



2021 Corporate Responsibility Report

Sunstone Hotel Investors, Inc.

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A Letter from our CEO



Sunstone Hotel Investors, Inc. (“Company” or “Sunstone”) is delighted to present our 2021 Corporate Responsibility Report, including details on our Company’s environmental and social progress during 2020 and continued improvement and expansion of our Environmental, Social, and Governance (“ESG”) program into 2021.

Over the last year, we’ve refined our ESG strategy and commitment to ensure we are evolving with stakeholder expectations and

the mission of the Company. Sunstone is dedicated to creating value for our stakeholders through the ownership of Long-Term Relevant Real Estate® (“LTRR®”). In order to do so, we continually evaluate our commitments within our three core elements of Environmental Sustainability, Social Responsibility, and Corporate Governance.

It goes without saying that 2020 posed some of the most difficult challenges the hospitality industry has ever faced, and we were forced to take previously unimaginable actions. Sunstone and our business partners rose to the occasion and, working together, not only persevered, but accomplished more than could have reasonably been expected. To ensure the safety of our associates and guests and to minimize losses, we and our operators temporarily suspended operations at the majority of our hotels and postponed roughly half of our capital projects.

Despite being forced to take drastic measures in terms of suspended operations, the team took advantage in 2020 to accelerate certain capital projects that would have otherwise been highly disruptive to hotel operations, hindered guest satisfaction, and resulted in significant revenue displacement. Many of these accelerated projects included

energy efficiency and sustainability benefits that reduce our environmental impact, save costs in the long term, or increase our use of sustainable materials.

In addition to the accelerated investments, we continue to prioritize energy, water, and waste efficiency projects throughout our portfolio. In 2020, we still moved forward with several building efficiency projects including LED lighting, roof repairs, cooling towers and chiller plants overhauls, fire alarm systems modernizations, pipe rehabilitations, and upgrading air handling units. These capital investments are critical to ensuring that our hotels operate efficiently and in a safe manner.

In addition to investing in our current assets, we strive to acquire assets that align with our long-term ESG goals. In April of 2021, we acquired the newly constructed luxury resort Montage Healdsburg. The Montage Healdsburg exemplifies an LTRR® asset that integrates corporate responsibility into the building and the operations. While Montage Healdsburg is not included in the data metrics presented in this report, we have included several details about the resort’s responsible attributes.

Our corporate employees and hotel associates are at the heart of our business. We prioritize the importance of promoting their health, safety and well-being; even during downtimes. Since the beginning of the pandemic, the Company contributed approximately \$500,000 for food drives for furloughed and active hotel associates through our Hotel Associate Food Assistance Program. In addition, we donated roughly \$62,000 to over 35 different charitable organizations. We are also a proud supporter for the American Hotel and Lodging Associations (“AH&LA”) 5-Star Promise which advances safety and security for hotel associates and guests. As part of our commitment, all of our properties will have employee alert systems deployed by the end of 2021.

In tandem with supporting the health, safety and well-being of our employees, we are committed to ensuring that we have a culture of belonging where all employees can be their authentic selves. As part of these goals, we are a proud participant in the CEO Action for Diversity and Inclusion™ pledge. We remain committed to diversifying our employee demographics and our Board of Directors. We have also launched Company-wide programs to facilitate open and honest conversations about unconscious bias and other topics that will improve Diversity, Equity and Inclusion (“DE&I”).

Since the formalization of our ESG Committee in 2018, the Company has made significant progress in the expansion and improvement of our ESG program. We’ve published Corporate Responsibility Reports annually, participated in the GRESB Real Estate benchmarking assessment, launched our portfolio-wide long-term energy, carbon, water, and waste reduction targets, adopted three core ESG policies, including an Environmental Policy, Human Rights & Labor Policy, and Vendor & Business Partners Code of Conduct, and incorporated our ESG philosophies into our already established policies and procedures. We have made significant progress on our energy, carbon, water, and waste reduction targets, and prior to the pandemic, achieved our 2020 interim carbon and waste reduction targets ahead of schedule.

Sunstone is committed to providing disclosures in line with frameworks that our stockholders desire and find valuable. To that end, we’re providing our performance disclosures in accordance with the Global Reporting Initiative (“GRI”) Index and the Sustainability Accounting Standards Board (“SASB”) Real Estate Owners, Developers and Investment Trust standard. We released our first Task Force on Climate-related Financial Disclosures (“TCFD”) at the end of 2020 and are providing an updated version in this report.

We are very proud of the way our Company has not only shown strength and resilience in the face of adversity, but also renewed commitments to our ESG progress. Despite the uncertain times of the pandemic, we have continued to make ESG a priority throughout our organization and the communities in which we own hotels.

Thank you for your interest in our Company and for joining us on our sustainability journey.



Douglas M. Pasquale
Chairman and Interim CEO

A nighttime photograph of a city street. On the left is a large, multi-story brick building with a distinctive geometric facade of white structural beams. A tree in front of it is wrapped in warm white string lights. In the background, a tall, ornate clock tower with a pointed roof is illuminated. To the right of the clock tower is a modern glass skyscraper with many lit windows. The sky is a dark, dusky blue. In the foreground, there are park benches and a paved walkway.

Company Overview and Highlights

About This Report

Sunstone's 2021 Corporate Responsibility Report is representative of year-end 2020 environmental and social data, unless otherwise noted. The boundary of our environmental and social data set forth in this report represents the 17-hotels owned as of December 31, 2020. It includes information about Montage Healdsburg which was acquired in April 2021 but does not include information about Four Seasons Resort Napa Valley which was acquired in December 2021. This report does not include the three properties divested in 2020: Renaissance Harborplace, Renaissance Los Angeles Airport, and Hilton Times Square. The data and information in this report is not certified and does not constitute any guarantees or promises with regard to our Company's activities, performance, or future results.

This report may contain "forward-looking statements" that are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. These statements are identifiable by the fact that they do not relate strictly to historical or current facts. These forward-looking statements include information about possible or assumed future results of our overall business, financial condition, liquidity, results of operations, plans, and objectives, including, but not limited to, statements regarding the anticipated performance of our hospitality segment, development and acquisition plans, including those related to any joint ventures, and other business or operational issues.

This report is current as of December 17, 2021. We welcome feedback on any aspect of this report. Please direct your questions and/or comments to ESG@sunstonehotels.com.



Company Overview

Sunstone is a lodging real estate investment trust (REIT) that owns Long-Term Relevant Real Estate® (LTRR®) operated under nationally recognized and independent brands. We create long-term stakeholder value through disciplined and active ownership of LTRR® within the hospitality sector.

