



## **Code of Conduct**

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# **ABOUT OUR CODE OF CONDUCT**

Hersha was organized in 1984 as a group of owner operators that managed single and multiple hotels. Today, Hersha has expanded into an extraordinary, ownership company for many full-service franchise facilities, including Marriott, Hilton Hotels, Hyatt, and InterContinental Hotel Group.

Our associates are building a tradition of quality and have brought Hersha to the successful position we hold in the hospitality industry today. We are proud of our heritage, and we are committed to achieving even greater success for all of our stakeholders.

We are committed to being an outstanding corporate citizen and creating an environment for our associates that make Hersha properties and our Corporate Offices an exceptional place to work.

This Code of Conduct applies to all Hersha Hotels and Resorts associates. However, we support and respect the protection of human rights and labor rights across not only our enterprise, but also within our sphere of influence. This includes but is not limited to non-associates (e.g. suppliers, vendors, and partners). At the same time, we strive to conduct our business with the highest ethical standards and believe the following values are fundamental to our continued success.

While our employment is “at-will,” the fact is that Hersha offers competitive wages, good benefits, as well as the best working conditions for each associate. Hersha is proud to have an open-door problem-solving procedure that we believe is responsive to our associates’ needs and concerns. Hersha is fully committed to providing the very best working conditions for its associates based on the belief that as a team we can be the best hotel company in the world.

Please note, this Code of Conduct is presented merely for informational purposes. For all associates, please refer to Hersha’s internal, comprehensive Associate Handbook for further details. Hersha will strive to adhere to the policies and procedures outlined and will strive to treat all associates fairly and consistently.

## **HERSHA’S GUIDING VALUES**

### **PEOPLE ARE OUR CAPABILITY**

Each of our guests, associates, and partners are important to our continued success.  
Encourage personal and professional growth.  
Celebrate individuals and the stories they share.

### **HEARTS THAT SERVE**

Revel in the art and dignity of service.

Inspire each other and give back to our communities.  
Act humbly and treat everyone graciously.

## **ONLY EXCELLENCE**

Pursue greatness, distinction and always seek to exceed expectations.  
Passion and teamwork drive our advantage.  
Recognize achievements large and small.

## **STAY NIMBLE**

We are quick to embrace change and innovation.  
Communicate and listen to ideas openly and suggest thoughtful solutions.  
Find opportunities that make us bigger, better, and stronger.

## **OWN IT**

Do the right thing – we keep our promises and act with integrity.  
Everyone is accountable and shares outcomes honestly and directly.  
We roll up our sleeves and get the job done.

## **EQUAL EMPLOYMENT OPPORTUNITY**

Hersha is an equal opportunity employer. We are dedicated to ensuring that all of our decisions regarding all aspects of the employment relationship, including hiring, promotions, assignment, discharge, compensation, and the terms, conditions and privileges of employment are in accordance with our principles of equal opportunity. It is Hersha's policy that, in exercising our management responsibilities:

- We will not discriminate against associates or applicants on the basis of race, color, national origin, religion, age, sex, marital status, sexual orientation, veteran status or physical or mental disability or on the basis of any other status protected by law, in compliance with applicable federal, state and local laws.
- We hire and promote individuals qualified or trainable for positions solely by virtue of job-related standards of education, training, experience and personal qualifications.
- We consider all requests for reasonable accommodations made by any applicants or associates who are disabled within the meaning of the Americans with Disabilities Act and/or similar state and local laws.
- We consider requests for reasonable accommodations based upon religious belief.
- We reserve the right to request medical certification of a disability in connection with requests for accommodations.
- We will not tolerate intimidation, harassment, or retaliation against associates or applicants because they have engaged in or may engage in filing a complaint of

discrimination; are assisting with or participating in an investigation; are opposing any act or practice made unlawful by the federal, state or local discrimination laws; or are otherwise engaging in any activity protected by law.

## **DIVERSITY**

Hersha recognizes the importance of treating each team member in a fair and consistent manner. As the company has grown and expanded, our workforce has organically become much more diverse, without a need for a formal gender, ethnicity, or age diversification strategy.

On average, over the past five years, this strategy has led to a diverse workforce with the following demographics across Hersha Hospitality Trust:

- 45% of our workforce is women and 55% is men
- 27% of our workforce identifies as a member of a minority group
- 22% of our workforce is under the age of 30, while 67% of our workforce is between the ages of 30 and 50

We will continue to identify and attract a workforce of the best available talent at every organizational level, from the board to the workplace, and continue to regularly monitor our diversity levels. We recognize and value the talents of each associate and believe their talents are what has helped Hersha maintain its leadership in the industry.

