

# 2022 HERSHA EARTHVIEW SUSTAINABILITY REPORT

**HERSHA**  
HOTELS AND RESORTS

 **EARTHVIEW**<sup>®</sup>  
Sustainable Hospitality



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## 2022 HERSHA EARTHVIEW SUSTAINABILITY REPORT

Hersha's proprietary sustainability platform, EarthView®, was created in 2010. It exemplifies our commitment to simultaneously delivering financial value while supporting the well-being of our guests, our associates, our communities, and our planet. The EarthView program takes a multidimensional approach to sustainability. We consider the impact of our business on all stakeholders and the environment in order to achieve long-term success. We are delighted to share our 2022 results, demonstrating our strides toward a more sustainable, connected, and inclusive business.

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).



## 2022 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:** Our in-house EarthView team regularly reports to the Risk & ESG Subcommittee, increasing 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 2022 for the third consecutive year.

### Training & Engagement

**EarthView Sustainable Hospitality Leadership Training:** In 2022, all Hersha property leadership teams completed in-depth sustainability training.

### 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.

# 2022 AT A GLANCE

## FINANCIAL IMPACT OF ESG

**\$24M** in EarthView savings since inception

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

**\$2M** annual energy savings from operational protocols implemented by property teams

## ENVIRONMENTAL

### 2022 RESULTS

We continue to make significant strides toward reducing our greenhouse gas emissions in line with a 1.5°C future. We joined the Science Based Targets initiative and set an interim emissions reduction target for 2030, and we are developing our strategy to reach net-zero by 2050. See our Environmental section for more information on our targets and progress.

As business and leisure travel picked back up in 2022, 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



reduction per SF  
2022 vs 2010

54% absolute reduction  
2022 vs 2010

#### ENERGY REDUCTION



reduction per SF  
2022 vs 2010

1% like-for-like decrease per  
SF 2022 vs 2021

#### WATER REDUCTION



reduction per SF  
2022 vs 2010

6% like-for-like reduction  
per SF 2022 vs 2021

#### WASTE DIVERSION



diversion rate in 2022

## SOCIAL

**50%**

of women at Hersha hold roles of  
Director and above

**33%**

of our workforce  
identify as women

**30%**

of our workforce identifies as a  
member of a minority group

**32,200+**

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

**20,450**

hours volunteered in our local  
communities since 2015

**590,000**

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

**ESG**

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

**4**

Board Meetings  
Held in 2022

**50%**

Female and  
Minority Board  
Trustees

**Yes**

Separate Chair  
and CEO

**Yes**

Independent  
Lead Trustee

**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 continual evaluation of potential climate risks, the identification of mitigation strategies, and the ongoing monitoring and assessment of our progress. Hersha's dedicated board-level Risk & ESG Subcommittee 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

**1.9** average portfolio risk,

vs. 2.8 average risk for US Lodging REITs\*

(1-10, 1=low risk)

**4%** 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. Some of the awards we've won include:

 <p>Global Real Estate Sustainability Benchmark Public Disclosure – Hersha ranked #1 within the U.S. Hotel peer set</p>	<p><b>Nareit</b>  <b>Leader in the Light®</b>          Sustainable Real Estate Practices</p> <p>NAREIT's Leader in the Light (Lodging &amp; Resorts sector) – Recognized four times for superior sustainability practices</p>	 <p>Hersha recognized by Newsweek as one of America's Most Responsible Companies</p>	 <p>Hersha – Crain's 2022 Best Places to Work in NYC</p>
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# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We recognize that the United Nations Sustainable Development Goals (SDGs) are closely integrated and play vital roles in our communities and planet. To support both Hersha's and the UN's missions, we have prioritized the eight SDGs that most closely align 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 2022.

### OUR PROPERTIES



**25**

hotels



**3,811**

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 EXECUTIVE CHAIRMAN



### **Dear Fellow Stakeholders,**

Sustainability is an integral part of our business model and core values – our EarthView program has enhanced our financial performance by decreasing utility costs, driving corporate demand, attracting and retaining superior talent, and mitigating our climate and regulatory risks. In the face of increasing state, federal, and local climate-related regulations and growing demand for sustainable tourism and low-carbon business travel, our triple-bottom-line approach has afforded us a distinct advantage and a position at the vanguard of our industry. In 2022, we outpaced 2019 EBITDA in each quarter, recovering from the fiscal impact of the COVID-19 pandemic. Our balance sheet strategy significantly increased our cash flow. We have reduced our reliance on leverage, providing economic flexibility to invest in infrastructure and capital improvements that support our sustainability goals and drive returns by increasing the efficiency of our capital allocation.