We aim to derive significant stockholder value through the ownership of LTRR® and take a holistic view in investing in our assets, balancing the best interests of our stockholders, the environment, our employees, the hotel associates, and the communities where we own hotels. We maximize the value of our portfolio through:



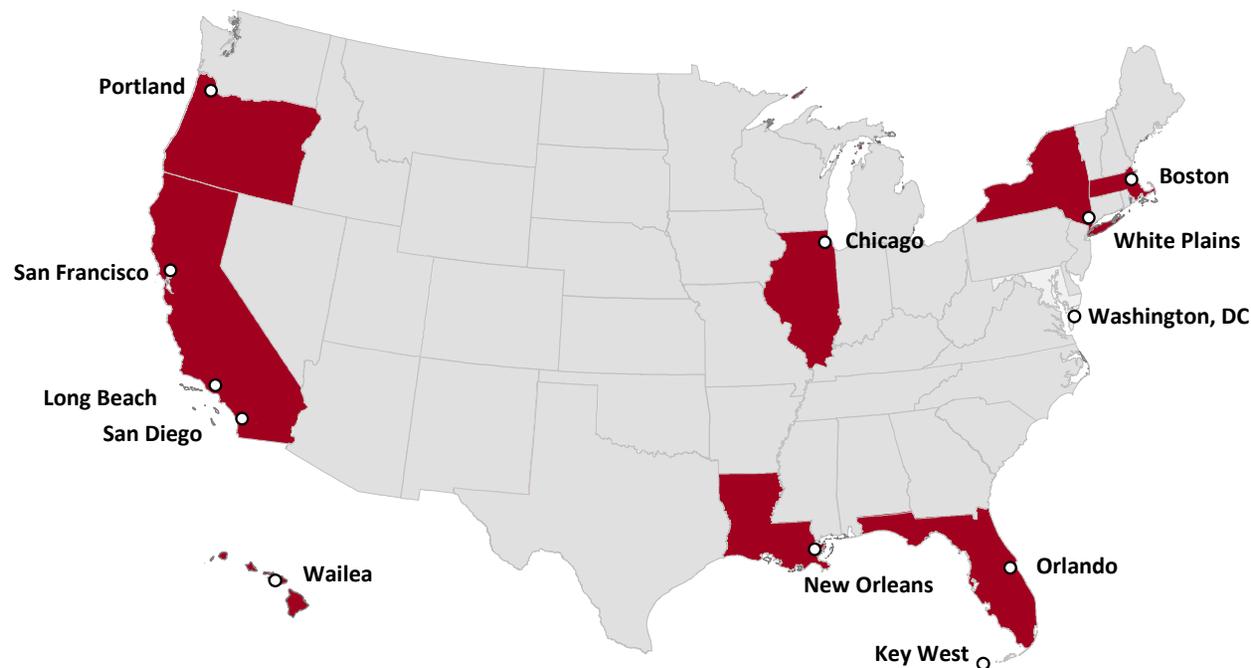
17 hotels and resorts with over 9,000 rooms located in top US markets.¹

PROACTIVE PORTFOLIO MANAGEMENT	Improve our overall portfolio quality and growth through curating a portfolio of LTRR® through capital recycling and focused investment.
DISCIPLINED ASSET MANAGEMENT	Methodical, long-term focused approach to maximizing the long-term value of our hotels through the implementation of our asset management priorities throughout our portfolio including revenue management strategies, sales and marketing positioning, labor and expense management, asset preservation and engineering, lease and third-party contract optimization, sustainability initiatives, and social commitment to hotel associates and communities in which we own hotels.
EFFECTIVE CAPITAL ALLOCATION	Successfully recycle capital into a portfolio of LTRR® that is expected to achieve returns for our stockholders in excess of our cost of capital.
MAINTAIN BALANCE SHEET STRENGTH	Preserve financial flexibility by maintaining an appropriately levered balance sheet with ample capacity to invest necessary capital into our portfolio.
BEST-IN-CLASS GOVERNANCE	Maintain an industry-leading approach to transparency and communication with our stockholders, adoption of stockholder friendly corporate governance and strong alignment between management and stockholders.

¹ 17 Hotel Portfolio includes all hotels owned by the Company as of December 31, 2020 including Renaissance Westchester and Embassy Suites La Jolla, sold in October and December of 2021, respectively. This does not include Montage Healdsburg and Four Seasons Resort Napa Valley, acquired in April and December of 2021, respectively.

Sunstone's Hotel Portfolio

As of December 31, 2020, the Company owned 17 hotels and resorts located in eight states and the District of Columbia.



STRATEGY FOR MAXIMIZING VALUE

Despite the impact of the COVID-19 pandemic on the hospitality industry, we remain one of lowest levered REITs in the hospitality sector. Our balance sheet and strong lending partner relationships provide us significant flexibility to focus on our strategy of investing in LTRR[®]. We look to acquire assets during the upturns in a cycle, divest of non-core assets in a downturn, and continuously invest capital into our current portfolio to maximize stockholder value, maintain resiliency, and improve our environmental footprint. We believe maximizing stockholder value includes operating sustainable buildings, protecting our assets, and investing in the hotel associates.

From a financial perspective, the Company places a high priority on ROIs and capital investments that align with our Company ESG strategy and our

long-term environmental sustainability goals. We believe a critical part of success is investing in the back of house (“Heart of House”) systems that ensure our properties safely operate at optimal efficiencies. These lower-visibility but higher-sustainability investments, protect our assets and provide a safer environment for guests and hotel associates.

The Company believes investing in LTRR[®] provides the greatest opportunity for stockholder value creation. We also aim to acquire assets that improve our environmental footprint, and create opportunities to derive value through operational initiatives and strategic capital investments; with particular focus on supporting our ESG strategy and long-term sustainability goals.

ESG Highlights

CORPORATE ACHIEVEMENTS



Rated **Prime** by
ISS ESG



Achieved **4-Star**
rating on **GRESB**
in 2020



Newsweek's List of
Most Responsible
Companies in America

ENVIRONMENTAL SUSTAINABILITY



Over 80% of hotels
have water efficiency
program



95% of hotels have
eliminated plastic
straws



Over 90% of all
interior lightbulbs
are LED



Supported biodiversity
by installing **Honeybee**
hives at select
properties

SOCIAL RESPONSIBILITY



Created a **Diversity,
Equity, and Inclusion**
Committee



Over 35
charities
supported in
2020

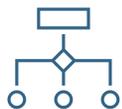
**CEO ACT!ON
FOR DIVERSITY
& INCLUSION**

Signer to the
CEO Act!on
pledge



Provided food
through the **Hotel**
Associate Food
Assistance Program

CORPORATE GOVERNANCE



ESG oversight by
Nominating and
Corporate
Governance
Committee



Annual review of
ESG Policies and
Environmental
Management
System



Multi-department
ESG Committee
managing ESG
program and
objectives



Public disclosures in
line with TCFD, SASB
and GRI

Our ESG Strategy and Commitment

We are driven by our commitment to the pillars of ESG: Environmental Sustainability, Social Responsibility and Corporate Governance. These pillars align with our Company strategy of targeted investment and active asset management. This strategy, combined with a flexible balance sheet, enables us to make meaningful investments to improve our assets’ environmental performance, invest in measures to mitigate climate-related risks, enhance the quality of the work environment for the hotel associates, and support the communities where we own hotels.

Our ESG Committee utilizes our ISO 14001 aligned Environmental Management System (“EMS”), which is integrated across all Company departments in order to support our overall corporate strategy of creating lasting value throughout our portfolio. Our EMS is designed to monitor performance and risks at our hotels. We aim for continuous improvement by setting performance goals, collecting, reviewing, and monitoring environmental data; and reporting on environmental performance throughout our entire portfolio. As part of our EMS, we conduct assessments to understand the potential risks of each asset and work to mitigate the risk with minimal impact to asset value. We invest smartly to

protect our assets from potential weather events, natural disasters, and climate change effects (short, medium, and long-term).

