

2018 HERSHA EARTHVIEW SUSTAINABILITY REPORT

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 associates, our communities, and our planet.

In this report, we are pleased to share our impact in 2018 and our support of global environmental, social, and governance (ESG) efforts.

Sanctuary Beach Resort, Monterey, CA

2018 AT A GLANCE (HERSHA'S MATERIAL ESG TOPICS)

FINANCIAL IMPACT



\$65 million

increase in portfolio value attributed to EarthView



50 bps

impact to EBITDA margin as utilities are one of the highest controllable operating expenses in our portfolio



2.5 year

average payback period for our efficiency investments



\$11 million

in EarthView savings since inception

ENVIRONMENTAL IMPACT



Energy Reduction

15%

per square foot vs 2010



GHG Reduction

41%

per square foot vs 2010



Water Reduction

3%

per square foot vs 2010



Waste Diversion

25%

in 2018

SOCIAL IMPACT



Gender Diversity

45% of our workforce is women and 55% is men



17,150 hours volunteered in our local communities since 2015



270 unique non-profits assisted since 2017



\$440,000 raised for autism awareness since 2015



\$200,000+ raised from the sale of EarthView Water since 2014, providing clean water for communities in need around the world



500,000 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

Number of Independent Directors

4

Board Meetings Held in 2018

50%

Women and Minority Board Members

Yes

Separate Chair and CEO

Yes

Independent Chair

Yes

Proxy Access

Yes

Code of Conduct for Directors & Executive Officers

Our comprehensive, updated 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

We recognize climate phenomenon may have an impact on our portfolio...

...and regularly review the prevalence of environmental risks as part of Hersha's enterprise risk model assessment, reviewed by our executives and Board of Trustees.

Flood Risk NOAA Hazard Score
(1-10, 1=low risk)

Average portfolio risk of **1.3** vs. 2.8 average risk for US Lodging REITs*

*NOAA = National Oceanic Atmospheric Administration, Morgan Stanley Flood Risk Report 3/2019

SUSTAINABLE DEVELOPMENT GOALS: PRIORITIES

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



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 to address the global challenges we face including those related to poverty, inequality, and climate change, by 2030

ABOUT THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), developed by the United Nations, are a framework for achieving sustainability at a global level 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.

AWARDS & RECOGNITION

Hersha has been recognized for our approach to driving positive environmental and community impact, both at a local and global scale. Highlighted are a few of the awards we received in 2018.



Global Real Estate Sustainability Benchmark Ranking – Ranking within the Top 10% of 874 GRESB participants



EarthView – 2018 Adrian Award for Corporate Social Responsibility by the Hospitality Sales & Marketing Association International (HSMAI)



Jay H. Shah – Hotelier of the World by HOTELS Magazine



Hersha's United Way Campaign – 2018 United Way's "Best Of" Award



Hyatt Union Square – Sustainability Strategy Award by the Hotel Association of NYC




2018 BEST PLACES TO WORK
Hersha – Best Place to Work by the Philadelphia Business Journal



Over the past few years, we have also been recognized four times as winner of NAREIT's Leader in the Light in the Lodging & Resorts sector for superior sustainability practices.

MESSAGE FROM CEO JAY H. SHAH



Dear Fellow Stakeholders,

We created the EarthView program in 2010 to provide positive financial returns through sustainable initiatives and to further our environmental and community stewardship, areas we consider a part of our core responsibilities. Now having completed its eighth year, generating positive impact on our financial bottom line, our planet, and our communities, our EarthView program has once again demonstrated that a triple-bottom-line approach works.

This year, we received the 2018 Adrian Award for Corporate Social Responsibility by the Hospitality Sales & Marketing Association International (HSMAI) – a global hospitality industry organization with 7,000 members across 35 countries. This award recognizes companies that are leaders in environmental impact, associate relations, and community support.

2018 was transformative for our Company as we completed our asset recycling campaign and repositioned and renovated many of our hotels to unlock their long-term growth potential. After four years of disruption from portfolio recycling, Hurricane Irma related closures, and significant capital investment, we are keenly focused on executing our business plan to generate meaningful EBITDA growth. Performance for our portfolio at the end of 2018 displayed the earnings potential of our hotels.

Over the past year we aligned our sustainability-focused priorities and achievements with global efforts. This includes framing our priorities using the United Nations' Sustainable Development Goals, reporting our environmental metrics using the gold-standard Greenhouse Gas Protocol methodology, and committing to setting internationally recognized Science-Based Targets. In this report, we share the extent of our impact and opportunities for us to continue building on Hersha's success, and also building a more inclusive, equitable, and sustainable world.

Looking forward, we will continue to be strategic with our use of resources and provide environmental, social, and governance (ESG) solutions for all of our stakeholders. We are also encouraged by the growing awareness of ESG amongst our peers and the lodging community. The triple-bottom-line spirit as well as stalwart commitments to innovation are inspiring and I am proud of our associates' many accomplishments in this area. I am excited to push boundaries and create value for our stakeholders both for today and for the future.

Thank you for taking the time to read our report.

Jay H. Shah
Chief Executive Officer
Hersha Hospitality Trust



FINANCIAL IMPACT

We have demonstrated that being active stewards of our environment and our communities makes good business sense. Through EarthView's many initiatives, we have been able to drive reductions in operating expenses and increase the value of our real estate.