Our team's engagement drives extraordinary results. In 2022, we were recognized for our corporate responsibility and ESG leadership by multiple organizations. Among them, Hersha Hotels and Resorts ranked as one of America's Most Responsible Companies by Newsweek for the fourth consecutive year, ranked #1 in Public Disclosure by the Global Real Estate Sustainability Benchmark for hotels, and was named one of NYC's Best Places to Work by Crain's.

In our view, sustainability is essential to protect the environment and create lasting social and economic value. Last year, we launched our new learning and development initiative through which property leadership teams underwent comprehensive EarthView sustainability training and established ESG goals for their business units. The program supports leadership engagement and consistent program implementation. Through these collaborative sessions, our sustainability team has created a system for sharing insights and best practices for resource efficiency, waste reduction, and community engagement.

At Hersha, we remain committed to social equity and inclusion. As a reflection of our "tone at the top," our CEO signed the CEO Pledge for Diversity and Inclusion in his first month in office, demonstrating a clear and specific intention to foster more inclusive workplaces from our hotels to our corporate offices.

We continue to embody our core value of Hearts That Serve by giving back to disadvantaged communities at home and worldwide. Our partnership with the Waterboys organization has provided access to clean drinking water for over 32,200 people in need. Our team has spent over 20,000 hours volunteering in our local communities since 2015, and our partnership with Clean the World has provided more than 590,000 bars of soap to people lacking access to hygiene products.

I am proud to present our 2022 Hersha EarthView Sustainability Report, which details the comprehensive services and programs of EarthView, quantifies our impact, and demonstrates our unwavering commitment to leading environmental, social, and governance (ESG) practices. We continue to drive toward our 2030 ESG targets with significant energy, water, and greenhouse gas emissions reductions and improved waste diversion. We are excited to utilize EarthView to continue to improve and expand how we make a difference for our business, communities, and planet.

Thank you for taking the time to review our report.

### **Jay H. Shah**

Executive Chairman

Hersha Hotels & Resorts



## FINANCIAL IMPACT OF ESG

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

## EARTHVIEW'S INITIATIVES HAVE CREATED

**\$24M** in EarthView savings since inception

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

**\$2M** annual energy savings from operational protocols implemented by property teams



## EARTHVIEW'S STRATEGY

EarthView has informed how 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 CFO 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 crucial 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 continually advances 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 **ACTION** 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 ecological 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:

- Electric vehicle charging stations offer drivers the convenience of charging their vehicles while they are on-site.
- Low-cost refillable water bottles provide guests with an alternative to single-use plastic bottles.
- Filtered water refilling stations increase guest access to unlimited clean water while decreasing waste from single-use bottles.
- Energy-efficient lighting and thermostat technology increase guest comfort while reducing energy usage.
- In-room recycling programs let guests contribute to waste diversion efforts.
- Complimentary bike rentals allow guests to explore local neighborhoods with zero emissions.
- Locally sourced food and beverages support the local economy while offering guests unique offerings.
- 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
- Linenless tables
- 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

At Hersha, we know that our hotels are not separate from, but rather a part of, the environment we seek to protect. We recognize our 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

EarthView takes a science-based approach to environmental sustainability. We align our energy, water, waste, and emissions targets with leading methodologies, including the Greenhouse Gas (GHG) Protocol, Science Based Targets initiative, and UN SDGs. We share our progress against these targets below.

## OUR 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 essential, our ambition doesn’t stop in 2030. We have committed to reach net-zero Scope 1+2 greenhouse gas emissions by 2050. As a part of our science-based targets and net-zero strategy, Hersha is also committed to 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 2022 RESULTS & PROGRESS

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

## EMISSIONS REDUCTION

**32%**

reduction per SF  
2022 vs 2010

54% absolute reduction  
2022 vs 2010

## ENERGY REDUCTION

**19%**

reduction per SF  
2022 vs 2010

1% like-for-like decrease per  
SF 2022 vs 2021

## WATER REDUCTION

**14%**

reduction per SF  
2022 vs 2010

6% like-for-like reduction  
per SF 2022 vs 2021

## WASTE DIVERSION

**30%**

diversion rate in 2022

## GREENHOUSE GAS EMISSIONS REDUCTION

	Absolute Production			
	2021	2022		
	Emissions (mT)	Emissions (mT)	Data coverage (SF)	Data coverage (%)
Scope 1	6,452	6,385	3,387,366	100%
Scope 2 (location-based)	16,156	15,170	3,387,366	100%
Total	22,607	21,555	3,387,366	100%

