing climate patterns that lead to sea-level rise, heat stress, and water stress.
- **Transition risks** consist of rising stakeholder and shareholder concern around sustainability, increasing prevalence of climate-related policy and regulation, technological advances, and fundamental shifts in market demand.

## FLOOD RISK NOAA SCORE

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**1.6** average portfolio risk,  
vs. 2.8 average risk for US Lodging REITS\*  
(1-10, 1=low risk)

**2.8%** of properties  
by count at high risk  
(as defined by NOAA), vs. an average 3% of US  
Lodging REITs' properties are at high risk

## PORTFOLIO IN FEMA SPECIAL FLOOD ZONE AREAS

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(Special Flood Hazard Areas have a 1% chance of flooding every year)

**25%** of our portfolio by count

The Federal Emergency Management Agency (FEMA) designs flood maps based on historical flooding since the 1970s in order to determine the likelihood of future flooding in designated areas.

*\*Hersha NOAA Hazard Score is collated from data by the National Oceanic Atmospheric Administration (NOAA), and peer risk score calculated from the Morgan Stanley report "Rising Flood Risk: How Much and at What Cost?" (3/2019). The NOAA Hazard Score takes into account flood risk as defined by FEMA, the Federal Emergency Management Agency.*



## RESILIENCY MEASURES

We employ portfolio-wide resiliency measures, including carrying all risk property insurance for every property. This includes insurance for natural catastrophes, including wind, flood, and fire events. Furthermore, because our hotels are geographically diverse, singular events are less likely to have an overwhelming effect on the performance of our overall portfolio.

Our property-level resiliency efforts are largely dependent on the property's unique circumstances – geography, building age, operating status, and other geopolitical factors. We continually monitor and implement practical, cost-effective resiliency measures and strategies while taking environmental impact into account.

## MITIGATION TACTICS

- Emergency response and life safety plans
- Business continuity plans
- Emergency evacuation plans, procedures, and drills
- Backup power generation, emergency lighting, and fire pumps
- Temporary flood barriers
- Energy- and water-efficiency projects to reduce overall reliance on utilities
- Sourcing food locally to reduce the risk and potential impact of supply chain disruption

## CLIMATE OPPORTUNITIES

While climate change presents risks to our operations and the world at large, we see increased stakeholder emphasis on sustainability as an exceptional opportunity for the development and progression of our sustainable hospitality efforts. Our business continues to explore climate-related opportunities, including reductions in operating expenses due to improvements in resource efficiency and added resiliency measures, minimization of business interruption during climate shocks, improved reputation, and potential competitive advantages from stakeholder preferences towards sustainability.



## OUR APPROACH

This year, we established a commitment to reach net-zero greenhouse gas emissions across our entire portfolio by 2050, as well as an interim target to reduce our scope 1 and 2 greenhouse gas emissions in line with the SBTi Business Ambition for 1.5C by 2030.

- **Partnership opportunities:** We believe our commitment to sustainability will drive increased opportunities to partner with business and leisure travel guests on customer-driven sustainability efforts. We see additional opportunities for growth in the development of customer-driven sustainability programs like green stays and green meetings.
- **Regulatory tailwinds:** We know that key government programs and sustainability incentives will provide additional support to our efforts through tax incentives and avoided compliance payments. For example, in key markets like New York City, with strong building emissions reduction programs, our energy efficiency efforts will result in avoided non-compliance payments. We seek to increase the renewability of our energy supply in tandem with local and state governments.

We understand that our sustainability efforts require leadership at every level – from our Board to our property-level associates. For this reason, Hersha links executive remuneration to ESG and risk performance.

## CLOSING

Thank you for reading Hersha's 2021 EarthView Sustainability Report. By integrating sustainability into our business strategy, EarthView has created immense value for our company, communities, and our planet. As we strive to meet our science-based targets and sustainability goals, we know there are still ample opportunities for our stakeholders and the environment to benefit through a comprehensive approach to sustainable hospitality. The climate crisis requires us to "stay nimble" as we navigate complex problems and devise innovative solutions. This is what we do best at Hersha. We are proud of EarthView's leadership role in our industry and look forward to sharing more as we work to make our world a more sustainable, connected, and resilient place.