We believe transparency with our stockholders is paramount to our success. We are committed to providing transparent disclosures and communications regarding our ESG strategy, program and performance. We monitor the requirements and feedback of our investors, ESG benchmarks, and other stakeholders to deliver relevant and beneficial disclosures.

As we continue to expand our ESG program, we will remain focused on opportunities that allow us to incorporate environmental sustainability and social responsibility throughout our portfolio. Our focus will not only include improvements in our environmental performance, but also on creating a diverse and inclusive environment at our corporate office and hotels. We are committed to expanding and improving our environmental and social efforts by aligning our ESG commitments with our stakeholders’ expectations. We require that our vendors and business partners do the same.





Governance: Corporate and ESG

Corporate Governance

Our corporate governance follows industry best practices to ensure a high level of transparency, accountability, and effective management. Our Corporate Governance Guidelines establish common guidelines and expectations for the operational procedures of our Board of Directors (“Board”) and committees. We have four primary committees: the Audit Committee, the Compensation Committee, the Investment Committee and the Nominating and Corporate Governance Committee (“NCG”). Each committee is comprised of independent Board members who ensure compliance with policies, procedures, and corporate charters. The Board and applicable committees are also charged with overseeing Board composition and executive and management compensation. For additional information, please visit our [Corporate Governance](#) page.

Business Code of Conduct and Ethics

Our [Business Code of Conduct and Ethics](#) outlines specific workplace standards and ethics that all Sunstone employees, Board Directors, and vendors must adhere to. All Sunstone Board Directors and employees must certify in writing they will adhere to the Business Code of Conduct and Ethics. Our policy addresses the confidentiality of information, conflicts of interest, no retaliation for raising issues or complaints, the right to a discrimination and harassment free workplace, and a commitment to the environment and human rights. We’ve integrated our ESG priorities into our employees’ core expectations and mandate that our business partners also adhere to our Business Code of Conduct and Ethics.

Cyber Risk Management

Our hotel operators are responsible for protecting the data privacy and security of financial information, personally identifiable information, and any other forms of information provided by guests. Sunstone does not have access or any system connections to personal data from the guests who stay at our hotels.

Our Company Information Technology (“IT”) team has developed cybersecurity best practices in line with ISO 27001 and the NIST framework. We have adopted a Cybersecurity Policy as well as developed protocols for cybersecurity incident responses. The Audit Committee is responsible for oversight of our cybersecurity program as outlined by the Audit Committee charter. Senior Management reports cybersecurity updates to the Audit Committee as least quarterly and more frequently, when required by our internal cybersecurity incident response protocols.

As part of Sunstone’s comprehensive cybersecurity strategy, our IT team provides on-going training and engagement related to cybersecurity for all employees. Our employees receive training through semi-annual IT specific training sessions, notifications from the IT team about the latest attempts in email phishing or other scams, and test email phishing campaigns. Sunstone employees are required to report all information security threats and potentially malicious emails to our IT team. Additionally, we conduct internal testing to identify potential vulnerabilities to our IT infrastructure and network. We engage with specialized third-party vendors to conduct annual testing on our network to determine if our systems are vulnerable to threats from external attacks.

ESG Governance

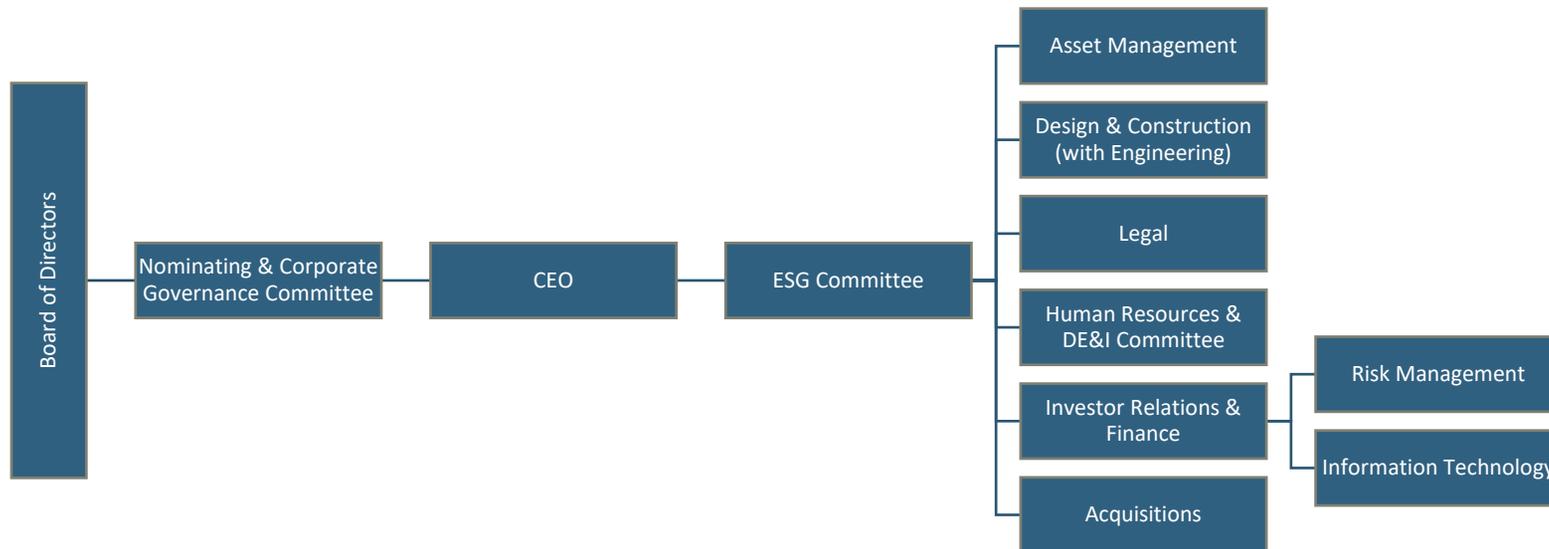
ESG COMMITTEE

Our Company’s ESG Committee (“ESGC”) is comprised of employees and executives from our Legal and Finance departments and has supervision of our ESG programs, objectives, disclosures, policies, and procedures, including our EMS. The ESGC is responsible for providing ESG updates, including climate-related issues, to the NCG and the entire Board. The ESGC also oversees Company-wide initiatives to meet our 2025 energy, water, waste, and carbon emissions reduction targets and enhance our environmental sustainability and social responsibility. The ESGC meets monthly, quarterly with key Company departments including Asset Management, Legal, Design and Construction, Human Resources, Acquisitions, Risk Management, and Senior Management. The ESGC also conducts one-on-one meetings for specific projects or newly identified risks or opportunities, as necessary and reports directly to the Interim

CEO. We aim to assess and manage climate-related risks and opportunities by identifying properties with the most significant exposure to risks and implementing strategies to mitigate negative impacts.

Board Oversight

The NCG has direct oversight of our ESG program, including all elements related to climate change, resource scarcity, and human rights. In 2020, the NCG charter was updated to reflect these responsibilities. The ESGC provides ESG-related updates to the NCG quarterly and the entire Board annually. In 2020, the ESGC reported four times to the NCG and once to the entire Board. The ESGC reports progress towards our 2025 carbon emissions reduction targets, along with other related ESG goals and performance, so that the NCG and the Board can effectively monitor progress and make informed decisions. Additionally, NCG reviews and approves all ESG-related Company policies.