	Like-For-Like Production		
	2021	2022	
	Emissions	Emissions	Like-for-like change (%)
Total (mT)	17,305	17,766	3%
Intensity (mT/SF)	0.0072	0.0074	3%

## ENERGY REDUCTION

	Absolute Consumption			
	2021	2022		
	Consumption (mBTU)	Consumption (mBTU)	Data coverage (SF)	Data coverage (%)
Total Energy	310,580	285,494	3,387,366	100%
Electric	181,291	159,022	-	-
Natural Gas	121,466	120,210	-	-
Chilled Water	0	0	-	-
Steam	7,831	6,269	-	-

	Like-For-Like Consumption		
	2021	2022	
	Consumption	Consumption	Like-for-like change (%)
Total (mBTU)	234,648	232,153	-1%
Intensity (kBTU/SF)	97.2	96.17	-1%

## WATER REDUCTION

	Absolute Withdrawal			
	2021	2022		
	Withdrawal (kGal)	Withdrawal (kGal)	Data coverage (SF)	Data coverage (%)
Total	214,025	196,788	3,387,366	100%

	Like-For-Like Withdrawal		
	2021	2022	
	Withdrawal	Withdrawal	Like-for-like change (%)
Total (kGal)	157,642	148,269	-6%
Intensity (kGal/SF)	0.065	0.061	-6%

**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 2021 resulting from the COVID-19 pandemic

# WASTE DIVERSION

## Absolute Production 2022

Total Weight of all Waste (Tons)	3,640
Landfill	70%
Total Diverted	30%
Diverted - Recycling	20%
Diverted - Compost	3%
Diverted - Waste to Energy	2%
Diverted - Incineration	5%
Data Coverage (SF)	3,387,366
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

To reduce our environmental footprint, we measure where we have been and where we are now. We have tracked our GHG emissions, energy, water, and waste since 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. We continue to evaluate opportunities to increase the granularity of our data and turn insights into action.

# 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 on Climate-Related Financial Disclosures (TCFD)

# METRIC SCOPE

Our environmental metrics and results reflect the 2022 calendar year performance of our owned and operating hotel portfolio. We account for emissions, energy, water, and waste according to our equity share in each property. Our approach follows the World Resources Institute’s (WRI) reporting protocols. The pandemic’s impact on our business and physical occupancy in 2020 and 2021 was material. As business and leisure travel increased in 2022, 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

- We calculate our Scope 1 and 2 emissions in line with the Greenhouse Gas Protocol and Science-Based Targets initiative (SBTi) recommendations. Scope 1 emissions result primarily from the natural gas consumption of our owned properties. Scope 2 emissions result from our properties' electricity, steam, and chilled water consumption. 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 cannot currently measure the HFC emissions 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. Other emissions, such as sulfur hexafluoride, perfluorocarbons, and nitrogen trifluoride, are omitted as we do not emit them due to the nature of our business.
- We use the EPA's methodology via the ENERGY STAR Portfolio Manager 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 relative to the emission year.

## BIODIVERSITY COMMITMENT

Our EarthView program seeks to align with sustainability best practices and calls to action by the UN Environment Programme to strengthen our relationship with nature for the better. We actively support the UN's 2050 biodiversity mission to live in harmony with nature. As experts in hospitality, we work to embody our core value of Hearts that Serve with not only our guests and associates but our local communities and environments.

At Hersha, we promote biodiversity as an integral part of our sustainability efforts. Our properties support local biodiversity through landscaping with native plants, local wildlife protection practices, and guest and employee communications about eco-friendly best practices. We minimize our impact on local biodiversity through resource efficiency programs and holistic waste management, including packaging, business waste, operational waste, food waste, and wastewater. Our hotels use eco-friendly food service items like non-plastic straws and stirrers to prevent harm to wildlife. Additionally, as a part of our philanthropic efforts, our associates 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 continue to evaluate the potential for biodiversity-improving programs and developments. We also take into consideration related reporting frameworks like TNFD.