## **SEXUAL HARASSMENT AND OTHER WORKFORCE HARASSMENT**

Hersha believes in the dignity of every associate and expects every associate to show respect for all colleagues, guests and vendors. The company is committed to providing associates with a work environment free of unlawful discrimination, including harassment on the basis of race, color, sex, age, religion, gender identity, veteran status, national origin, sexual orientation, disability, marital status, or any other characteristic protected by law.

Therefore, we will not tolerate any inappropriate workplace behavior or discriminatory harassment, including sexual harassment. This policy applies to harassment that involves the employment relationship, whether it occurs on our premises or in any other location where a company activity occurs, such as at a customer site or a company party.

This policy covers all associates, male and female, as well as applicants for employment, and prohibits any form of harassment against company associates, whether by Executives, Managers, co-workers, or non-associates such as clients, customers, repair persons or vendors. Likewise, harassment of guests, vendors, or other third parties by associates is prohibited.

## **PROHIBITED CONDUCT**

Harassment is a violation of this policy when it consists of any unwelcome conduct, whether verbal, physical, or visual, that may reasonably be perceived as ridiculing, denigrating, or showing hostility toward an individual because of his or her race, color, gender, age, religion, national origin, sexual orientation, gender identity, disability, veteran status, or any other characteristic protected by law.

A complete list of such conduct is not possible. However, some common examples of such harassment include the following:

1. Using epithets, slurs or negative stereotyping.
2. Mocking, ridiculing, or mimicking another's culture, accent, appearance, or customs.
3. Threatening, intimidating, or engaging in hostile or offensive acts that focus on an individual's race, color, gender, age, religion, national origin, sexual orientation, disability, gender identity or other protected characteristic.
4. Circulating offensive material in the workplace, by e-mail or otherwise.

## **SEXUAL HARASSMENT**

Sexual harassment is one kind of discriminatory harassment. It includes unwelcome sexual advances, requests for sexual favors, and other statements or actions of a sexual or gender based nature when:

1. The harasser states or implies that giving in to or rejecting such conduct will affect an individual's employment;
2. Giving in to or rejecting such conduct is used as the basis for employment decisions affecting the associate; or
3. Such conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile, or offensive work environment.

No Supervisor or Manager has the authority to grant or deny promotions, or to force any change in job status, on the basis of the provision or denial of sexual favors. It is not possible to identify all of the conduct that could be considered sexual harassment. However, some common examples of conduct might include the following:

1. Threatening to make or actively making job decisions such as discharge, demotion, or reassignment based on the granting or denial of sexual favors.
2. Demanding sexual favors in exchange for favorable or preferential treatment.
3. Making offensive, insulting, derogatory, or degrading remarks relating to sex or gender.
4. Making unwelcome comments about appearance.
5. Kidding, teasing, or joking about sexual matters, or using sexually explicit or offensive language, either in person, on paper, or through e-mail.
6. Displaying in the workplace sexually suggestive objects, pictures, or cartoons including material from the Internet.
7. Making offensive contact, such as hugging, grabbing, patting, pinching, or brushing against another's body. Using obscene or sexually oriented language or gestures.

Making repeated offensive sexual flirtations, advances, or propositions.

Particular care should be taken in informal business situations such as company parties and business trips. Associates are advised that all sexual harassment, including same-sex sexual harassment, is prohibited by this policy.

## **REPORTING DISCRIMINATORY HARASSMENT**

If associates witness or experience conduct that they believe to be inconsistent with this policy, they must immediately notify a Supervisor. All incidents of discriminatory harassment or other inappropriate workplace behavior must be reported.

## **INVESTIGATION OF REPORTS**

When a potential violation of this policy is reported, we will conduct a prompt and thorough investigation. Confidentiality will be maintained throughout the investigation as much as possible while meeting our obligation to conduct a full investigation. After the investigation is completed, appropriate action as warranted will be taken.

If we conclude that a violation of the harassment policy has occurred, appropriate action will be taken to correct the situation. This action may include, but is not limited to, oral or written counseling, referral to formal counseling, disciplinary suspension or probation, or discharge from the company.