ESG Policies

Our three main ESG policies are reviewed on an annual basis. We published enhanced policies in 2020 to address environmental and social risks, including our aim to advance diversity and inclusion. During our annual review in 2021, we made additional policy changes to further encompass our ESG strategy and objectives.

Environmental Policy

Our policy is designed to identify environmental impacts, drive sustainability within our portfolio, and raise environmental awareness among stakeholders. Our policy includes managing environmental risks by monitoring, reporting, and investing in efficiency programs and operating procedures.

Human Rights and Labor Rights Policy

Our policy aligns with the principles defined in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the American Hotel and Lodging Association’s (“AHLA”) 5-Star Promise. We aim to comply with all labor and human rights laws and encourage our operators, suppliers, and business partners to follow the same applicable principles, guidelines, and regulations. Our policy includes a commitment to the protection of minority groups’ rights and women’s rights.

This policy aligns with our Company’s ESG strategy to ensure the health, safety, and well-being of Company employees, hotel associates and guests, and the communities in which we own hotels. This policy also outlines our aim to advance diversity and inclusion within the Company and across our portfolio.

Vendor and Business Partner Code of Conduct

Our policy defines the ESG standards that we expect from our suppliers, vendors, and business partners, including reducing environmental and social risks, adhering to labor and human rights standards, and operating ethically. This policy aligns with our Company’s ESG strategy of continuous improvement, as we aim to work with business partners that uphold our sustainability standards.

View our ESG Policies [here](#)

STAKEHOLDERS, PARTNERSHIPS, AND ENGAGEMENT

Sunstone values our stakeholder partnerships and actively seeks to engage with stakeholders to enhance our ESG program and achieve our long-term goals. Since stakeholders have different needs and interests, our internal teams work cohesively to identify and meet their expectations. For example, our Asset Management, Design and Construction, and Engineering teams engage with our brands, hotel operators, community representatives, vendors, and business partners to reduce and mitigate environmental and social risks. Additionally, our Investor Relations team engages stockholders and industry analysts to create transparency and build confidence in our ESG program. Through these various engagements, we are advancing our ESG initiatives, reporting, and partnerships.

STAKEHOLDER	ENGAGEMENT STRATEGIES
Sunstone Employees	We aim to provide our employees with a safe, inclusive, and interactive work environment, including training programs, formal feedback opportunities, annual performance reviews, and employee recognition programs.
Hotel Properties and Hotel Executive Management Teams	We engage with our properties and hotel executive management teams to actively pursue both brand and Sunstone sustainability goals and objectives, including identifying and installing efficiency projects, improving hotel associate engagement, implementing community outreach, launching initiatives to mitigate climate change, adhering to labor policies, enhancing cleaning and safety protocols to address COVID-19 concerns, and creating a safe, inclusive, and healthy work environment.
Hotel Brand and Management Companies	We collectively engage with hotel brands and management companies to ensure an alignment of interests and implementation and promotion of ESG-related initiatives to achieve long-term goals. We meet with hotel brands to better understand their ESG programs and long-term objectives so we can create opportunities to collaborate and incorporate their focuses with our strategy.
Communities	We continue to engage with local communities through cultural understanding, giving, and volunteerism. We aim to be partners in communities where our hotels are located including supporting local businesses, supporting local charity organizations and identifying opportunities for climate-change or sustainability related initiatives. We also remain keenly focused on implementing safe and proactive policies and protocols to mitigate the spread of COVID-19.
Investors	We clearly communicate the Company's LTRR [®] investment strategy and continue to ensure transparency by providing access to ESG information and updates through the Company website and other third-party sites and benchmarks.
Industry Associations	We actively participate in several industry organizations, including the AHLA, the National Association of Real Estate Investment Trusts ("NAREIT"), the Hospitality Asset Managers Association ("HAMA"), and the Cornell Institute for Hospitality Labor and Employment Relations.
Suppliers	We have a Vendor and Business Partner Code of Conduct to ensure that labor, materials, and services from our suppliers meet our standards and values.

Risk Management Strategy

Sunstone has an established Enterprise Risk Management (“ERM”) program that is integrated throughout our organization. Our Risk Management Committee manages the ERM and confers quarterly with ESGC, Senior Management, and the Board regarding our identified risks, any changes from the prior quarter, and any changes in our risk identification process. We continuously monitor risks at our properties and identify potential risks during our due diligence process for new property acquisitions. In our ISO 14001 EMS, the Company outlined the ESGC’s responsibility via a “plan”, “do,” “check,” and “act” system to proactively manage (in conjunction with Risk Management and Senior Management), the process to identify, assess, plan, and respond to climate-related risks and opportunities that may impact our Company performance, asset preservation, associate health and well-being, and investor engagement.

Corporate Responsibility Risk and Opportunity Assessments

We conduct Corporate Responsibility Risk and Opportunity Assessments at our properties and our corporate operations. The Company utilizes these assessments to make informed decisions about property strategy and investments for ongoing operations, capital projects, and potential acquisitions. These assessments provide guidance on asset and corporate risk prioritization and identify areas of opportunity for a specific asset or portfolio-wide initiatives.

Topics examined in the Corporate Responsibility Risk and Opportunity Assessments include:

	Biodiversity and Habitat		Energy: Efficiency & Supply		Regulatory
	Building Condition and Safety		Health, Well-Being, and Socio-Economic		Water: Efficiency & Supply
	Climate Change and Natural Hazards		Indoor Environmental Quality		Waste Management
	Supply Chain: Material Sourcing, Local Sourcing, and Diversity		Brand and Operators		Stakeholder Concern

Climate Risk Assessment

As part of our proactive approach to mitigating climate change risk, our Risk Management and ESG committees work with Asset Management to identify high-risk assets factoring in location, building condition, and historical performance. The Company will evaluate the necessity of a more extensive climate change risk analysis to provide guidance for the mitigation strategy. These in-depth analyses provide guidance on potential impacts from variances in weather, temperature, precipitation, flooding, heat index, and droughts over time. Through the Corporate Responsibility Risk Assessments and the climate change analyses, the Company has identified the impact of climate change risks related to hurricanes, wildfires, drought, water stress, and rising sea levels within our key markets in California, Florida, Hawaii, Louisiana, and Massachusetts.

The Company also completes an in-depth climate change analysis during the due diligence process for potential acquisitions. Our updated TCFD disclosure provides a comprehensive review of at our climate risk and mitigation strategies.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGS”)

As part of our Company’s ESG strategy and commitment, we aim to align our objectives with the United Nations Sustainable Development Goals (UN SDG), a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. To align with the UN SDGs, we are committed to continuous portfolio-wide improvement, strategic investments, and engagement with stakeholders to support employees and the communities where we own hotels.

We have identified the following UN SDGs as being aligned with the initiatives, programs, and policies described throughout this report.