We know that each habitat we operate in is unique. EarthView actively partners with our hotel teams to design and implement biodiversity-protecting programs specific to each hotel. Some of our hotel initiatives include but are not limited to:

- Sea Turtle Protection Program at the Cadillac Hotel & Beach Club in Miami
- Native Plant Landscaping and Species Identification Program at the Parrot Key Hotel & Villas
- Dune Habitat Conservation and Biodiversity Protection Program at the Sanctuary Beach Resort
- Water-Efficient Native Desert Landscaping at the Ambrose Hotel

## 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 our property agreements and strive to run our facilities 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) under our ownership.



## THE SANCTUARY BEACH RESORT

**Premier Green Hotel in Monterey Bay, Kind Traveler™ Partner**

The Sanctuary Beach Resort takes many steps to protect its surrounding Marina Dunes Preserve as one of the most environmentally-conscious hotels in Monterey. The property integrates sustainability as a core pillar in design, operations, and community relations. The Sanctuary is a proud partner of Kind Traveler, a veteran-and-women-owned public benefit corporation that empowers a new generation of responsible travelers to positively impact local communities through its Give + Get travel platform. The hotel also has zero single-use plastic in rooms and sustainability-focused amenities, including a bocce court made from recycled oyster shells and complimentary beach cruiser rentals.

# RENEWABLE ENERGY & NON-EMITTING TRANSPORTATION

We believe transitioning to an economy run efficiently 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 exploring opportunities to increase the renewability of our energy sources. We also continue to expand 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 and complimentary bike rentals 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 7 of our hotels, with additional stations planned for installation in 2023.



**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.



**Complimentary Bike Rentals:** More than half of our hotels provide complimentary bike rentals to support guests in exploring local neighborhoods with zero emissions.



## EASY WALKABILITY & ACCESS TO PUBLIC TRANSPORTATION

Our hotels are mostly based in dense, urban neighborhoods, with a portfolio-wide Walk Score of 84 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. Many of our hotels, like the Hyatt Union Square, are near central public transportation hubs. High walkability and access to public transit reduce the number of single-passenger car rides taken to and from hotels while supporting local transportation systems.

# PLAN TO ACHIEVE OUR TARGETS

In 2019, we announced ambitious 2030 targets for greenhouse gas emissions, energy and water reductions, and waste diversion. In 2021, we updated these targets to align 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 scope 1 + 2 emissions by 2050. To achieve these, we focus 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 help us get there.



## 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 LED bulbs and fixtures as hotels are renovated.



### 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 have been installed at 79% of our eligible, HVAC-compatible properties, with a goal to reach 100%.



## HIGH-EFFICIENCY WATER FIXTURES

- Water fixtures, including faucets and showerheads, typically make up the majority of our hotel's water usage.
- We have increased the water efficiency of these fixtures through balanced flows that maintain guest comfort, in line with the EPA's Water Sense criteria.
- On average, properties with high-efficiency water fixtures lower their water usage by 20-30%.
- We have high-efficiency water fixtures installed at 67% of our hotels in regions with "high" or "extremely high" baseline water stress.