## **RETALIATION PROHIBITED**

The company prohibits any form of retaliation against an associate for reporting harassment or discrimination, registering a complaint pursuant to this policy, helping another associate report a complaint, or otherwise participating in an investigation, proceeding, or hearing. We consider retaliation to be a serious violation of this policy.

If associates witness or experience behavior they believe to be retaliation, or if they become aware of such behavior, they must report any such incident in the same manner as reports of harassment. Violation of the policy against retaliation will result in discipline up to and including termination.

The company will not tolerate any effort to avoid, hinder or corrupt the complaint or investigation process, including refusal to cooperate with an investigation or knowingly making false statements to management or Human Resources during the complaint or investigation process. Such actions may result in disciplinary action up to and including termination of employment.

## **WORKPLACE VIOLENCE**

Hersha is committed to preventing workplace violence, any kind of bullying, and maintaining a safe work environment. Accordingly, the company has adopted the following guidelines to deal with intimidation, harassment or other threats of violence that may occur on company premises.

Hersha expressly prohibits any acts or threats of violence by any Hersha associate or by a guest or other visitor against any other associate in or around Hersha facilities, or elsewhere, at any time. We also prohibit any acts or threats of violence against guests, vendors, visitors or other persons on Hersha property at any time or while they are engaged in business with or on behalf of Hersha.

Firearms, weapons and other dangerous or hazardous devices or substances are prohibited from the company's premises.

As part of this policy, the company seeks to prevent workplace violence before it begins and reserves the right to deal with behavior that suggests a propensity towards violence even prior to the occurrence of any violent behavior.

We believe that prevention of workplace violence begins with recognition and awareness of early warning signs and we have established procedures within the Human Resources Department for responding to any situation that presents the possibility of violence.

## **WORKPLACE VIOLENCE DEFINED**

Workplace violence includes:

1. Threats of any kind
2. Threatening, physically aggressive or violent behavior, such as intimidation of or attempts to instill fear in others.
3. Other behavior that suggests a propensity toward violence, which may include sabotage or threats of sabotage of company property or a demonstrated pattern of refusal to follow company policies and procedures
4. Defacing company property or causing physical damage to the facilities.
5. Carrying weapons or firearms of any kind on company premises or while conducting company business.

## **REPORTING**

If any associate observes or becomes aware of any of the above-listed actions or behavior by an associate, customer, consultant, visitor or anyone else, he or she should notify a Manager, Human Resources, or Supervisor immediately.

Further, associates should notify Human Resources or a Supervisor if any restraining order is in effect or if a potentially violent non-work-related situation exists that could result in violence in the workplace.

## **INVESTIGATION**

All reports of workplace violence will be taken seriously and will be investigated promptly. In appropriate circumstances, the company will inform the reporting individual of the results of the investigation. To the extent possible, we will maintain the confidentiality of the reporting associate who reports workplace violence.

## **CORRECTIVE ACTION AND DISCIPLINE**

If the company determines that workplace violence has occurred, we will take appropriate corrective action and may impose discipline on offending associates, up to and including termination. If the violation is by a non-associate, we will take the appropriate corrective action in an attempt to ensure that such behavior is not repeated.

## **OPEN DOOR/PROBLEM SOLVING PROCEDURE**

Hersha believes that all associates, hourly and salaried, have the right to voice any problems or concerns they may have. While the company may not be able to correct every problem brought to its attention, it's our desire to listen to our associates and to respond appropriately to all legitimate concerns.

Most of the time an associate's immediate Supervisor is the person best qualified to solve an issue brought to his or her attention.

If the associate feels that the issue is not resolved or if he or she would be uncomfortable discussing the issue with his or her immediate Supervisor, then it should be discussed with the next higher-level Manager.

If, at any stage in the problem-solving procedure, the associate feels uncomfortable with continuing to pursue the issue with local operating management, he or she should feel free to contact Hersha's Corporate Human Resources Department.

It is our policy to encourage all associates, hourly and salaried, to use this communication policy, free of fear of any repercussions. All associates and Managers are prohibited from thwarting an associate's attempt to take a problem to higher management. Reprimanding, intimidating or otherwise retaliating against an associate because he or she has already done so is also prohibited. Violation of the policy against retaliation will result in discipline, up to and including termination.

## **CONSENSUAL RELATIONSHIPS**

We realize that at times, consensual romantic or sexual relationships may develop between associates. Hersha has no desire to interfere unnecessarily with the private lives of its associates or their off-duty conduct.