To date, EarthView's initiatives have created for Hersha:



\$65 million

increase in portfolio value attributed to EarthView



50 bps impact to

EBITDA margin as utilities are one of the highest controllable operating expenses in our portfolio



2.5 year

average payback period for our efficiency investments



\$11 million

in EarthView savings since inception



4-time winner

of NAREIT's Leader in the Light Award for Sustainable Real Estate Practices



Top 10%

Ranking out of 874 participants for the Global Real Estate Sustainability Benchmark (GRESB)

EARTHVIEW'S STRATEGY

EarthView is wholly integrated into Hersha's business strategy.

Executives and senior leadership across departments are actively involved in ensuring we continue driving financial value, environmental stewardship, and social impact as a whole, cohesive organization. Measures that increase energy and water efficiency in particular lead to those hotels having higher margins, stronger net operating income (NOI), and ultimately increased long-term valuations.



Proposed initiatives undergo a rigorous analytical process to ensure they:

- Demonstrate a positive short-term return on investment
- Reduce costs, mainly through utilities and waste as they are one of our portfolio's largest controllable operating expenses
- Improve wellness and levels of engagement for our communities and associates

Engagement with external stakeholders:

- EarthView's continued success and influence at Hersha is in part due to our commitment to engaging with our key external stakeholders as well.
- These include investors, community partners, and the cities in which we operate.
- We proactively embrace their thoughts, feedback, and suggestions for driving not just value at Hersha, but also best practices and future opportunities for our entire industry.



To learn more about how EarthView is structured and managed, please refer to our ["Environmental Management System"](#) document on our Hersha website.

Nareit ESG forum

We attended NAREIT's most recent ESG Forum 2019 in Bonita Springs, Florida to discuss industry trends, pressing issues, and ideas for how to act on these opportunities.



DRIVING VALUE & EXPERIENCES THROUGH INNOVATION

We have a history of going above and beyond, of capitalizing on innovative opportunities that create both operational savings and long-term value.

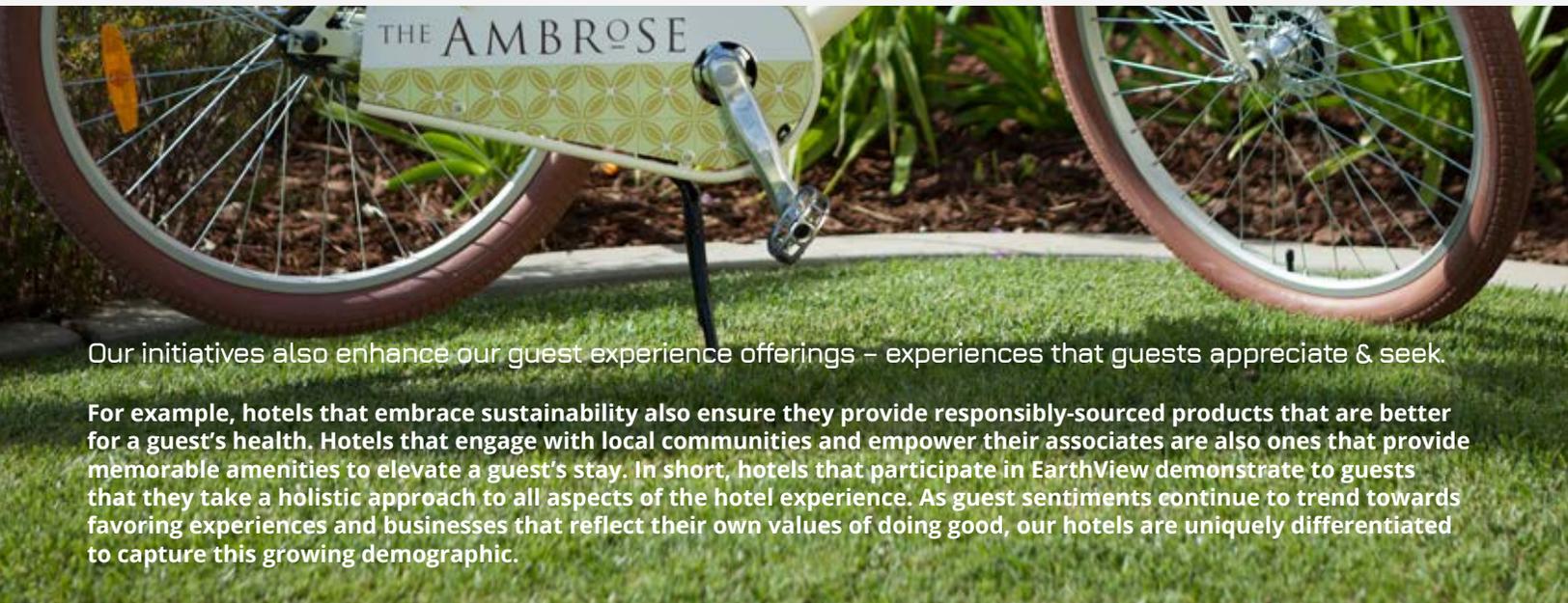
EarthView initiatives alleviate the pressure of increasing labor costs, taxes, and insurance by contributing directly to margins. Every \$1 of savings from reduced energy and water usage, and lower waste production flows directly to the bottom line.