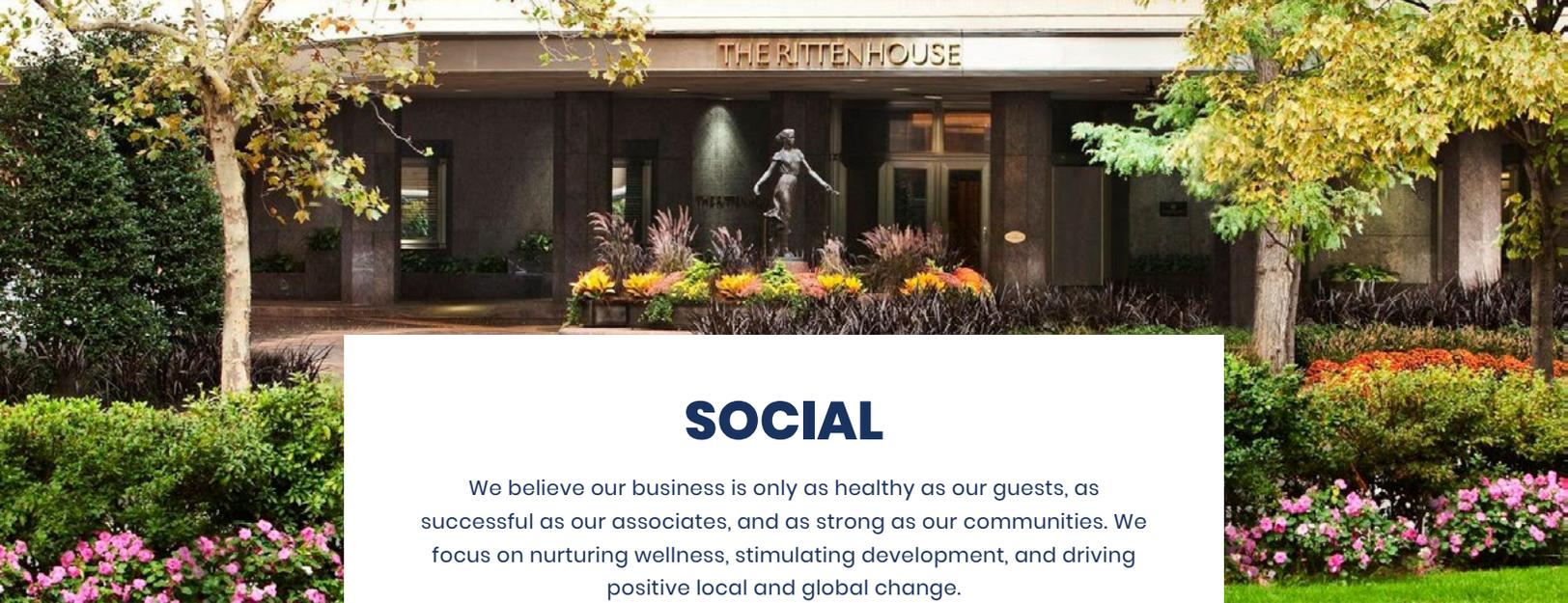
## LAUNDRY WATER REUSE SYSTEMS

- Washers consume high volumes of water at our hotels with on-site laundry. Laundry-water reuse systems use recycled and filtered water for 70-80% of our laundry cycles. We are continuing to evaluate opportunities to install these systems at our other hotels.
- To date, our laundry-water reuse systems have reused 3,442 kGal of water, which would fill more than five 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. We avoid using over 4 million plastic straws and stirrers annually, 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 is key to improving 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 the health and wellness of our associates and guests

# OVERVIEW OF SOCIAL IMPACT

**50%**

of women at Hersha hold roles of Director and above

**33%**

of our workforce identify as women

**30%**

of our workforce identifies as a member of a minority group

**32,200+**

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

**20,450**

hours volunteered in our local communities since 2015

**590,000**

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

## OUR IMPACT

One of our core values is "Hearts that Serve." EarthView works to extend this value to apply not only to guests and associates but also to our local and global communities and the environment.



## 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:

- **The Boxer Hotel** partners with Community Work Services to train and hire people who face barriers to work.
- **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 serve their communities and support the projects, organizations actively, and causes they care about. Each property participates in or hosts at least three philanthropic events annually, allowing our hotels to give back to their communities.

## LOCAL PHILANTHROPY HIGHLIGHTS:



### THE BOXER HOTEL SUPPORTS COMMUNITY WORK SERVICES

In 2022, The Boxer Hotel team held multiple donation drives, contributing clothes, shoes, books, mugs, and cups to the St. Francis House women's shelter. Additionally, the Boxer Hotel gave back while diverting waste by donating discarded linens and towels to a local animal shelter.



### HERSHA'S ANNUAL UNITED WAY CAMPAIGN

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

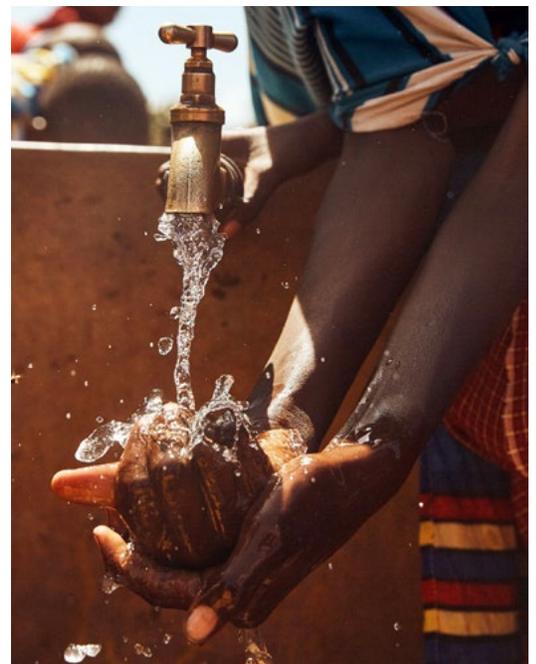
We provide guests with access to clean water and hygienic accommodations. We leverage our access to clean water and hygiene products at our hotels to contribute to sustainability, health, and well-being locally and globally.