Nonetheless, consensual relationships involving an associate who has Supervisory authority and one who does not can result in actual or perceived favoritism, disruptions in the workplace, lowered morale and actual or perceived conflicts of interest. Romantic or sexual relationships between associates may also affect Hersha's ability to enforce its policy against harassment.

Accordingly, any Supervisory associate involved in a consensual romantic or sexual relationship with another associate is required to report the relationship to a Human Resources representative.

All such relationships will be carefully considered, and the company may take action as it deems

appropriate, including but not limited to, a change in responsibilities of the individuals involved or a transfer to another location or position within the company.

If a Supervisor fails to report his or her involvement in a consensual romantic or sexual relationship with another associate, he or she may be subject to disciplinary action, up to and including termination.

The company will not tolerate favoritism toward an associate because of a dating relationship with another associate or adverse action against an associate because of a dating, or the end of a dating, relationship. If an associate experiences any unwelcome conduct, he or she should report it in accordance with the company's prohibited conduct policy.

## **EMPLOYMENT OF RELATIVES**

Hersha permits the employment of qualified relatives of associates as long as such employment does not, in the opinion of Hersha, create an actual or perceived conflict of interest.

A relative is defined as blood relative, a relative through marriage or a member of the same household. No associate can provide approval signature of a check, cash or other business transaction involving a relative, have access to confidential information about a relative or engage in other work relationships that might violate security requirements. One relative cannot supervise or audit the work of another relative.

## **BUSINESS ETHICS AND ASSOCIATE INTEGRITY**

We are committed to maximizing stakeholder value, providing continued growth, expanding career opportunities and ensuring highly ethical practices. With a business ethics policy overseen by the Board and senior executives, we require that all our associates and suppliers/vendors adhere to standards that do not compromise our value or the integrity of the organization. This includes not participating in child labor and forced labor by our vendors.

The ethics policy is described in a broad manner and is intended to be a guide in making judgments when other types of conflict arise. Each Hersha associate must protect the integrity of his or her actions and maintain objectivity in dealing with others. Associates must avoid violating ethical principles and values, even if they think doing so may somehow benefit Hersha. Not only must associates maintain their mental attitude of objectivity, others must also perceive them as being objective. Therefore, we do not permit Hersha associates to have financial or personal relationships with individuals or organizations that reasonable people could perceive as inconsistent with the associate's ability to act with integrity, objectivity and in the best interest of Hersha.

It is a violation of our ethics policy for any associate or their family members to:

1. Accept or give any gifts (other than insubstantial gifts normally given in the course of business relationships), bribes, and/or facilitation of payments.

2. Invest in any business with which that associate deals directly in the course of his or her work for Hersha, or over which the associate exercises influence in the business's relationship with Hersha.
3. Buy or sell Hersha stock based on nonpublic information.
4. Misuse Hersha funds for personal benefits (e.g. for any political purposes); corporate funds are never used directly for lobbying and campaign contributions, though we are members of several industry associations which do have a fee for membership.

Additional information on our Code of Ethics is available on Hersha's website under [Governance Documents](#).

Violations of our ethics policy are deemed to be a serious breach of Hersha's management philosophy and will be subject to disciplinary action, up to and including termination.

## **WHISTLEBLOWER POLICY**

It is the responsibility of all Directors, Officers and all company associates to comply with the Hersha Code of Ethics and Conduct and to report violations or suspected violations of financial reporting and controls.

This policy is intended to encourage and enable associates and others to raise serious concerns regarding conduct in the area of handling finances or accounting practices within the company. No Director, Officer or associate shall suffer harassment, retaliation or any adverse employment consequence for making or having made a report of a suspected violation of the Code or any local, state or federal law, rule or regulation, so long as he/she had reasonable cause and/or good faith to believe the reported conduct suggested such a violation. Additionally, no Director, Officer or associate shall suffer harassment, retaliation or any adverse employment consequence for refusing to participate in an activity that would result in a violation of the Code or any local, state or federal law, rule or regulation. A Director, Officer, or associate who retaliates against someone because he/she has: a) made a good-faith report of a violation or b) refused to participate in fraudulent, unethical or other conduct in violation of the Code or law, is subject to discipline up to and including termination of employment or removal from his/her position. Any associate, who believes he/she has been subjected to any unfavorable treatment because of reporting a good faith complaint, should report it immediately to any of the persons listed in the next paragraph.