Savings from LEDs and Guestroom Energy Management Systems

LED lighting and guestroom energy management systems installed across the portfolio over the last 4 years have significantly reduced expenses and saved our hotels over \$2,000,000 annually in utility costs.

Hotel-specific pilots

Hotel-specific pilots testing efficient technologies that reduce utility use in our bathrooms, laundry systems, and kitchens will provide significant additional savings opportunities.



Our initiatives also enhance our guest experience offerings – experiences that guests appreciate & seek.

For example, hotels that embrace sustainability also ensure they provide responsibly-sourced products that are better for a guest's health. Hotels that engage with local communities and empower their associates are also ones that provide memorable amenities to elevate a guest's stay. In short, hotels that participate in EarthView demonstrate to guests that they take a holistic approach to all aspects of the hotel experience. As guest sentiments continue to trend towards favoring experiences and businesses that reflect their own values of doing good, our hotels are uniquely differentiated to capture this growing demographic.

Amenities we provide at many of our hotels that improve our guests' experiences include:



Energy-efficient lighting and thermostat technology



In-room recycling programs



Locally sourced food items



Complimentary bike rentals



Complimentary high-tech fitness equipment

Furthermore, through EarthView, we provide environmental information to the increasing number of corporate and group guests looking to reduce their environmental footprints while traveling to, staying at, or holding meetings at our hotels. For instance, for meeting events, we provide tap water in glass bottles, when we can, rather than bottled water to reduce the amount of plastic used.



ENVIRONMENTAL IMPACT

As a hotel company, we rely on nature’s resources in our day-to-day operations – from energy to light our lobbies and heat our rooms, to water for our showers, spas, and restaurants. As our business grows, we utilize our platform as leaders in our communities and hosts of millions of guests annually to ensure we are creating a society that we all want to live in. Thus, we believe responsible stewardship of resources through our supply chain is not only essential for the continuing growth of our business, but also imperative for the long-term health, safety, and prosperity of the planet.

SDG PRIORITIES: ENVIRONMENTAL

Efficient Buildings & Operations



Increase water efficiency in our buildings and reduce overall water usage



Increase energy efficiency in our buildings and reduce overall energy consumption



Reduce waste generation

Renewable Energy Strategy



Pursue and invest on expanding renewable energy strategy

REDUCING ENVIRONMENTAL IMPACT

Since we launched EarthView in 2010, we have tracked our energy and water consumption, waste production, and greenhouse gas emissions. This allows us to better manage our impact and identify opportunities to continually improve the impact of our operations - becoming better stewards of the environment.

In 2018, we updated our methodology for reporting our environmental impact to be more closely aligned with emerging global standards via the Greenhouse Gas Protocol. In doing so, we can better align with global efforts toward reducing environmental impact and reporting standardized environmental metrics. To that end, we are proud to announce that Hershpa has also committed to developing a science-based target for our carbon emissions within the next year.



About Science-Based Targets

Science-based targets provide businesses with the opportunity to align their emissions targets to our global carbon budget, to ensure that the organization's emissions reductions are enough to help limit global temperatures to 2°C (versus 1°C currently) above pre-industrial levels.

The Science-Based Targets Initiative then verifies these targets to ensure they are indeed aligned with reductions needed to stay within the global carbon budget.



2018 Results:



15% Energy Reduction
per square foot vs 2010



41% GHG Reduction
per square foot vs 2010

ENERGY METRICS IN 2018

Like-for-like change in energy intensity (per square foot)	15% reduction per square foot vs. 2010 baseline
Total energy consumption data coverage*	100% data coverage
Total energy consumption*	414,462,773 kBtu
Energy intensity per square foot*	88 kBtu per square foot
Total electric consumption*	66,508 MWh
Percent of total electric consumption is renewable	0.2% of our total electric consumption is renewable in addition to what we purchase from the grid
Total electricity generated from renewable sources	150 MWh (all generated from on-site solar)
Like-for-like change in energy intensity (per occupied room)	19% per occupied room vs. 2010 baseline

*Data third-party verified by LRQA



3% Water Reduction
per square foot vs 2010

WATER METRICS IN 2018

Like-for-like change in water intensity (per square foot)	3% reduction per square foot vs. 2010 baseline
Total water consumption data coverage*	100% data coverage
Total water consumption*	265,798 kGal
Water intensity per square foot*	0.057 kGal per square foot
Like-for-like change in water intensity (per occupied room)	13% per occupied room vs. 2010 baseline

*Data third-party verified by LRQA

Our numbers are reported consistent with the Greenhouse Gas Protocol methodology.

GREENHOUSE GAS EMISSIONS METRICS IN 2018

Like-for-like change in emissions intensity (per square foot)	41% reduction per square foot vs. 2010 baseline
Total GHG emissions*	31,853 metric tonnes (CO2 equivalent)
Total Scope 1 emissions*	9,193 metric tonnes (CO2 equivalent)
Total Scope 2 emissions*	22,660 metric tonnes (CO2 equivalent)
GHG intensity per square foot*	0.007 metric tonnes per square foot
Like-for-like change in GHG intensity (per occupied room)	38% per occupied room vs. 2010 baseline

*Data third-party verified by LRQA

Note: We are not subject to any regulatory reporting program requiring the disclosure of Scope 1 emissions.