## GLOBAL PHILANTHROPY HIGHLIGHTS:

### PROVIDING ACCESS TO CLEAN WATER

- Why? One in ten people globally lacks access to safe drinking water. Access to clean, safe, sufficient, and affordable drinking water is a fundamental human right.
- How? In 2015, we developed EarthView Water to combat this problem. EarthView Water is a privately labeled refillable water bottle made from recycled materials available for purchase at our properties. For each bottle purchased, Hersha donates \$1 to help bring clean drinking water to those in need.
- Update: Through EarthView Water, Hersha funded two wells in Tanzania with Waterboys.org in the last two years. These wells now bring life-sustaining water to 14,200 additional people who previously lacked local access to clean drinking water.
- 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 are on track to meet our 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 590,000 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. We strive to facilitate a diverse, inclusive environment, provide development opportunities, and prioritize health and well-being to help our team thrive.

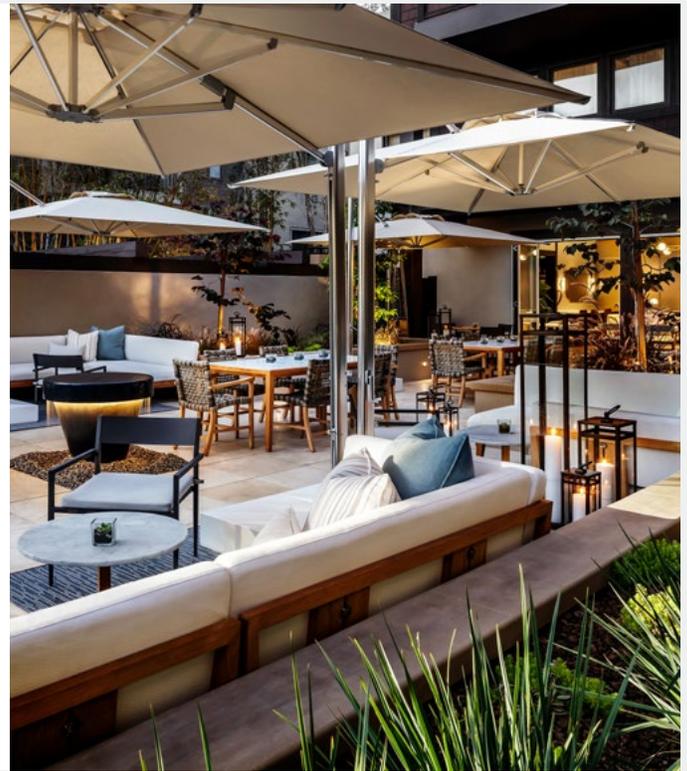


## OUR WORK ENVIRONMENT

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

Hersha's work-life balance practices include a flexible work environment and paid time off. To support this, we upgraded to a video conferencing system that allows off-site associates to connect with conference rooms via audio and video.

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



## POLICY & BENEFIT EXAMPLES

### Policy examples

- Robust human rights and labor policies
- Diversity and inclusion policies and training
- Established reporting mechanisms for workplace harassment
- Tax-exempt commuter spending accounts

### Benefit examples

- Frequent 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:

### **Mark Mahfouz,**

*Director of Engineering, Ambrose Hotel, Santa Monica*

As an engineer and facility management expert, Mark has been working to improve building efficiency for over 14 years. He constantly finds ways to improve the hotel's energy and water efficiency as Director of Engineering at the Ambrose Hotel in Santa Monica, CA. In his words, sustainability has to be a priority in all retrofits because everything is better when efficient. In his last year as lead engineer for the Ambrose, Mark installed more energy-efficient air conditioning systems and connected them to the hotel EMS and helped cut water costs with new native desert plant landscaping that does not require irrigation. In the next year, Mark looks forward to helping to decrease single-use plastic by installing water bottle refilling stations at the Ambrose. Outside of the Ambrose, Mark enjoys spending time with his wife and daughters. He and his family regularly enjoy beach clean-ups and other nature activities like skiing and hiking.