Environmental Sustainability

Social Responsibility



Increase access to clean drinking water and sanitation



Support the development of sustainable energy and efficiencies at hotel properties



Support responsible consumption and supply chain practices throughout our value chain



Invest in low-carbon opportunities to make progress toward our 2025 energy and carbon intensity reduction goals



Support the health and well-being of corporate employees, hotel associates, and guests’ health, safety, and well-being



Support inclusive and quality education for all hospitality industry personnel



Create inclusive economic growth to drive progress toward our 2025 energy and carbon intensity goals





Environmental Sustainability



Our Environmental Commitment

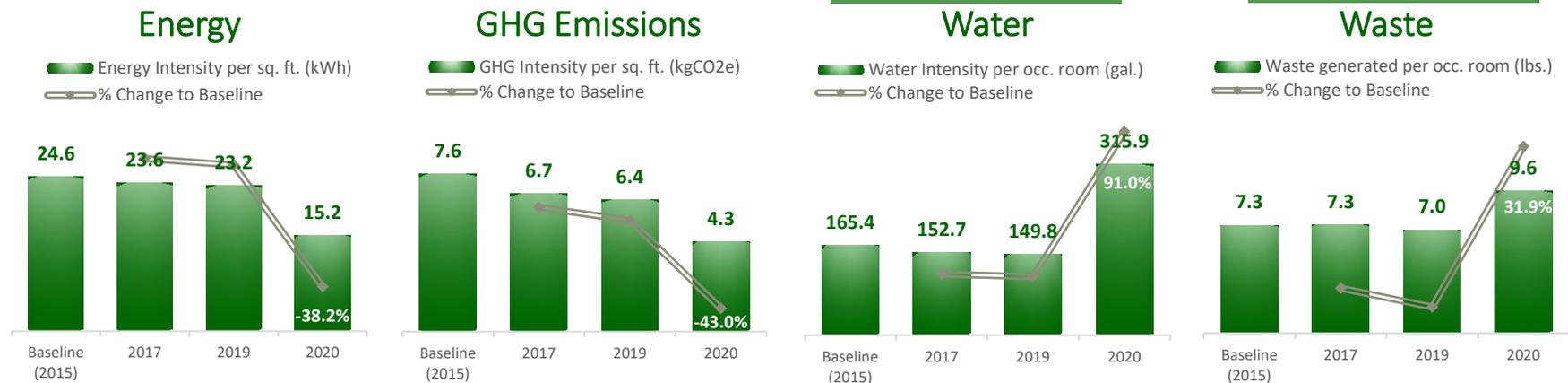
Sunstone is committed to promoting environmental sustainability and protecting the natural resources that support our hotel operations and our corporate office. Our assets are located in diverse and highly desirable locations across the United States, and offer unique experiences that appeal to groups, leisure and business travelers. We understand the importance of conserving and protecting our local resources and the world-wide resources that support our business. We are dedicated to reducing the environmental footprint at our hotels and our corporate office. We demonstrate our commitment by investing in projects and opportunities that reduce energy consumption, carbon emissions, water consumption, waste consumption, and pollution. We can also influence our environmental footprint through biodiversity preservation and supply chain initiatives.

MONITORING ENVIRONMENTAL PERFORMANCE

We routinely monitor our progress and use our performance to analyze potential opportunities and investment decisions. By measuring and

monitoring our environmental performance, we aim to increase efficiency throughout our portfolio and mitigate environmental and regulatory risks.

Our 2020 consumption data is heavily distorted from the impact of the COVID-19 pandemic on our hotel operations. We had 14 hotels temporarily suspend operations during 2020 and all hotels experienced significant decline in occupied rooms. These declines skew all results and particularly Water and Waste per occupied rooms. Due to this distortion, the 2020 usage statistics are considered noncomparable to prior years, are not valid comparisons against our 2025 goal progress and are not indicative of future portfolio performance. Additionally, as part of our health and safety protocols, we maintained a continuous flow of water across our properties, regardless of occupancy levels and operating status. The combination of constant water use and decreased occupied rooms, dramatically skewed our water intensity statistic as illustrated in the water chart below.



ENERGY AND GHG EMISSIONS

Sunstone is committed to reducing its energy intensity per square foot and utilizes a combination of proven conservation strategies and energy efficiency retrofits to achieve on going reductions in energy and GHG emissions. Throughout our portfolio, we continuously evaluate opportunities to reduce energy consumption and costs, while reducing GHG emissions.

Energy Efficiency Portfolio Highlights



- 90% of all interior light bulbs are LED.
- 90% of guestrooms have digital thermostats and occupancy sensors for reducing heating and cooling when guestrooms are unoccupied.
- 90% of hotels have HVAC systems installed with variable frequency, speed drives, and/or electronically commutated motors in at least one area of the property.
- 100% of hotels have a preventive maintenance plan that checks building energy and water equipment at least on a quarterly basis.

Renewable Energy

As part of our sustainability ROI initiative, we continually monitor and underwrite options for renewable energy and low carbon opportunities. For some hotels it is not practical or financially feasible to implement on-site renewable energy, but we will continue to evaluate options for increasing our renewable energy footprint.

We currently have two properties with on-site solar renewable power. The **Wailea**



Wailea Beach Resort (Wailea, HI) Phase 1 Solar Farm

Beach Resort (Wailea, HI) completed the first phase of its on-site solar for the main building in March 2021. For the first eight months of operation, Wailea has saved 524,000 kWh, 371 metric tons of emissions, nearly \$165,000 in electricity cost, and produced roughly 17% of the hotel’s electricity.

The newly acquired **Montage Healdsburg** (Healdsburg, CA) has solar power already installed and a 20-year power purchase agreement with Tesla. The solar farm is expected to save roughly 550,000 kWh annually. Sunstone does not own the renewable energy credits associated with the **Montage Healdsburg** (Healdsburg, CA) solar power structure.

Electric Vehicle Chargers

As part of our environmental sustainability strategy, we endeavor to support the use of electric vehicles (“EVs”) and the installation of EV chargers. We currently have EV charging stations available at eight of our hotels. Three of these are third-party owned and operated in a shared garage facility. Our corporate headquarters also has on-site EV charging stations available for employees.



Renaissance Orlando at SeaWorld® (Orlando, FL) EV Chargers

We are evaluating the potential for EV charging stations at additional assets and opportunities to upgrade our chargers to allow for better data analytics.

Energy Efficiency Initiatives

Over the last five years, we have completed several efficiency projects across our portfolio including LED lighting retrofits, water chiller and boiler replacements, smart sensors and sand filters, roofing and façade upgrades, and smart thermostats in guest rooms and kitchen walk-in

coolers and freezers. We continued to invest in energy efficient initiatives in 2020 and into 2021. Along with our continued investment into building systems that have reached their end of useful life, we completed several

energy efficiency projects as part of our Energy ROI initiative. The ROI and expected energy savings for sustainability ROI initiative projects since 2016 is provided in a table at the end of this section.



Deaerator tanks and condensate tanks replacements that reduce energy consumption at **Boston Park Plaza** (Boston, MA).



Evaporative Cooler VFD installation that reduces energy consumption at **Embassy Suites La Jolla** (La Jolla, CA).



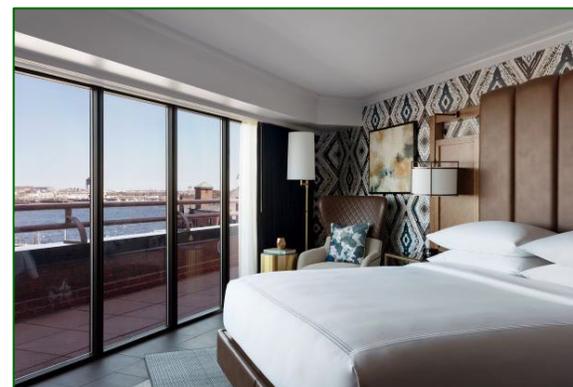
Pool boiler replacements that reduce energy consumption at **Wailea Beach Resort** (Wailea, HI).