25% Waste Diversion
in 2018

WASTE METRICS IN 2018

Waste diversion	25% waste diversion in 2018
Total waste production data coverage*	94% data coverage
Total waste production*	4,664 US tons
Total waste composted*	150 US tons
Total waste recycled*	580 US tons
Total waste converted to energy*	140 US tons
Total waste incinerated*	288 US tons
Total waste sent to landfill*	3,506 US tons

*Data third-party verified by LRQA

Notes: All waste produced is non-hazardous. Total waste production is from regular operations; amounts do not include waste produced from major renovations.

EFFICIENT BUILDINGS & OPERATIONS

According to the UN Global Alliance for Buildings and Construction, buildings in the US account for 39% of energy-related CO2 emissions. We strive to make our buildings and operations run as effectively as possible by implementing initiatives and programs that make our hotels more efficient and sustainable.

We also establish local partnerships with non-profits, local governments, and other businesses to help support environmental efforts within our local communities. For instance, we are also an active member of NAREIT's Sustainability Committee, Philadelphia 2030 District, GRESB, and other peer groups.



75%+ of our hotels

have submitted their energy usage to local cities or states



15% of our hotels

have been awarded a third party building certification such as LEED or Energy Star in the past 5 years

Projects: We remain committed to ensuring our buildings operate efficiently, and will strive for green building certification as the opportunity arises, such as LEED or EnergyStar.



LED Lighting

LEDs have been installed at over 95% of our hotels, and continue to be purchased and installed as our hotels are being renovated. LEDs are much more efficient than incandescent and florescent lighting, and have much longer lifespans.



Guestroom EMS

Installation of guestroom EMS at our hotels started in 2015 and has been ongoing with implementation at all new acquisitions. Guestroom EMS are programmed to reduce energy consumption while rooms are unrented or unoccupied, saving our hotels 25-30% in heating and cooling costs.



Laundry Water-Reuse System

For our hotels with on-site laundry, washers consume a significant amount of water every year. In November 2018, we installed a laundry-water reuse system at the Courtyard San Diego that reduces our water consumption from laundry cycles by 80%. We are evaluating opportunities to install this system at our other hotels.



Non-Plastic Straws and Stirrers

Plastic straws and stirrers are too small and lightweight to recycle in many municipalities, take thousands of years to biodegrade, and often get lost during the waste disposal process due to their light weight. This plastic litters our oceans and can be accidentally consumed by wildlife. Thus, in August 2018, all Hersha hotels discontinued use of plastic straws and stirrers, and replaced them with paper straws and wooden stirrers. Over the course of a year, we will avoid using over 4 million pieces of plastic straws and stirrers.

RENEWABLE ENERGY STRATEGY

We believe renewable energy is the way of the future. With the challenging impact of greenhouse gases and climate change increasing, it is imperative for us to transition to an economy run on clean energy. For Hersha, this means sourcing clean, renewable energy to power and light our hotels.

Currently, we have on-site solar installed at our Residence Inn Coconut Grove. This solar array generates 150 MW of electricity per year. In coming years, we plan to increase our portfolio's mix of renewable energy by exploring additional on-site installations and off-site options.





SOCIAL IMPACT

Community, in its many forms, is at the center of Hersha. We strive to not only serve our guests, but also to serve our neighborhoods and our associates. Hersha’s founders have always led by the belief that there is no greater dignity than that found in service, and even now, social responsibility as well as both internal and external community engagement is an integral part of Hersha’s identity.

SDG PRIORITIES: SOCIAL

Having a Local & Global Impact



Provide access to safe and affordable drinking water, as we believe access to clean water is a fundamental human right



Facilitate access to sanitation and hygiene



Support partners providing access to education as we believe obtaining quality education is the foundation for improving lives



Engage in public-private partnerships to support our communities

Supporting Our Associates



Facilitate an inclusive, safe, open, and understanding work environment



Provide opportunities for empowerment and professional development



Demonstrate appreciation for our associates



Embrace health and wellness of our associates and our guests

OVERVIEW OF SOCIAL METRICS



17,150 hours volunteered in our local communities since 2015



270 unique non-profits assisted since 2017



\$440,000 raised for autism awareness since 2015



\$200,000+ raised from the sale of EarthView Water since 2014, providing clean water for communities in need around the world



500,000 new bars of sanitized and repackaged soap sent to developing nations since 2011

HAVING A LOCAL AND GLOBAL IMPACT



Held and participated in **200+ events** in 2018

The core of hospitality is the care and service of people. To us, this extends to our guests as well as into serving our local and global communities. "Hearts that Serve" is in fact one of our core values and reflects our long tradition of community stewardship.

Our community efforts extend to the creation of a corporate philanthropy strategy managed by a formal Giving Committee.

About the Hersha Giving Committee

Through the Hersha Giving Committee, we support high-impact, non-profit organizations in our communities. This Committee is the strategic agent behind partnerships with the Philadelphia Art Museum, Green Building United, United Way, and Autism Speaks, along with many other local organizations. The Committee meets regularly to identify opportunities in the fields of community stewardship, education, art, and hospitality.

