



Environmental Management System (EMS): EarthView

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EARTHVIEW EMS STRATEGY

Since the creation of our proprietary sustainability platform, EarthView®, in 2010, we have continued to positively impact our bottom line while improving the well-being of our guests, our employees, our communities, and our planet. To do this, Hersha has an underlying EMS that ensures EarthView is wholly integrated into Hersha’s business strategy. This EMS is our framework and process through which we are able to continue driving financial value, environmental stewardship, and community impact as a whole, cohesive organization.

CONTEXT OF THE ORGANIZATION

Organization and Context

Hersha Hospitality Trust (NYSE: HT) is a self-advised real estate investment trust in the hospitality sector, which owns and operates high quality upscale, luxury and lifestyle transient hotels in urban gateway markets and coastal destinations. The Company’s 48 hotels totaling 7,644 rooms are located in New York, Washington, DC, Boston, Philadelphia, Miami and select markets on the West Coast. Our portfolio of hotels, including several of our mixed-use properties, share space with condominiums, restaurants, and other commercial tenants. Given our business focus on urban areas and acquisition of fully operational hotels able to provide cashflow, we do not develop greenfield properties.

HT’s portfolio consists of high RevPAR and high EBITDA growth hotels in innovation-driven gateway markets and high barrier resort locations. The company’s segmented local clusters provide immediate operational advantage and local knowledge to drive outperformance in each of its core markets.

We are committed to being an outstanding corporate citizen that continues to positively impact our bottom line while improving the well-being of our guests, our employees, our communities, and our planet.

Identified Material Topics

As a REIT in the hospitality industry, Hersha and our EMS have identified the following environmental topics as material to our business and therefore included in our EMS:

- Regulation compliance and mandatory disclosures
- Incorporation of ESG into investment decisions
- Utility (energy, water, waste) efficiency and costs
- Greenhouse gas emissions
- Extreme weather events
- Sea level rise
- Materials and supply chain

Needs and Expectations of Stakeholders

Stakeholder Type	Relevant Needs & Expectations	Compliance Objectives
Investors	<ul style="list-style-type: none">• Robust financial returns• Comprehensive strategy for continued long-term growth• Quarterly earnings calls including Q&A with executive team• Disclosure of ESG data	Fiduciary duty

Employees	<ul style="list-style-type: none"> • Property-specific strategy for continued long-term growth • Property-specific profitability and ability to drive future business • Training programs, recognition, advancement • Annual performance reviews • Human rights policy, whistleblower policy 	Responsible employer
Community partners	<ul style="list-style-type: none"> • Be a leader in sustainable hospitality and share and reflect on the successes of our sustainability initiatives with peers • Ensure our activities do not negatively harm the communities in which we operate 	Responsible community stewardship
Cities in which we operate	<ul style="list-style-type: none"> • Transparency around utility usage of buildings • Compliance with city ordinances in order to reduce city's environmental footprint 	Legal requirement
Brands	<ul style="list-style-type: none"> • Adherence to brand standards • Pursuance of applicable sustainable initiatives that help brands meet their sustainability goals 	Contract requirement

Scope of Environmental Management System

Hersha's Environmental Management System (EMS) encompasses environmental, social, and governance-related activities at the corporate level and across all of Hersha's properties with a focus on leveraging our EMS to ensure positive financial and environmental impacts.

The EMS' structure can be amended as needed by the corporate, management-level EarthView team following approval by senior EarthView leadership. The EarthView program, developed in conjunction with our EMS, will also be driven by the corporate EarthView team and be subject to vetting and approval by senior leadership at Hersha Hospitality Trust. Once the EarthView program's strategy, priorities, and direction have been reviewed, updated, and approved by relevant internal stakeholders, the EarthView team has full authority to implement the plan. A similar process is applicable to the implementation of individual initiatives through the EarthView program. Again, once an initiative has been approved by the relevant internal stakeholders, the EarthView team has full authority to implement and maintain the initiatives across our hotels as they see fit.