Electrical Motion Switch Installation in all electrical, storage and housekeeping closets that reduce energy consumption at **Hilton San Diego Bayfront** (San Diego, CA).



LED lighting retrofits that reduce energy consumption and require less frequent replacement in the public areas at **Renaissance Washington D.C.** (Washington, D.C.) and lobby light wall and rooftop cold cathode lighting at **Hilton San Diego Bayfront** (San Diego, CA).



Green Cleaning Program at all properties that simplifies housekeeping daily cleaning protocols and reduces energy and water consumption.

WATER

Sunstone is committed to reducing its water intensity and uses a combination of proven conservation strategies and water efficiency upgrades to achieve on-going reductions in water consumption.

Water Efficiency Portfolio Highlights



- Over 80% of hotels have:
 - ◇ 90% of toilets that are low-flow or dual flush (0.8 to 1.6 galls/3-6L per flush).
 - ◇ 90% of faucets with low-flow aerators to conserve water.
 - ◇ 90% of showerheads that are low flow to conserve water.
- Over 80% of hotels have a water efficiency program and have conducted a water efficiency assessment within the past four years.
- 100% of hotels implemented at least one water efficiency measure within the past four years.

We continuously evaluate opportunities for water conservation particularly in areas that are identified as high-risk for water stress or depletion by the Aqueduct™ Water Risk Atlas from the World Resources Institute. Water efficiency initiatives include: upgrading showers, faucets, toilets, and other water features to reduce water consumption; native and drought resistant landscaping; smart irrigation systems; and submetering key water elements to measure water usage.

In 2020, **Boston Park Plaza** (Boston, MA) replaced 300 toilets at 3.5gal per flush with 1.6gal per flush. Roughly 1.4 million gallons saved annually.

In 2020, our hotels focused on maintaining safe and operational water pipes. During the temporary hotel suspensions, all hotels continued to run water and flush all toilets in each room on a weekly basis to ensure the safety of our building and health of our systems when hotels resumed

operations. These additional measures lead our water consumption to decline less than our other utility usages.

Water Recycling Opportunities

With many of our markets addressing water scarcity, we evaluate water recycling opportunities to reduce our portfolio's reliance on fresh and potable water. At **Renaissance Orlando at SeaWorld®** (Orlando, FL), the hotel utilizes well and storm collection water to maintain the landscaping on the 27-acre property, which draws approximately 7.8M gallons per year. At **Hilton San Diego Bayfront** (San Diego, CA), we utilize the AquaRecycle® system to maximize water and energy savings in our laundry operations. This system allows the hotel to reuse over 290,000 gallons of water annually. We are currently evaluating the potential for additional AquaRecycle® systems throughout our portfolio.

At **Montage Healdsburg** (Healdsburg, CA), our hotel manages their water consumption in line with water restriction requirements placed by the City of Healdsburg. To conserve water, the resort was constructed with water efficient plumbing and fixtures. Additionally, the resort includes mostly native or drought resistant landscaping that is irrigated with a water conservation focus.



Montage Healdsburg (Healdsburg, CA) irrigates its vineyards with on-site well water instead of using city potable water.

WASTE MANAGEMENT

Sunstone is committed to reducing its waste intensity and to monitoring waste generation and diversion throughout our portfolio. We engage with our operators to support best practices for waste reduction, including reducing plastic, food, and paper waste. We encourage all properties to recycle all possible materials within their respective markets.

Waste Efficiency Portfolio Highlights



- In markets with accessible recycling:
 - ◊ Over 95% have recycling bins placed in guest rooms.
 - ◊ 100% practice recycling in at least one common area.
- Over 95% of hotels have eliminated plastic straws.
- 18% of hotels have installed bulk amenities. Anticipate installation at additional properties in 2022.
- 100% of hotels are in process of reducing single-use plastic and developing long-term plastic replacement plans.

Through our Company partnership and brand partnerships, over 50% of our properties participated with Clean the World to donate and recycle 5,638 lbs of soap bars and single-use plastic amenity bottles in 2020. By partnering with Clean the World, our properties are diverting solid waste out of landfills and preventing hygiene insecurity and related illness in communities around the world. Our Clean the World participation will continue to decline as hotels install bulk amenity dispensers.

Plastics

Prior to the onset of the COVID-19 pandemic, we were actively working in partnership with the brands and our operators to eliminate single-use plastics. While this initiative was scaled down at the beginning of the pandemic, we remain focused on reducing single use plastics particularly related to straws, water bottles and bulk amenities.

Our hotels are actively testing or implementing sustainable alternatives for replacing plastic water bottles. Our primary solution is installing water

stations around each property and potentially making reusable bottles available for guests.

Five hotels, roughly 43% of our guest rooms, have water stations deployed in guest centric areas such as guest room floors or meeting space. Additional hotels have water stations in the Heart of House areas for the hotel associates. We are in the process of installing guest and associate water stations across several additional hotels.



Renaissance Orlando at SeaWorld® (Orlando, FL)
Filtered Water Station



Wailea Beach Resort (Wailea, HI) Pathwater refillable bottles

At **Wailea Beach Resort** (Wailea, HI), the hotel partnered with Pathwater to provide complimentary refillable aluminum bottles for guests to use on the water stations throughout the resort.

We have also implemented Mobile Key Platforms over the last several years to reduce the use of plastic key cards. Roughly 82% of our properties have installed a Mobile Key Platform which allows guests to use their smart phone to access their room and other hotel areas in lieu of using a plastic key card. This initiative eliminates single use plastic and allows for no-touch digital check-in which is safer for our guests.

Food Waste

Our operators utilize a variety of methods to prevent or divert food waste from landfills. Nearly 60% of our hotels have food waste prevention strategies in place including redesigning menus, changing serving vessels, and analyzing portion sizes to minimize generated waste. In order to divert food waste, our hotels utilize practices such as composting on and off-site, community donations, and re-purposing for associate cafeterias.

EFFICIENCY INVESTMENTS

We invest in projects that best protect, preserve, and benefit the long-term value of our hotels. This investment strategy is on-going throughout the asset lifecycle, beginning with initial acquisition diligence and continuing throughout our ownership of every hotel.

During the initial acquisition process, we utilize both internal and third-party technical experts to assess each property's infrastructure, including near and long-term capital needs. Once acquired, our Engineering and Asset Management teams continuously monitor energy and water consumption and costs and climate-related events to work with our operators to identify areas for improvement.

Over the past six years, we have made significant investments in efficiency projects to minimize physical and structural risks, maintain our buildings in a safe and secure manner, and to mitigate potential risks our

properties may pose to their local communities. We focus our ESG-oriented investments by identifying four primary factors: (i) properties with high energy consumption and/or high utility cost; (ii) dated equipment that is inefficient or nearing end-of-useful-life; (iii) initiatives that support our long-term sustainability goals, and (iv) available incentives associated with all potential investments.