Our Local Impact

Our hotels are tightly linked to the communities in which they operate – stronger, more vibrant communities in turn support our hotels. Thus, we encourage our associates to proactively serve their communities, and they do so with much enthusiasm. Their involvement includes charity walks, collecting donations for food drives, and mentoring students interested in the hospitality industry. We are proud of our associates for modeling Hersha’s values and being positive forces in their communities. In 2018 alone, our hotels and corporate offices held and participated in over 200 events. Below are a few examples highlighting their efforts:



Our Florida Hotels: In partnership with Clean the World, the teams assembled and shipped hygiene kits to families in the Florida Panhandle affected by Hurricane Michael. These hygiene kits, which contain basic hygiene essentials (soap, shampoo, washcloths, toothbrushes, etc.), are in great need for relief support.



Annapolis Waterfront Hotel: Associates at the Annapolis Waterfront Hotel volunteered for Green Annapolis to make Annapolis’ 73rd Annual Crabfest a Zero Waste event. Supporting and educating 2,500-3,000 attendees, the team participated in setting and clearing plates, educating attendees on what items should be recycled or composted, and properly disposing of crab waste.

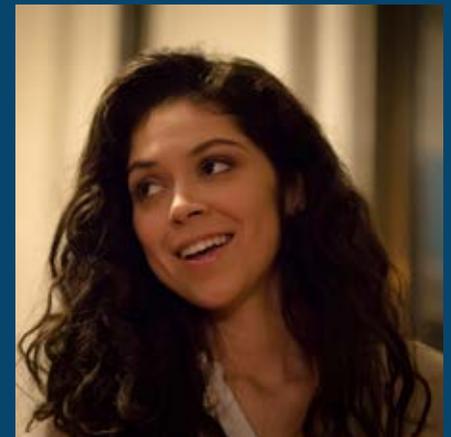


NY Corporate Office: Associates at our New York corporate office volunteered at the NY Public Library to help local seniors explore and sharpen a variety of computer skills. For instance, one associate taught a woman how to set up email folders and manage her junk emails to better organize and increase the functionality of her inbox.

GET TO KNOW THE TEAM

Natalie Fisk, Assistant General Manager at NU Hotel, Brooklyn NY

Natalie has been with Hersha for five years and in that time has been the force behind the strong relationship NU Hotel has with the local Brooklyn art community. Through her involvement with the Gowanus Swim Society – a Brooklyn-based art collective – she has been able to engage the creative community directly and give our guests something unique to remember during their stay. One of Natalie’s projects has been to invite local artists to paint murals in our guest rooms and host shows in the lobby and gallery. In her words, “We give our guests the opportunity to experience the culture of Brooklyn right within our hotel”.



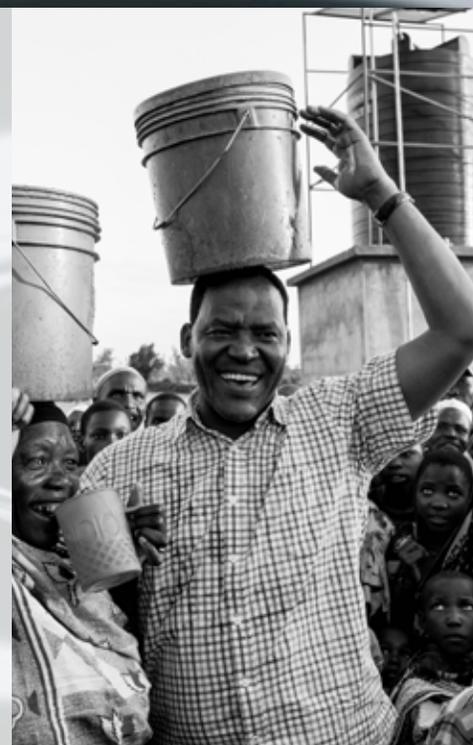
Our Global Impact

We recognize that in this globalized age, we are able to be a positive force, not just for our local communities, but also for those communities in which we do not directly operate. As such, we engage in partnerships that can help us make the greatest impact – particularly in the areas of clean water and sanitation.



PROVIDING ACCESS TO CLEAN WATER

- **We Care Because:** One in ten people globally lack access to safe drinking water. To us, access to clean water is a fundamental human right, and so we strive to provide clean, drinkable water to those in need around the world through our EarthView Water Program.
- **Our Solution:** EarthView Water is a privately labeled water bottle made from 100% recycled materials and sold at our hotels. For each bottle purchased, we donate \$1 to help bring water to those in need.
- **2018 Update:** In 2018, we launched our #LetsDoGood campaign to support Waterboys.org – the goal is to raise enough money to fund a Hersha Well in Tanzania. Our first well will be funded by mid-2019. This well will be able to bring life-sustaining water to 7,500 people.
- **About Waterboys.org:** Waterboys is an initiative founded by Chris Long – Superbowl-winning defensive end for the Philadelphia Eagles – 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 there is unsafe drinking water or community members need to walk miles per day to retrieve water.