For our wholly-owned hotels and taxable REIT subsidiary, we have implemented green leases for all new leases starting June 1, 2020, as well as amended all existing leases with our management companies. These green leases stipulate that though Hersha Hospitality Trust will shoulder the cost and expense of sustainability initiatives reasonably requested by the EarthView team, the lessee is required to implement these sustainability initiatives at our hotels. Furthermore, we require all our hotel operators to implement the sustainability initiatives in our EarthView program. Annual internal audits enforce these EarthView standards.

The EarthView team is responsible for involving the appropriate internal stakeholders when needed to discuss external and internal issues that may impact the company (as it relates to the EMS), as well as needs and expectations of all stakeholders. Otherwise, the EarthView team will hold chief responsibility in addressing and/or delegating responsibility for our compliance objectives and implementation of the EarthView program.

Environmental Management System

Hersha has established and implemented an EMS to create short and long-term value for Hersha's business and stakeholders through a triple-bottom-line strategy. Our EMS is versatile, maintained, and continually improved. Our EMS is the structure in which we continue to develop and iterate upon our proprietary EarthView program, a platform that plans for, implements, and monitors all of our sustainability initiatives.

LEADERSHIP

Leadership Commitment & Environmental Policy

Senior management and executives demonstrate leadership and commitment to the EMS and its overall environmental policy, as well as its underlying objectives and initiatives. Our environmental policy falls under three categories, environmental, social, and governance, and includes:

- Environmental
 - Commitment to protecting the environment and using natural resources (energy and water) more efficiently – including investment in efficiency and green buildings for both existing and newly acquired buildings, and requirement for our hotel operators to implement sustainability guidelines and practices as outlined in EarthView’s Implementation Guide
 - Commitment to protecting our natural spaces by not developing in greenfield properties and remediating urban brownfield sites (as applicable); if we were to develop greenfield properties, we would only develop green-certified properties in those greenfield areas
 - Commitment to reducing emissions and production of waste
 - Commitment to raising awareness internally and externally around environmental sustainability
 - Commitment to monitoring environmental performance in our operations
 - Commitment to regularly report on environmental issues to stakeholders and consult with stakeholders as needed
- Social
 - Commitment to uphold our Code of Conduct – including the following non-exhaustive list of policies around human rights, labor rights, inclusion, anti-discrimination, anti-harassment, business ethics, workplace safety, etc. Hersha’s Code of Conduct can be found on our website www.hersha.com
- Governance
 - Commitment to promote our values of integrity and transparency in regular engagement with stakeholders, including investors and associates

Organizational Roles & Responsibilities

The EarthView team, consisting of the Director of Sustainability and Senior Sustainability Analyst, report directly to the CEO. Their assigned roles and responsibilities include:

- Identifying and executing new strategies for increasing investments in sustainability in existing buildings as well as promoting sustainability-focused corporate operations, and achieving company’s environmental targets
- Assessing the cost-effectiveness of (and implementation of) small- and large-scale projects and programs
- Enhancing the company’s process for collecting sustainability performance information (including environmental performance records), and communicating performance with senior management
- Promoting internal and external communication on environmental management issues and sharing “best practices”
- Developing EMS training and awareness programs for associates
- Following new regulatory requirements and advising regulators to make new requirements meaningful
- Iterating upon the EMS in response to feedback from stakeholders

This EMS is reportable directly to the CEO. Though the EarthView team is the point-person on initiatives encompassed by this EMS, many EMS initiatives are integrated into other parts of the business, and thus the

EarthView team works with various departments to provide feedback and facilitate communication with other relevant parties. Other businesses that are involved in sustainability issues include, but are not limited to:

- Asset management
- Investor relations
- Acquisitions
- Capital expenditures
- Human resources
- On-property management (GMs, Engineers, Associates, etc.)