While we reduced our overall capital investment in 2020 in response to COVID-19, we continued to invest in efficiency projects, particularly those related to end-of-life replacements, back-of-house systems, and efficiency ROI's. In 2020, we spent roughly \$16M in capital investments related to the preservation of our hotels infrastructure and improvements to building systems. Between 2019 and 2020, we invested \$3.7M in nineteen specific efficiency ROI investments as indicated in table below.

	Efficiency Investments				
	2019 - 2020 ²	2018	2017	2016	2015
Total Number of Investment Projects	19	14	23	22	47
Total Amount Invested (USD)	\$3,650,170	\$2,524,090	\$643,724	\$2,126,124	\$1,620,007
Total Annual Energy Savings (USD)	\$412,828	\$436,745	\$345,544	\$724,689	\$1,350,820
Total Annual Energy Reduction (kWh)	3,482,785	3,484,546	2,358,393	6,344,177	9,851,404
Total Annual Carbon Reduction (kgCO₂e)	1,227,150	983,162	821,976	1,597,059	2,807,216

2025 Environmental Reduction Targets

In 2019, we set portfolio-wide 2025 environmental intensity reduction targets using a 2015 baseline year. As part of our efforts to achieve our 2025 reduction targets, and consistent with the processes developed in our EMS, we continuously monitor our environmental impact by tracking and reporting on portfolio-wide carbon, energy, water, and waste performance.

2025 Targets

- 7.5% reduction in energy intensity per square foot
- 22% reduction in carbon emissions intensity per square foot
- 13% reduction in water intensity per occupied room
- 10% reduction in waste intensity per occupied room

² In 2019, Sunstone invested in several large efficiency projects which continued to be implemented/completed through 2020.

Resiliency, Biodiversity and Sustainable Sourcing

PROTECTION AND RESILIENCY

Our safety, asset preservation, and climate change risk mitigation strategy includes working with our operators on asset-specific emergency response plans, deploying portfolio-wide emergency equipment and response protocols, and evaluating short, medium, and long-term investments to protect our assets as well as promote the safety of hotel associates and guests.

Safety, Asset Preservation and Resiliency Mitigation Measures

- Property-specific emergency management plan adapted for the specific risks associated with the location and building attributes.
- A portfolio-wide emergency preparedness program that outlines communication protocols with a disaster response team and requires every hotel to have on-hand equipment (e.g., satellite phone, life safety equipment, water remediation equipment, first aid supplies, etc.).
- A selection of preferred third-party vendors across our markets to rapidly respond if our hotels are subjected to damage from natural disasters

We invest in measures that will protect our assets from the current environmental threat of potential wind, flood, fire, and earthquake events. For example, the removable flood barrier systems at the **Marriott Boston Long Wharf** (Boston, MA), **JW Marriott New Orleans** (New Orleans, LA), and **Hilton New Orleans** (New Orleans, LA) will protect the properties, associates, and guests in the event of a high-water surge in the area. **Oceans Edge Resort and Marina** (Key West, FL) implemented many preventative measures to improve on-site safety and asset preservation in the event of a major hurricane. These measures include a full back-up generation system, accordion glass door enclosure for the

restaurant, roof enhancements, and storm shutters for all entrance doors to protect the buildings from incoming rainwater.



JW Marriott New Orleans (New Orleans, LA)
flood barriers

As we continue to evaluate long-term preventative goals across our portfolio, our focus includes the impact of potential rising sea levels, including wind and flood events.

Sustainability Certifications and Ratings

We are working with our brands and operators to increase our participation in green building ratings and certifications. Based on a percentage of gross floor area, 65% of our portfolio was recognized by the TripAdvisor Green Leaders Program and 73% of our portfolio is benchmarked and has a score through ENERGY STAR®. We are working to increase our certifications through ENERGY STAR®. Finally, our Company headquarters are located in an office building that has been certified LEED Gold.



Florida Building Certifications

Renaissance Orlando at SeaWorld® (Orlando, FL) and **Oceans Edge Resort & Marina** (Key West, FL) are both recognized by the Florida Department of Environmental Protection's Green Lodging Program as 2-Palm due to their commitment to conserve and protect Florida's natural resources.

BIODIVERSITY AND THE ENVIRONMENT AROUND OUR HOTELS

Our hotels consume natural resources from local, national, and international resources. Therefore, we continuously evaluate the impact we are having on local habitats and the regions providing the products to our hotels. We believe it is important for us to protect fragile habitats, conserve biodiversity, and take action to mitigate biodiversity related risks. Our potential impact on local biodiversity is evaluated during due diligence for both potential projects on current hotels and asset acquisitions.

At the **Wailea Beach Resort – Marriott, Maui** (Maui, HI), we conducted a Flora and Fauna assessment of the specific area’s local environment. This assessment was intended to: document the status and abundance of each existing plant and animal species in the habitat; determine the presence of any native flora and fauna, particularly any that are Federally listed as threatened or endangered; and determine if our intended construction project may alter or negatively impact the identified flora and fauna. Through this assessment, we identified potential hazards to the native Hawaiian Hoary Bats and Hawaiian Petrels. As a result, we are



Wailea Beach Resort – Marriott, Maui (Maui, HI)
native flora and fauna

incorporating specialized lighting and altered irrigation processes into the potential project's design to ensure the breeding practices of these animals will not be affected.



Hilton San Diego Bayfront (San Diego, CA) recently installed two beehives.

We are also working to promote biodiversity through our Honeybee initiative. Honeybees are critical for pollinating our food resources and maintaining our ecosystems. With the decline in Honeybee populations, we are partnering with bee

keeping organizations to launch a Honeybee Initiative that will help mitigate the decline. We currently have two hotels, **Hilton San Diego Bayfront** (San Diego, CA) and **Montage Healdsburg** (Healdsburg, CA) with on-site beehives and will look to expand the program in the future. Our beehives will produce honey that is served in the food and beverage outlets on properties or can be sold in the markets.

SUSTAINABLE MATERIALS AND SOURCING

Sunstone recognizes that being a sustainable business means that we need to strive to use goods, services, materials, and sourcing methods that are environmentally sustainable. Our Design and Construction team continuously evaluates ways to reduce our environmental impact during renovation projects through responsible vendor selection. Renovations or refreshes provide opportunities to replace older non-sustainable materials with sustainable or sustainably sourced products. We engage with various stakeholders during renovation projects, including general contractors, interior designers, purchasing agents, and architects. We expect our business partners to conduct their businesses responsibly and, where possible, recommend, and select materials that meet or exceed our sustainability qualifications.

Our Design & Construction team developed an internal Fit-Out and Refurbishment Guide within our EMS to guide sustainability expectations, including design elements, features, demolition and repurposing, sourcing, and materials. Our vendors and business partners are requested to include sustainability elements throughout their process and provide insights and recommendations for limiting our impact on the environment and the local communities. Additionally, during major construction

Renovation Projects with sustainable or sustainably sourced replacements:

- **Renaissance Orlando at SeaWorld®** (Orlando, FL) replaced over 48,000 square feet of tile in the lobby atrium with a tile product that is Green Squared^(SM) certified.
- The recently repositioned **The Bidwell** (Portland, OR) incorporated sustainability in all elements beginning with the design and throughout operations. The decorative wood craftsmanship in the public and meeting spaces are all made from local species of sustainably sourced wood.
- As part of an ongoing project at the **Wailea Beach Resort – Marriott, Maui** (Maui, HI), we are replacing exterior guest room doors on many guest room buildings. While this is a long-term project, the replacement doors are Forest Stewardship Council (FSC) certified wood doors. These doors are created from responsibly managed forests.
- As part of the transformation from the **Renaissance Washington DC** (Washington DC) to the Westin Washington DC, we partnered with a locally headquartered contractor who prioritizes sustainable construction methods and ensures adherence to the DC Green Building Code, particularly lowering energy use intensity.

projects, we evaluate the potential impact of construction noise on the surrounding areas and focus on finding measures to limit or mitigate the noise.