PROVIDING IMPROVED SANITATION

- **We Care Because:** Around the world, there are communities where two of the top five leading causes of death are hygiene-related disease, particularly in children. At the same time, hotels dispose of an overwhelming amount of single-use soaps every day. We recognized a jarring gap here and addressed this by partnering with Clean the World.
- **Our Solution:** Our partnership with Clean the World gives our soaps a second life instead of being thrown in the trash, to be re-used by communities who are in need of hygiene-related products. Our hotel associates collect and send partially used soaps to Clean the World. Clean the World then sanitizes these items, repackages them, and then distributes new bars of soap to communities in need.
- **2018 Update:** Since 2011, our hotel donations have created and distributed 500,000 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 other hotel companies also partnering with Clean the World to recycle and send soaps to those in need.

SUPPORTING OUR ASSOCIATES

We believe our people are our strongest asset. In our values, we highlight “People Are Our Capability” and have seen time and time again how engaged associates make for a more vibrant, innovative, and motivated workforce. Their drive and creativity are the soul behind the growth and continued success of Hersha as a whole. As such, we strive to facilitate a welcoming and inclusive environment, provide development opportunities, as well as actively demonstrate our genuine appreciation for our associates.

Our Work Environment

We believe it is imperative to provide our associates with an inclusive, safe, and open work environment. Thus, we have developed robust human rights and labor policies that condemn discrimination, embrace diversity and inclusion, and outline reporting mechanisms for assault or harassment.



Gender Diversity

45% of our workforce is women and **55%** is men



Ethnic Diversity

27% of our workforce identifies as a member of a minority group



Age Diversity

22% of our workforce is under the age of 30, while **67%** of our workforce is between 30 and 50

We also recognize that our associates lead full lives outside of Hersha and so provide benefits that allow them to have a healthy work-life balance – including health insurance, a retirement plan, paid time off, family and medical leave, and a lodging discount program, among others.

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

Professional Development and Opportunities

When our associates join Hersha, we strive to foster their ambitions and nurture them to become our future leaders. Thus, we provide our associates with numerous opportunities for advancement and personal growth. A few of these opportunities include:



Supporting annual three-day workshops to provide technical and development trainings to general managers (GMs) and key corporate leaders



Facilitating specialized leadership development trainings for rising managers – in fact, around 40% of our GMs were promoted to their positions internally



Providing yearly stipends for associates interested in further education, either through in-person or online classes

GET TO KNOW THE TEAM

Kathleen Flanary, General Manager at The Boxer Hotel, Boston, MA

Kathleen is a passionate leader that aims to drive adoption of sustainable practices and support our communities. She is on the Board of Directors for her local neighborhood association in the West End of Boston, and attends meetings to voice her support for sustainability initiatives being implemented in the City of Boston – from plastic bag bans to more bike lanes for the community. Through her leadership, she empowers her team at the Boxer to embrace and lead sustainability efforts. They have been able to quickly roll out new initiatives, for instance doubling the amount they recycle. In 2018, Kathleen was recognized with the EarthView Award, given to the team member who truly embodies EarthView's goals.



Associate Appreciation

Hersha would not be the success it is today without our dedicated, inspiring associates. We value all our associates and consciously foster a culture of appreciation to ensure they feel recognized for all that they do for our company, our collective environment, and our communities. Our senior hotel leaders take appreciation seriously and have proactively created their own initiatives to regularly recognize their associates.



Hyatt House White Plains

Every month, the Hyatt House White Plains highlights one (or a few) associates as “Associates of the Month”. In December 2018, the Hyatt House White Plains team recognized three breakfast attendants for going above and beyond in their dedication, customer service, and genuine smiles when opening up the hotel’s new “H Bar”.



Hotels across the country

Every year, senior leaders organize activities and events around International Housekeeping Week to recognize their housekeeping teams for all the hard work they put into ensuring guests are greeted with spotless, fresh rooms when they check-in. Pictured is the team at Capitol Hill Hotel, celebrating as Hersha’s Housekeeping Week Champions in 2018.

EMBRACING HEALTH AND WELLNESS

We believe that a large part of creating a great place to work, as well as designing a comfortable destination to stay, is focusing on promoting the health and wellness of our associates and our guests.



For our associates, we strive to foster opportunities for social interaction and connection. We see Hersha not as just a workplace, but as its own community; a place where associates feel they are part of the larger Hersha family. As such, senior leaders across the company regularly host team events, sponsor team outings, and celebrate each other's important milestones. In our offices and hotels, we also support wellness initiatives spearheaded by our associates, including providing fresh fruit and access to stress management and healthy living programs.

Because of our efforts, our corporate Philadelphia office has been recognized as "Best Place to Work" by the Philadelphia Business Journal for two consecutive years.

At our corporate Philadelphia office, we have partnered with Simply Good Jars, a local food startup, to provide associates with access to nutritious, healthy organic salad options throughout the week. For every meal purchased, a meal is donated to an individual in need.

For our guests, we provide programs that enable them to maintain their daily wellness routines, even while they're traveling, through offerings such as healthy locally sourced food items and complimentary bike rentals. We see each of our hotels as an oasis whose purpose is to recharge and refresh our guests both mentally and physically after a long day of work or play.