Any Director, Officer or associate who has knowledge suggesting a violation of the Code or a violation of law, should report it immediately to the Corporate Vice President, Human Resources Director, any Department Manager whom associates are comfortable in approaching or the Company's Compliance Officer. All Managers are required to report any such concern immediately to the Company's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations.

At his/her discretion, he/she shall advise the President and CEO, the CFO and/or the audit committee. He/she has direct access to the audit committee of the Board of Directors and is

required to report to the Committee at least annually on his/her compliance activity.

Alternatively, associates can also anonymously report any violations to Hersha's independent, reporting hotline available 24/7.

## **INSIDER TRADING AND USE OF CONFIDENTIAL INFORMATION**

Engaging in securities transactions such as the trading of stocks, either personally or on behalf of others, while in possession of material, nonpublic information is a violation of the law. Communicating nonpublic information to others who then engage in securities transactions based upon such information is also illegal and may lead to criminal and civil penalties. These activities are commonly referred to as "insider trading."

No associate shall use or disclose any confidential information; whether or not it's material nonpublic information that he or she obtains as a result of association with Hersha. Prohibited use of information includes, but is not limited to, engaging in a stock or other securities transaction based upon confidential or material nonpublic information or communicating confidential or material nonpublic information to persons outside Hersha who may purchase or sell securities while in possession of such information. Generally speaking, "material nonpublic information" is information not available to the general public that, if known to outsiders, might affect their investment decisions.

Examples of confidential or material nonpublic information may include sales or earnings figures, information concerning major contracts, proposed acquisitions or mergers, finances, earnings, or Hersha's positions on controversial issues.

## **HEALTH AND SAFETY**

Hersha strives to maintain safe and comfortable work environments (including fleet safety) through comprehensive risk management programs created and implemented to prevent and reduce workplace injuries and illnesses across all Hersha facilities and operations. It is the policy of Hersha to maintain a safety and health program conforming to the best practices within our industry. Our program emphasizes injury and illness prevention on the shared parts of management and employees. We promote cooperation in all safety and health matters, not only between management and employees, but also between each employee and their co-workers. We strongly believe that only through a cooperative effort can a safety program in the best interest of all be established and preserved.

Highlights from our occupational safety program include:

- Ergonomics & Wellness resources
- Risk evaluations/worksites evaluations
- Early identification of safety & health hazards
- Accident investigations

- Implementation of hazard controls
- Robust safety training delivered in various methods
- Workplace stretching programs
- Anti-slip shoe program
- Implementation of transitional duty and modified duty programs
- Control of costs associated with industrial accidents and safety improvement
- Safety incentives & reinforcements
- Oversight of safety committee meetings required to be held at every hotel within our portfolio
- Safety newsletters
- Ongoing & transparent communications with all injured workers
- Policies and procedures manual
- Self-insured worker's compensation program

## **DRUG-FREE AND ALCOHOL-FREE WORKPLACE**

It is the intent of Hersha to maintain a workplace that is free of drugs and alcohol and to discourage drug and alcohol abuse by associates. We have a vital interest in maintaining safe and efficient working conditions for associates. Substance abuse is incompatible with health, safety, efficiency and the mission of Hersha. Associates who are under the influence of illegal drugs or alcohol on the job compromise Hersha's interests, endanger their own health and safety and the health and safety of others, and create an inefficient, unproductive or disruptive working environment.

It is very important for our associates to work safely, productively and effectively every day. The abuse of alcohol and/or use of illegal drugs greatly reduce associates' ability to work productively and efficiently and threaten the safety and security of all associates.

To further our interest in avoiding accidents, to promote and maintain safe and efficient working conditions for our associates and to protect our business, property and operations, Hersha has established this policy concerning the use of alcohol and drugs. As a condition of continued employment with Hersha, associates must abide by this policy:

- A. Hersha strictly prohibits the illegal manufacture, distribution, dispensing, transportation, possession and/or use of any unlawful substance or alcohol while working, operating Hersha-owned vehicles, performing Hersha business or on the company's or client's premises. However, when authorized, associates may consume or possess alcohol at Hersha functions, which may be hosted in-house, subject to specific communicated limitation and only when served by an authorized company server. Associates must have obtained the legal age to consume alcohol in order to be served. These privileges may be withdrawn if abused. Associates are also expected to use all lawfully prescribed medication in a safe and lawful manner.
- B. Associates will be subject to disciplinary action for violations of this policy, including but not limited to immediate termination. At our discretion, Hersha may require associates who violate this policy to successfully complete a drug abuse assistance or rehabilitation program as a condition of continued employment.