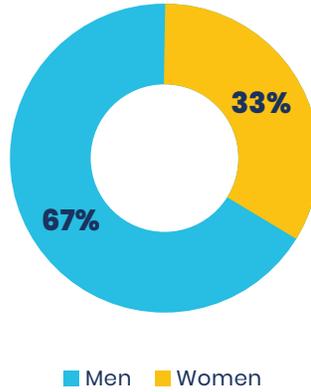
# DIVERSITY AT HERSHA

We are taking action to advance diversity and inclusion within our workspaces by establishing programs, trainings, and plans that address the needs of our diverse team and support an inclusive environment. In the spirit of sharing and learning from each other, Neil Shah signed the CEO Action for Diversity & Inclusion Pledge in his first quarter as CEO. We continue to explore ways to promote and celebrate diversity within our organization, including employee resource groups and a diversity committee.

## GENDER DIVERSITY

**50%** of women at Hersha hold roles of Director and above

**33%** of our workforce identify as women

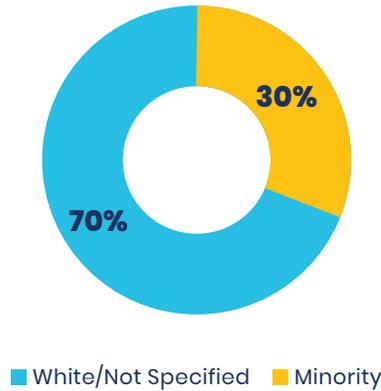


## DIVERSITY REPORT SCOPE

In 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

**30%** of our workforce identifies as a member of a minority group



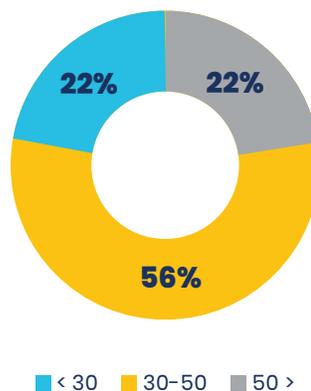
## DIVERSITY STRATEGY

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 a diverse set of 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.

## AGE DIVERSITY

**22%** of our workforce is under age 30

**56%** 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, personal growth, and benefits to support their health and well-being.

## PROFESSIONAL DEVELOPMENT OPPORTUNITIES

We provide associates 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 training 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

## 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, environment, and communities. The organization conducts Hersha HEARS sessions with a third-party professional to allow associates to share how we could improve their work experience and environment. These sessions allow 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 “Best Place to Work” by Crain’s New York.

**For our guests,** we aim to help them maintain their daily wellness routines while traveling. Our hotels provide opportunities for guests to recharge and refresh.

## ASSOCIATE BENEFITS

Among many benefits, some of which we detail in 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 resources including complimentary healthy meals at select hotels, emotional and mental health resources, work-life balance through PTO and reasonable working hours, and industry-leading people support resources
- 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 84 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 active way at select hotels
- Access to fitness centers with high-tech fitness equipment that allows guests to maintain their exercise routines during their stay





## GETTING TO KNOW THE TEAM:

**Ana Torres,**

*Housekeeping Manager, Hilton Garden Inn JFK*

Ana has been an exceptional addition to the Hersha team as Housekeeping Manager at the Hilton Garden Inn JFK. She is a passionate leader and consistently engages her team members to ensure they are maximizing resource efficiency across housekeeping operations. She works to incorporate green cleaning products whenever possible and goes the extra mile to ensure all trash and recycling items are appropriately sorted. With ten years of experience in the industry,

Ana continues to find ways to increase her team's sustainability by utilizing digital logs and communication instead of paper, utilizing natural ventilation during cleaning to improve indoor air quality, and encouraging all team members to use reusable food and beverage containers rather than single-use. In the next year, Ana is excited to improve the hotel's towel and linen reuse program and increase team training on sustainable housekeeping best practices. As a mother of three and grandmother, Ana's favorite activities include gardening with her family, dancing, and visiting her parents in the Dominican Republic.

## REST ASSURED™

In 2020, 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 on science-based health and cleanliness 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 our stakeholders and the environment. Good governance entails transparently conducting business with integrity, a constant commitment to ethical business practices, and reinforcement of good citizenship and community involvement.