GOVERNANCE & RESILIENCY

GOVERNANCE

We believe governance is more than simply balancing the interests of a company's many stakeholders and attaining our company's financial objectives. We believe it is imperative for governance at Hersha to be conducted in a transparent, responsible manner, with full integrity, a constant commitment to ethical business practices, and reinforcement of good citizenship and community involvement. We believe this strong corporate governance foundation is key for Hersha to continue performing at the highest level and driving growth - today and for years to come.

For more information on Hersha's governance practices, please [download our Governance documents](#) on our Hersha website.

Our Values Embody the Roots of Good Governance

One of our Hersha values is "Own It" which means we do the right thing; we keep our promises and act with integrity. Furthermore, everyone is accountable and shares outcomes honestly and directly.

Board of Trustees and Governance Information

8

Size of Board at Hersha

6

Number of
Independent Directors

4

Board Meetings Held
in 2018

50%

Women and Minority
Board Members

Yes

Separate Chair and
CEO

Yes

Independent Chair

Yes

Proxy Access

Yes

Code of Conduct for
Directors
& Executive Officers

RESILIENCY

The impact of climate phenomenon including potential hurricanes, flooding, wildfires, and water stress are real climate risks that we recognize may have an impact on our portfolio. Recent reports on climate change by the Intergovernmental Panel on Climate Change (IPCC) and the US Global Change Research Program (USGCRP), point toward the impacts of climate change on all people and businesses across all sectors.

SDG Priorities:



Climate change is a global challenge that affects everyone



About the IPCC Special Report on Global Warming

- Published October 2018
- Describes the impacts of a 1.5°C increase in global temperature from pre-industrial levels, and the exasperation of extreme weather, rising sea levels, etc. if global temperatures were to increase by 2°C
- Currently global temperatures are over 1°C higher than pre-industrial levels



About the USGCRP Fourth Climate Assessment, Volume II

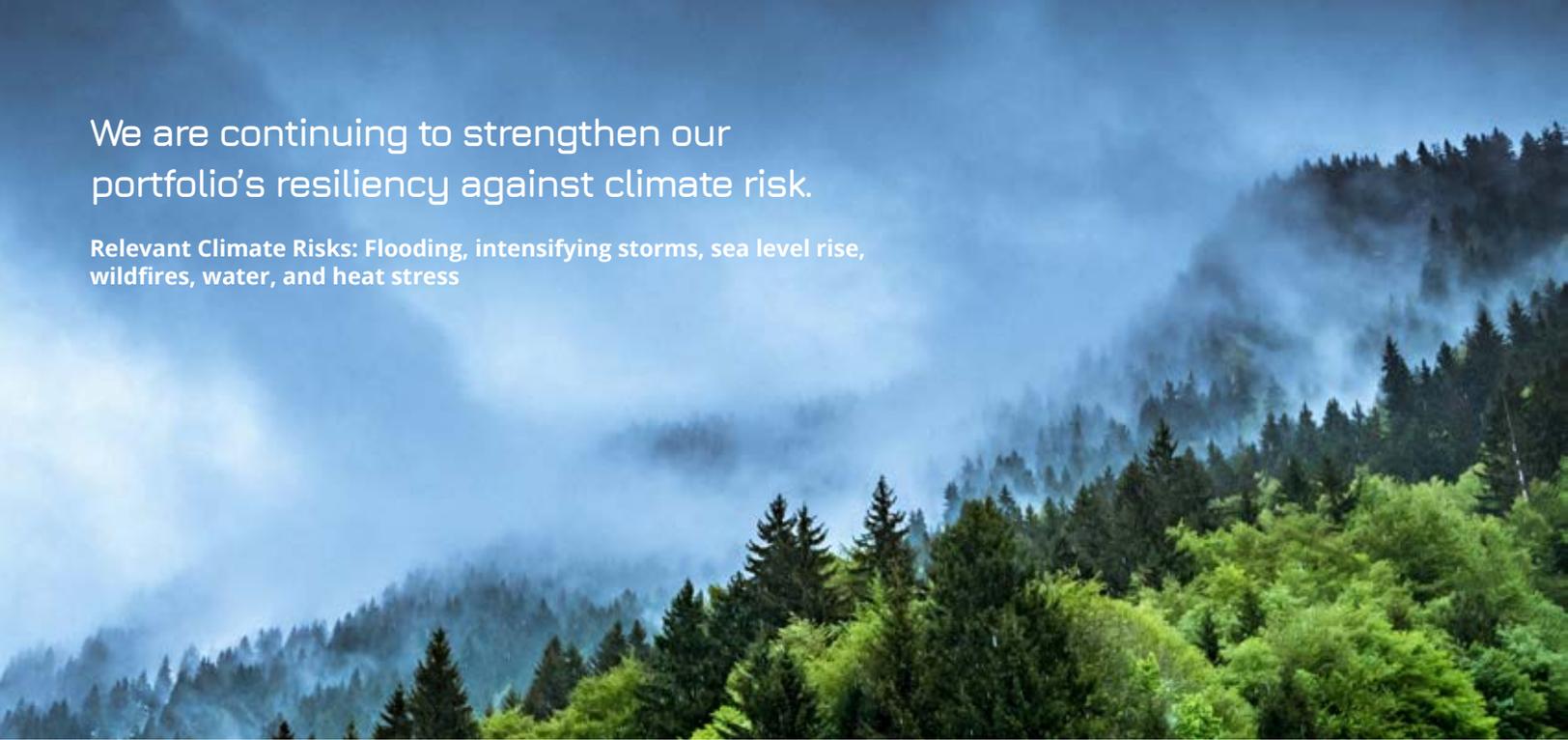
- Delivered to Congress and the President of the US in November 2018
- Describes the range of risks and impacts climate change will have on human welfare, society, and the environment across 10 US regions and 18 national topics

To mitigate against the most material risks of climate change on our portfolio, we regularly review the prevalence of environmental risks as part of Hersha's enterprise risk model assessment, reviewed by our executives and Board of Trustees.