- C. Associates who have a drug or alcohol related problem and wish to voluntarily submit to treatment may contact corporate Human Resources for an appropriate referral. Hersha will comply with the Americans with Disabilities Act in this policy.
- D. When there is a reasonable belief that illegal drugs or alcohol are present in a company-supplied locker, desk or other containers, an inspection may be conducted to confirm that belief, as noted in Hersha's Employer and Personal Property Surveillance policy.

## **SMOKING**

Associates are permitted to smoke only in designated areas during breaks or meal breaks. Smoking is not permitted in locker rooms, hallways, office or guest area or any area not specifically designated as an approved smoking area. Spent cigarettes and other tobacco waste should be disposed of properly in the receptacles provided. Do not throw cigarette butts in trash receptacles. They could cause a fire! Please take care not to store combustible material in areas where smoking is permitted.

## **STANDARDS OF CONDUCT**

All associates are expected and required to meet acceptable performance standards and to conduct themselves in an appropriate manner during the course of their employment.

The rules outlined below are published for information and as a guide for conduct on a day-to-day basis. Additional rules are communicated through policies issued by department managers or human resources.

The following list of prohibited conduct is by way of illustration only and is not exhaustive.

Associates should be aware that a violation of standards of conduct, including conduct that is disruptive, unprofessional, illegal or in violation of our work rules such as those examples included here, may result in disciplinary action, up to and including termination. The following rules are not intended to prevent associates from engaging in concerted activities concerning their working conditions.

1. Insubordination or failure to carry out job assignments, requests or instructions from any manager or refusal to comply with the same.
2. Failure to perform job or work assignments satisfactorily, safely and efficiently.
3. Attempted or completed theft (unauthorized removal) or misappropriation (unauthorized storage, transfer or use) of guest, associate or company property.
4. Abusing, damaging, defacing or destroying company property or the property of guests or other associates.
5. Using company assets for personal gain.
6. Excessive or unexcused absenteeism or lateness, including abuse of sick leave, improper call-in or violation of any portion of the attendance policy.
7. Supplying false or misleading information when applying for employment or at any time while employed, or falsifying work or time records.
8. Dishonesty.

9. Violation of Hersha's Violence in the Workplace policy, including the possession of dangerous or deadly weapons on company premises or while off premises in the performance of work duties.
10. Obscene conduct or conduct that violates Hersha's Prohibited Harassment policy.
11. Discrimination against a guest or fellow associate or any act of harassment because of race, color, age, sex, national origin, marital status, sexual orientation, disability or any other protected characteristics in violation of Hersha's Equal Employment Opportunity or Prohibited Harassment policies.
12. Violation of Hersha's Drug-and Alcohol-Free Workplace policy.
13. Engaging in disorderly conduct, horseplay, threatening conduct or otherwise interfering with another associate's work activities.
14. Saying, publishing or distributing maliciously false statement concerning Hersha or their guests or associates.
15. Violation of any safety rule, including failure to report an accident, injury or damage to company property or engaging in any act that might endanger the safety of others.
16. Engaging in other employment while on Hersha time.
17. Engaging in excessive personal business during working hours.
18. Violation of Hersha's Business Ethics and Associate Integrity policy.
19. Violation of Hersha's E-Mail, Voicemail and Internet Usage Policy.
20. Interfering with or hindering work schedules, failing to work on a shift as scheduled, or improperly arranging a replacement on a shift without permission from management.
21. Loafing, sleeping on the job, or intentional restriction of output.
22. Gambling of any kind on company premises at any time.
23. Using abusive, threatening, vulgar, profane or obscene language, engaging in disturbances of any kind or similar acts toward guests, supervisors, managers, or fellow associates.
24. Removing, duplicating or transferring possessions of a property master key or any other keys to restricted-entry areas.
25. Leaving an associates' department or work area during their working time without permission from management, or being in locations other than assigned work areas during their working time.
26. Violation of Hersha's Cash Handling Policy & Procedures. Failure to maintain accurate and proper accountability and control of cash banks. Excessive or continuous cash shortages or other irregularities.
27. Repeated failure to work overtime when requested.
28. Divulging information about business plans, guest lists or other Company confidential information to a third party. This policy does not prevent associates from discussing their working conditions with outside individuals or government agencies.
29. Abuse of telephone privileges or personal visits.
30. Tape-recording or videotaping conversations or actions of guests or associates without authorization.
31. Failure to follow any policies or procedures outlined in the Handbook or in any supplemental materials.