**For questions regarding EarthView, please contact:**

**Matthew Lobach | Senior Director, Sustainability | [matthew.lobach@hersha.com](mailto:matthew.lobach@hersha.com)**  
**Caroline Clifford | Analyst, Sustainability | [caroline.clifford@hersha.com](mailto:caroline.clifford@hersha.com)**

# APPENDIX A

Sustainability Accounting Standards Board (SASB) Index		
Code	Metric Description	Response or Report Location
<b>Activity Metrics</b>		
IF-RE-000.A	Number of assets	36 hotels <sup>(i)</sup>
IF-RE-000.B	Floor area	3,800,808 square feet
IF-RE-000.C	Percentage of indirectly managed assets	100% indirectly managed
IF-RE-000.D	Average occupancy rate	56.3% occupancy for comparable hotels
<b>Energy Management</b>		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area	100% coverage
IF-RE-130a.2	Total energy consumed	310,580 mBTU
IF-RE-130a.2	Percentage grid electricity	58.4% grid electricity
IF-RE-130a.2	Percentage renewable energy	0.3% renewable energy
IF-RE-130a.3	Like-for-like percentage change in energy consumption	2% like-for-like increase 2021 vs 2020
IF-RE-130a.4	Percentage of eligible portfolio that has obtained an energy rating	100% of eligible properties
IF-RE-130a.4	Percentage of eligible portfolio that is certified to ENERGY STAR	11% of eligible properties
IF-RE-130a.5	How building energy management considerations are integrated into property investment analysis and operational strategy	Description provided in Environmental section and in Governance - Our Resiliency Strategy
<b>Water Management</b>		
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100% coverage
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area in regions with "high" or "extremely high" baseline water stress	100% coverage
IF-RE-140a.2	Total water withdrawn	214,025 kgal
IF-RE-140a.2	Total water withdrawn as a percentage of total floor area in regions with "high" or "extremely high" baseline water stress	24% of water withdrawn was at properties located in "high" or "extremely high" water stress regions, according to the WRI Aqueduct tool
IF-RE-140a.3	Like-for-like percentage change in water withdrawals	13% like-for-like increase 2021 vs 2020
IF-RE-140a.4	Water management risks and strategies to mitigate risks	Description provided in Environmental section and in Governance - Our Resiliency Strategy
<b>Climate Change Adaption</b>		
IF-RE-450a.1	Area of properties located in 100-year flood zones	798,799 square feet
IF-RE-450a.2	Climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Description provided in Governance - Our Resiliency Strategy

(i) All of Hersha's owned assets are hotels. Number of Assets reflects the number of hotels owned as of 12/31/2021

\* Metrics reflect full year 2021 data for properties owned during the reporting year. Like-for-like metrics consider only properties with comparable operating results during the period

## APPENDIX B

Task Force on Climate-related Financial Disclosures (TCFD) Index		
Topic	Disclosure	Response or Report Location
<b>Governance:</b> Disclose the organization's governance around climate-related risks and opportunities	Board's oversight of climate-related risks and opportunities	Description provided in Governance - Board Role in Risk & ESG Oversight
	Management's role in assessing and managing climate-related risks and opportunities	Description provided in Hersha's Governance Documents - <a href="#">Environmental Management System</a>
<b>Strategy:</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Description provided in Governance - Our Resiliency Strategy
	Impact of climate-related risks and opportunities on business, strategy, and financial planning	Description provided in Governance - Our Resiliency Strategy
	Resilience of the strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario	Description provided in Governance - Our Resiliency Strategy section and in Environmental - Our Targets & Results
<b>Risk Management:</b> Disclose how the organization identifies, assesses, and manages climate-related risks	Process for identifying and assessing climate-related risks	Description provided in Governance - Board Role in Risk & ESG Oversight section and in Hersha's Governance Documents - <a href="#">Environmental Management System</a>
	Process for managing climate-related risks	
	Integration into overall risk management	
<b>Metrics and Targets:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	Metrics used to assess climate-related risks and opportunities	Description provided in Environmental - Our Targets & Results section and in Governance - Our Resiliency Strategy
	Scope 1 and Scope 2 greenhouse gas (GHG) emissions	Description provided in Environmental - Our 2021 Results & Progress
	Targets used to manage climate-related risks and performance against targets	Description provided in Environmental - Our Targets & Results