Our risk mitigation strategies include...

- Continuing to increase our energy and water efficiency, which reduces our reliance on natural resources
- Ensuring all hotels meet or exceed their region's building code



We are continuing to strengthen our portfolio's resiliency against climate risk.

Relevant Climate Risks: Flooding, intensifying storms, sea level rise, wildfires, water, and heat stress

Flood Risk NOAA Hazard Score

(1-10, 1=low risk)

Average portfolio risk of **1.3** vs. 2.8
average risk for US Lodging REITs*

**NOAA = National Oceanic Atmospheric Administration,
Morgan Stanley Flood Risk Report 3/2019*

Portfolio in FEMA Special Flood Hazard Areas

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

18% of our portfolio by square feet

FEMA = Federal Emergency Management Agency

In addition to physical climate risks, we recognize there are also social risks inherent to our industry, and thus we recognize we play an important role in further protecting human rights. As a result, we have policies and trainings in place to guide associates on how to assert the protection of human rights, including but not limited to discrimination, harassment, forced labor, and human trafficking.

Thank you for reading through Hersha's 2018 EarthView Sustainability Report. Over the past eight years we have been proud of and inspired by the impact EarthView is having on our company, our communities, and our planet. The growing recognition of EarthView among our partners, industry peers, guests, and other stakeholders has also further supported our belief that owning and operating hotels with sustainability at its core is integral to the success of our business. As we continue our pursuit of sustainable hospitality, we look forward to sharing our contributions in making our planet more inclusive, stronger, and more resilient.

For questions regarding EarthView, please contact:

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**Assurance Statement related to
Greenhouse Gas Emissions CY 2018 and CY 2010 and Energy, Water and Waste
Inventories CY2018
Prepared for Hersha Hospitality Trust**

Terms of Engagement

This Assurance Statement has been prepared for Hersha Hospitality Trust (Hersha).

Lloyd's Register Quality Assurance Inc. (LRQA) was commissioned by Hersha to assure its greenhouse gas (GHG) Emissions Inventory for the calendar years (CY) 2018 and 2010 and energy use, water use and waste generation for the calendar year 2018 (hereafter referred to as "the Report").

The Report relates to direct (Scope 1) GHG emissions and energy indirect (Scope 2) GHG emissions for both CY 2018 and CY 2010, as well as energy consumption, water use and waste generation for CY 2018.

Management Responsibility

Hersha's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with Hersha.

Ultimately, the Report has been approved by, and remains the responsibility of Hersha.

LRQA's Approach

Our verification has been conducted in accordance with ISO 14064-3:2006, Specification with guidance for validation and verification of greenhouse gas assertions to provide assurance that GHG data as presented in the Report have been prepared in conformance with the following criteria:

- World Resources Institute / World Business Counsel for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG Protocol);
- Hersha's Greenhouse Gas Inventory Management Plan; and
- Hersha's Water and Waste Data Management Plan.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- Conducted phone interviews with the key personnel responsible for collecting, recording and reporting Hersha's GHG emissions, energy consumption data, water use data and waste generation data;
- Reviewed Hersha's systems for collecting, recording and reporting data;
- Reviewed data sources, including source data, internal reports and calculation data; and
- Reviewed information and data presented by Hersha in its final summary of GHG emissions, energy consumption, water use and waste generation.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at a materiality of the professional judgment of the verifier.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the total Scope 1 and Scope 2 GHG emissions, energy consumption, water use and waste generation disclosed in the Report, as summarized in Table 1 and Table 2 below, are not materially correct and have not been prepared in conformance with the above mentioned criteria.

Signed

Dated: 26 April 2019



Marisol Bacong
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance, Inc.,
1330 Enclave Parkway, Suite 200,
Houston, TX 77077
United States of America

LRQA reference number: UQA00001214

Table 1. Summary of Hersha's GHG Emissions CY2018 and CY2010

Scope of GHG emissions	CY 2018 Tonnes CO ₂ e	CY 2010 Tonnes CO ₂ e
Direct GHG emissions (Scope 1)	9,193	9,006
Energy indirect GHG emissions (Scope 2, Location-based)	22,660	37,458
Energy indirect GHG emissions (Scope 2, Market-based)	22,660	37,458

Table 2. Summary of Hersha's Energy Consumption, Water Use and Waste Generation CY2018

Data parameters	CY 2018	Units
Energy Consumption	414,462,773	kBtu
Water Use	265,798	kGal
Waste Generation	4,664	US tons

This Assurance Statement is subject to the provisions of this legal section:

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Due to inherent limitations in any internal control, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this Assurance Statement is the only valid version. Lloyd's Register assumes no responsibility for versions translated into other languages.