## **PROGRESSIVE DISCIPLINE**

All associates are required to meet acceptable performance standards and comply with company and department policies at all times. When staff members fail to meet these standards or violate rules or policies, they may be subject to discipline.

Where appropriate, Hersha provides progressive discipline for violations of the standards of conduct. However, the imposition of one form of discipline in one instance does not mean that a different form of discipline is not warranted in another instance.

One step in progressive discipline is generally counseling/verbal warning. Counseling is used when an associate displays unacceptable behavior or when his or her performance is not meeting job requirements. Counseling is normally done as soon as possible after the infraction occurs, and the associate is given an opportunity to correct the problem within a reasonable amount of time. Often, these sessions are recorded as a verbal warning and placed in the associate's file for future reference.

A written warning is issued when a Manager or Supervisor believes a situation to be too serious for counseling, or when past counseling has been ineffective. Written warnings will typically include the specific reason associates are receiving the warning; the policy or procedure, if any, were violated, and the means by which associates can improve their performance.

Written warnings are to be signed by the associate to acknowledge that he or she has read and understands the severity of the situation and what is expected of him or her to rectify it. Should an associate refuse to sign a written warning, a second Manager or Supervisor will be called in to witness that the warning was presented.

Associates may face unpaid suspension or termination for serious misconduct or conduct that has not been remedied through the use of oral counseling and written warnings. However, consistent with the at-will nature of employment, Hersha reserves the right to terminate the employment of anyone upon the first offense, or for no reason.

Correction of any advised poor performance or satisfactory completion of any performance probation or trial period does not alter the at-will status of employment. Hersha or the associate reserve the right to terminate employment at any time with or without cause, for any or no reason.

## **SUPPLIER CODE OF CONDUCT**

Many of our expenses reflect the purchases of products through our supply chain. Furthermore, all Hersha properties are contracted to purchase at least 80% of their products through our contracted purchasing vendor. Hersha has ensured that this vendor has a supplier conduct guide and policies in place for most of their suppliers and provides annual updates on the progress they're making on sustainable procurement objectives. Topics within this supplier conduct guide include:

- Suppliers will respect the principles within the UN Universal Declaration of Human Rights
- Suppliers will adhere to all local and national labor laws – specifically those relating to

- discrimination, minimum wage, overtime, and maximum hours worked
- Suppliers allow workers to freely terminate employment with reasonable notice as all work is voluntary
- Suppliers will prohibit use of child labor
- Suppliers are responsible for maintaining a safe and healthy work environment
- Suppliers will take efforts to minimize and reduce their operational impact on the environment
- Suppliers will follow all regulation regarding the handling, recycling, and disposal of all waste types

## **COMMUNICATION PROGRAMS**

A high level of communication is an integral part of our associate relations policy and our ability to run successful properties.

### **BULLETIN BOARDS**

We use bulletin boards at Hersha properties and our Corporate Offices to communicate official government information on equal employment opportunity, wage and hour, health and safety and other issues. Bulletin boards are also used to communicate information regarding Hersha policy and business announcements, including but not limited to, safety rules, health items, benefits programs, letters of compliment, meeting notices, special events and other important associate information.

### **ASSOCIATE/DEPARTMENTAL MEETINGS**

It's our policy that each department/business unit conduct regular meetings to share ideas and to help keep associates informed regarding changes in policy, associate activities and other company-related information. Departmental meetings are normally conducted on a monthly basis, and all associates are encouraged to participate by offering suggestions, asking questions and expressing opinions.

### **ASSOCIATE ENGAGEMENT SURVEYS**

Confidential associate engagement surveys will be conducted periodically and are provided to all associates. These surveys provide associates with an opportunity to voice their concerns, ideas and suggestions and to receive satisfactory solutions to questions and problems.

# **ASSOCIATE APPRECIATION & PROFESSIONAL DEVELOPMENT**

## **RECOGNITION PROGRAMS**

We appreciate our associates' efforts, thought and support. Associates will receive recognition through compliments from Managers, performance evaluations and communication of department results. Hersha may also conduct formal recognition programs from time to time to recognize special contributions.