## OWN IT

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

Hersha's portfolio includes diverse locations, travel segments, and hotel brands. Hersha's structure mitigates risk and affords 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

**ESG**

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

**4**

Board Meetings  
Held in 2022

**50%**

Female and  
Minority Board  
Trustees

**Yes**

Separate Chair  
and CEO

**Yes**

Independent  
Lead Trustee

**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 website.

## BOARD-LEVEL RISK & ESG OVERSIGHT

Robust board oversight of our team's approach to risks and opportunities is paramount to running a successful business. Our governance structure includes a dedicated Risk and ESG board subcommittee housed under the Audit Committee and chaired by a sitting board member. This ensures quality board oversight of climate-related risks and opportunities, including a formal schedule for considering environmental, health and safety, and social matters. The

Risk & ESG Subcommittee is also responsible for oversight of DEI initiatives. Our in-house EarthView team regularly reports to the board Risk & ESG Subcommittee on our sustainability initiatives and broader strategy. EarthView also frequently reports to the Executive Chairman of the Board, who is uniquely involved in Hersha's sustainability efforts.



## 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 regularly update the Risk & ESG Subcommittee on market trends and forecasts that may lead to identifying 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 energy and 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

All aspects of the business support climate preparedness and resiliency efforts – from the Board to executives and senior management across departments. Our resiliency strategy includes the ongoing consideration of potential climate risks and opportunities, identification of mitigation strategies, and 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. 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** include rising stakeholder and shareholder concerns around sustainability, increasing prevalence of climate-related policy and regulation, technological advances, and fundamental shifts in market demand.

## FLOOD RISK NOAA SCORE

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

**4%** 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

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

**32%** 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 all risk property insurance for every property. This includes insurance for natural catastrophes, including wind, flood, and fire events. 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 unique to each property's characteristics – geography, building age, operating status, and other geopolitical factors. We continually monitor and implement practical, cost-effective resiliency measures and strategies while considering environmental impact.

## 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
- Drought-resistant and fire-safe landscaping where necessary

## 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 to develop and progress 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

We are committed to reaching net-zero scope 1+2 greenhouse gas emissions across our entire portfolio by 2050, with 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. Our property and corporate teams are increasingly engaging with businesses and organizations to our mutual benefit and that of the planet. 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 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 building emissions reduction requirements, 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 and grid operators.

An impactful sustainability program requires leadership at every level – from the Board to property-level associates. For this reason, Hersha links executive remuneration to ESG and risk performance.

## CLOSING

Thank you for reading Hersha's 2022 EarthView Sustainability Report. EarthView has created immense value for our company, communities, and planet by integrating sustainability into our business strategy. 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 from a comprehensive and ever-evolving 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 more sustainable, connected, and resilient.

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

**Caro Clifford | Manager, 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	25 hotels <sup>(i)</sup>
IF-RE-000.B	Floor area	3,387,366 square feet
IF-RE-000.C	Percentage of indirectly managed assets	100% indirectly managed
IF-RE-000.D	Average occupancy rate	68.7%
<b>Energy Management</b>		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area	100%
IF-RE-130a.2	Total energy consumed	285,494 mBTU
IF-RE-130a.2	Percentage grid electricity	56%
IF-RE-130a.2	Percentage renewable energy	0% renewable energy
IF-RE-130a.3	Like-for-like percentage change in energy consumption	1% like-for-like decrease 2022 vs 2021
IF-RE-130a.4	Percentage of eligible portfolio that has obtained an energy rating	100%
IF-RE-130a.4	Percentage of eligible portfolio that is certified to ENERGY STAR	16%
IF-RE-130a.5	How building energy management considerations are integrated into property investment analysis and operational strategy	Description provided in Environmental Impact 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%
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%
IF-RE-140a.2	Total water withdrawn	196,788 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	23%
IF-RE-140a.3	Like-for-like percentage change in water withdrawals	6% like-for-like decrease 2022 vs 2021
IF-RE-140a.4	Water management risks and strategies to mitigate risks	Description provided in Environmental Impact 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	783,860 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 12/31/2022

\* 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 (2022)
<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 Impact - 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 Impact - Our Targets & Results section and in Governance - Our Resiliency Strategy
	Scope 1 and Scope 2 greenhouse gas (GHG) emissions	Description provided in Environmental Impact - Our 2022 Results & Progress
	Targets used to manage climate-related risks and performance against targets	Description provided in Environmental Impact - Our Targets & Results