PLANNING

Actions to Address Risks and Opportunities

Hersha subscribes to the precautionary principle, which means we proactively manage potential EMS risks, including those related to climate change. Thus, we regularly assess environmental risks and opportunities and brings pertinent issues to the attention of senior leadership. This process consists of the following stages: Plan-Do-Check-Act

Step 1: Plan

- Throughout the year, the corporate EarthView team assesses opportunities to increase efficiencies that will reduce utility usage and greenhouse gas emissions, track environmental risks and opportunities, and monitor regulatory compliance as it relates to environmental sustainability (e.g. benchmarking laws, energy audit ordinances, recycling requirements, etc.)
- We identify opportunities and risks through market research, tracking of sustainability trends, participation in industry events, and discussions with industry peers. We also subscribe to local regulatory updates and encourage other Hersha associates to send information relating to environmental regulation to the corporate EarthView team.
- Following identification of opportunities and risks, we prioritize the most material risks and regulatory issues, and focus on opportunities with high ROI and/or revenue generation and large environmental impact.

Step 2: Do

- After identifying the largest opportunities, risks, and regulatory issues, the EarthView team conducts in-depth, data-driven analyses of the topic and discusses it with senior leadership, including Hersha's Chief Accounting Officer. As appropriate, inclusion of identified topics into Hersha's enterprise-level risks and opportunities assessment model are also discussed.
 - Note: The environmental section of our corporate risk assessment model assesses the significance of environmental aspects and their corresponding risks and opportunities to our business (e.g. financial, operational, etc.)
- Following approval from senior leadership, opportunities and mitigation of risk are implemented in coordination with relevant departments and stakeholders; logistical steps may differ by opportunity/project, though training and additional resources are provided to ensure adherence to project standards.
- Any identified compliance changes are added to Hersha's internal environmental compliance and regulation tracking sheet, including deadlines and properties affected

Step 3: Check & Act

- Following implementation of project, EarthView team monitors projects to ensure full opportunity has been captured or risk mitigated. This is done by re-running analyses conducted in “Do” stage to quantify the amount of risk averted or opportunity gained as a result of the solution, and working with the appropriate stakeholders and departments to make modifications as needed.
- Assessment of the implementation process is also reviewed to determine if there are any necessary changes to be made to the EMS

Environmental Objectives & Planning to Achieve Them

Hersha’s overall environmental policy is to develop initiatives that create short and long-term value for Hersha’s business and stakeholders in a way that:

- Reduces our impact on the environment, in line with Paris Agreement targets and recent reports from the Intergovernmental Panel on Climate, to keep global temperatures below 1.5 degrees Celsius
- Enhances and strengthens our communities, in line with the UN Sustainable Development Goals

From this, Hersha’s goal is to leverage a triple-bottom-line strategy through the EarthView program to increase financial savings, while reducing the environmental impact of our portfolio-wide operations. Our environmental objectives are to reduce our environmental footprint in the area of energy, greenhouse gas emissions, water, and waste. To that end Hersha has committed to developing a science-based target for greenhouse gas emissions.

These environmental targets, when developed, will be monitored throughout the year by the EarthView team, with progress on environmental performance communicated internally and externally once a year through Hersha’s annual sustainability report. The targets will be updated as appropriate.

Our strategy for achieving these environmental objectives are reviewed and regularly updated every quarter by the EarthView team and the CFO. The EarthView team has created a rolling 2-year timeline for when we plan to implement initiatives that will achieve our overall environmental objectives.

Each category contains specific initiatives and are attached to a measure in order to monitor and demonstrate progression and achievement within these categories. As each category is designed to be fully integrated into Hersha’s existing business processes, the EarthView team facilitates dialogue with relevant departments and draws on internal resources as needed.

SUPPORT

Resources & Competence

The EarthView team is the key resource for implementing Hersha’s EMS to in turn support the goals of the EarthView program. This team is made up of internally hired individuals as described in the section entitled *Organizational Roles and Responsibilities*. These individuals are vetted to have the necessary environmental competence, experience, and training to fulfill their obligations to Hersha’s EMS and overall environmental goals. Additional resources include access to internal documents and senior leadership across the organization, as well as access to corporate-wide research tools and news outlets.