## **ORIENTATION/TRAINING PERIOD**

All associates begin their employment with an orientation/training period. During this time, associates' performance on the job and their potential abilities will be evaluated to determine whether Hersha's and their own expectations have been met.

The scope of orientation/training will also include a discussion of Hersha's human rights, anti-corruption, and anti-human trafficking policies, as well as those tailored specifically to the associates' roles and responsibilities. Additional, extensive trainings for each role are also provided by the brands we work with.

For all associates, this orientation/training period will extend through the first 90 days of employment, and may be extended in additional 30-day increments as needed.

## **PERFORMANCE EVALUATIONS**

Performance evaluations are a continuous process of discussions between associates and their Supervisor.

During associates' first 90 days of employment, their performance will be monitored and evaluated by their Supervisor and other Managers. This period of evaluation will identify both their strengths and areas in need of improvement. If there are areas where associates need to improve, their Supervisor will try to point them out and help associates overcome them. This may include a discussion around a tailored developmental career plan,

On approximately an annual basis, associates typically will receive from their Supervisor a written evaluation of their job performance covering the time since associates were last evaluated. This evaluation will include a summary of their strengths and weaknesses and the objectives they need to achieve to continue being successful in their position. Associates are expected to acknowledge in writing that they received their evaluation and that they understand their performance objectives. Associates will also usually be asked to share any comments they may have about the evaluation with their Supervisor.

A performance evaluation may serve as a basis for a wage adjustment or other employment action; however, a performance evaluation does not necessarily mean a wage adjustment will be made.

Performance evaluations are one way to give associates and their Supervisor an opportunity to discuss mutual goals, objectives, problems and solutions. Some of the factors that may be considered in evaluating performance and coaching include, but are not limited to:

- Job knowledge
- Quality and quantity of work
- Cooperation with Supervisors and fellow associates
- Dependability
- Adaptability
- Leadership and initiative
- Willingness to accept responsibility
- Attendance
- Punctuality
- Judgment

Resulting salary or wage increases, if any, will be based on a variety of factors, including job held, performance, merit and principles of sound fiscal management.

## **ADVANCEMENT**

There are many opportunities for advancement with Hersha. We believe that associates have the chance to increase knowledge, skills, responsibility and earnings. We would like to see associates improve and we encourage them to do so. Naturally when our associates excel, we all excel. Their progress is based on individual merit and, when possible, their hard work, ability and skills will be recognized.

In selecting candidates for available positions, we will assess the candidate's eligibility in the light of his or her accomplishments, experience, specific abilities and attendance/personnel record, as well as anticipated capacity. Associates who have unsatisfactory performance appraisal reports may not be considered for promotion or transfer.

## **OVERVIEW OF BENEFITS**

At Hersha, success begins with our associates. We make sure our associates have the tools and training they need to improve their skills every day. At Hersha, we reward our associates with the kinds of benefits and opportunities you'd expect from an industry leader. As such, there have been no major controversies linked to our wages and labor standards.

In addition to excellent working conditions and competitive pay, Hersha provides a complete range of benefits choices to associates. We believe that our benefits are competitive, and we maintain this standard by periodically reviewing each benefit program. Benefits offered include (but are not limited to) health insurance, dental insurance, a savings and retirement plan, life insurance, paid time off, family and medical leave, professional development training programs, and a lodging discount program. Associates can find out more by reading the ABC (Associate Benefit Choices) booklet, available online at [www.hershacareers.com](http://www.hershacareers.com).

## **TOTAL COMPENSATION**

Recognizing our associates for their hard work, providing for their health and the well-being of their family members, opening avenues of growth and career development, and easing the balance between work and personal life are all part of our associate-centered environment.

In addition to our unique and motivating work environment, Hersha's total compensation package includes:

- Medical, Dental, Life, and Disability group Insurance
- Annual Salary Reviews (determined by the competitive market pay rate for associates' job, skills, experience, and job performance)
- 401(k) Retirement Savings Plan
- Continuing Education/Tuition Reimbursement
- Hotel Room and Food & Beverage Discounts
- Ongoing Training and Career Development
- Room and Food Beverage Discount
- Recognition Programs
- Paid Time Off
- Associate Assistance Program
- Leave of Absence