Awareness

Given the entirety of Hersha's EMS and EarthView program are driven by the EarthView team, they are acutely aware of Hersha's environmental goals, policies, and strategies, as well as the impact of achieving our environmental objectives and implications of deviating from the EMS as outlined here.

Communication

Hersha formally reports on the progression towards its environmental targets and highlights implemented initiatives on an annual basis to internal and external stakeholders. See section entitled *Needs and Expectations of Stakeholders* for a full list of relevant stakeholders. This communication is facilitated through our web-based EarthView annual report, as well as incorporated into Hersha Hospitality Trust's corporate annual report and shared through email and our website. The EarthView team also facilitates informal communications with internal and external stakeholders to share Hersha's environmental performance and new initiatives.

Documented Information

All documents relevant to Hersha's EMS and EarthView program are documented and retained in a consolidated folder within Hersha's internal filing database. These documents are adequately protected in our internal servers and backed-up on Hersha's cloud. Hersha also uses platforms run by external vendors that contain documented information integral to the EMS. All corporate EarthView team members have access to these platforms and have contact information for the account representatives responsible for Hersha's data.

OPERATION

Operational Planning and Control

Hersha is implementing, controlling, and maintaining the established methods outlined above to meet EMS requirements and to make progress towards environmental objectives. All steps of the operational EMS process are planned and facilitated by the EarthView team. Any operational EMS processes that overlap with processes currently in place in other departments or at the property level are integrated to ensure seamless implementation of EarthView program initiatives. Requirements for the implementation of EarthView initiatives include supporting evidence that demonstrates the financial and environmental impact and value from initiative implementation.

Any outsourced processes or ones that are managed by external suppliers are monitored through our supplier environmental practices, with regular discussions to ensure external parties and processes are consistent with providing both financial and environmental value to the company. To that end, we work closely with our distributors, purchasing group, and management companies to ensure our suppliers operate in an environmentally sustainable matter and provide environmentally sustainable products.

PERFORMANCE EVALUATION

Monitoring, Measurement, Analysis, and Evaluation

Environmental performance for any actions described in the section titled *Planning* are monitored on a quarterly basis. Property-specific environmental performance and portfolio-wide opportunity captured and/or the risk averted

are monitored and measured using utility bills, internal and external audit results, and property feedback, among other information. Environmental performance is measured against estimated expectations of environmental performance conducted prior to implementation of a particular project. Results are rolled-up annually into financial and environmental savings data points to be shared in Hersha's annual sustainability report.

Internal Audits

Internal audits, including property compliance to the EarthView program's initiatives, are conducted for each property once a year. Audits are conducted by Hersha's internal audit team. For any audit not in full compliance with our EMS, an action plan is created to ensure the EarthView program initiative is properly implemented. These audit results are sent to the EarthView team, outlining how each property performed against pre-determined environmental compliance metrics and what the property's action plan for compliance is.

Management Review

The corporate EarthView team meets with senior management once a quarter to review the EMS and the initiatives in the EarthView program. These review sessions provide senior leadership with status updates on the risks avoided, opportunities captured, and other actions made regarding environmental actions described in section titled *Planning*. They will also provide an opportunity to provide overall updates on the EarthView Strategic Plan for the next five years and propose changes and resources needed to achieve this plan and its corresponding goals. The outputs of these reviews inform if any further changes need to be made to the EMS and the EarthView program, and if so, what those actions need to be.

IMPROVEMENT

If a non-conformity occurs in the EMS and its related processes, the EarthView team will immediately conduct analysis on what happened, what the consequences are, and how this nonconformity can be corrected. Once a solution has been identified, we will discuss the solution with senior management and relevant stakeholders, and implement any needed action. A few months after the corrective action has been implemented (timing will depend on the scope and extent of the corrective action), the EarthView team will follow up and monitor the action to ensure that it is effective. The EarthView team will then make any changes to the EMS if necessary. Hersha will continually improve effectiveness of the EMS to advance and enhance Hersha's environmental performance.