Over the last two years, we have strategically partnered with major manufacturers that have strong sustainability programs and who provide sustainability certifications on their products. These vendors focus on minimizing waste, energy, and water as well as utilizing materials that are sustainably sourced. Hotel renovations also provide an opportunity to evaluate certain efficiency measures including fixture replacements or system upgrades, that may not be feasible as a standalone project but can be completed as an overall enhancement during a renovation.

Operations Sourcing

At the hotel level, Sunstone endeavors to work with our hotel brands and operators to promote responsible and diverse supply chain criteria with their respective procurement partners. Sunstone encourages the hotels' procurement partners to conduct supplier screening to advance these initiatives across all categories of spending. In 2021, Sunstone engaged with Avendra, which is used as a sourcing platform at many of our hotels, to understand and pursue opportunities to enhance sustainable sourcing.

In 2021, we surveyed our properties to identify existing responsible procurement practices. Many of our properties have programs covering paper products, produce, meat and dairy, and liquid bathroom amenities. The hotel programs commonly include requirements for local sourcing, safe and ethical working practices, and fair trade. More than half of our properties state that they prioritize local and fair-trade suppliers whenever these are available and of sufficient quality. Moving forward, we intend to further support and guide our properties towards more advanced responsible supply chain practices.



Social Responsibility

Our Social Commitment

We strive to create a healthy and supportive workplace for Sunstone employees through establishing a safe, inclusive, and accommodating work environment, together with competitive wages and benefits, and career development opportunities. We also work with our hotel brands and operators to offer the same support for hotel associates. Furthermore, we seek to support the communities where we work and own hotels through community outreach programs and fundraising efforts.

TAKING CARE OF OUR CORPORATE EMPLOYEES

We support our corporate employees by providing professional development opportunities, assessing employee satisfaction, embracing DE&I practices, offering volunteer and philanthropic opportunities, and ensuring our employees' health, safety, and well-being..

Professional Development Opportunities

Our employees participate in Company-wide training and are encouraged to participate in individual or specialized job-level training.

100% of Sunstone Employees participate in training on Governance, ESG & Sustainability, Cybersecurity, Harassment and Discrimination Prevention, and DE&I Practices.

This job-level training includes real estate investments and negotiation, accounting and reporting systems, CPA test preparation, tax, legal, sustainability, DE&I, HAMA professional development, information technology systems, and engineering (roofing, elevator, and chiller maintenance).

Our ESG committee provides basic ESG-related training routinely to all Sunstone employees through participation in monthly Company meetings

and engagement with Sunstone's various departments. This ongoing training includes updates on current sustainability progress, discussions on ESG topics, and opportunities for contribution to our Company's ESG program and long-term sustainability goals.

Employee Satisfaction and Engagement

In 2021, prior to our office re-opening, we conducted an employee satisfaction survey to better identify the positive attributes and improvement areas for our employees and work environment. We had a 98% response rate for the 2021 survey. In order to better assess the results, we compared our results to the employee satisfaction survey completed in 2019. We had several key metrics that were above 90% approval that either remained flat to 2019 or improved including Company culture, respectfulness, ethicalness, access to Senior Management, and belief in the Company. We saw decreases in metrics that related to workload management and communication. Based on further conversations, we can attribute a portion of the decline in these two areas to pandemic-related impact as employees balanced additional responsibilities with remote working. Our Company remains focused on driving strong communication at all levels.



98% of Sunstone employees participated 2021 employee satisfaction survey.

After the 2019 survey, Sunstone formalized the Sunstone Community Involvement Program which aims to provide opportunities throughout the year for the Company and our employees to participate in community giving. In the 2021 survey, our Company score for community engagement improved and feedback was provided to further enhance the program's growth.

To further support our engagement strategy, all Company employees also participate in our annual employee performance process. Each employee sets annual performance or work-related goals, which are then self-evaluated and evaluated by supervisors. We also provide each employee an opportunity to ask career related questions and receive performance feedback. We will continue to engage with our employees to provide a platform for continuous feedback and improvement.



100% of Sunstone employees participate in annual performance reviews

provided to our employees and the features within our office space positively impact and improve our employees’ physical and mental health, safety, and well-being.

During COVID-19, we converted to temporary remote work. The Company provided office supplies and proper IT equipment for a home-office environment. Our office formally re-opened in July 2021 and recently adopted a hybrid work schedule to allow employees flexibility in their work week.

In 2020, no employee work-related severe injuries or fatalities occurred. The Human Resources Director periodically conducts assessments of any potential unsafe working conditions. If an unsafe condition is identified, Human Resources will engage with Design & Construction or the building maintenance department to fix the potential safety issue.

Health, Safety, and Well-being

We aim to prioritize our employees’ health, safety, and well-being. We offer all employees identical benefit options and believe the benefits

Employee Benefits

- Medical, dental, and vision insurance
- Life insurance
- Employee and Employer contribution retirement plan
- Access to Employee Assistance Program ("EAP")
- Voluntary gym membership and an on-site fitness center
- Voluntary annual on-site biometric health screening
- Summer Fridays
- Healthy snack and beverage options in corporate office
- Monthly newsletter promoting wellness
- Enhanced cleaning protocols and sanitation stations around office
- Hybrid work schedule

Office Space Features

- Acoustic comfort
- Biophilic and inclusive design
- Lighting controls with significant natural light
- Thermal comfort
- Ergonomic and adjustable workspace furniture
- Wellness/lactation room
- Panic button at the front desk for security
- Secure office location with authorized entry requirements
- Access to public transportation
- LEED Gold certified office building

Environment of Belonging: Diversity, Equity, and Inclusion

Sunstone seeks to foster a Company culture of belonging, where all employees are comfortable to be their authentic selves. We recognize the value of different perspectives, backgrounds, and experiences in our workplace. Sunstone promotes DE&I throughout all workforce levels and with our business partners, including the Board, senior management, corporate employees, and hotel operators and management teams. We aim to create an inclusive, fair, and equal work environment free of any form of harassment or discrimination. We provide our employees with Company-wide harassment prevention training to increase awareness and ensure all employees experience a safe workplace. Our Human Rights and Labor Rights policy states Sunstone’s aim to create an environment of inclusion and equal opportunity for all people regardless of gender, race, disability, ethnicity, nationality, religion, sexual orientation, gender expression, or gender identity.

In 2020, we signed the CEO Act!on for Diversity and Inclusion™ pledge, a commitment by over 2,000 CEO’s to advance diversity and inclusion in the workplace. This pledge supports equity for all, including Blacks, Latinos, Asians, Native Americans, the LGBTQ community, people with different abilities, veterans, and women.

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

- CEO Act!on For Diversity & Inclusion™ Pledge:**
1. Make our workplace a trusting place to have complex, and sometimes difficult, conversations.
 2. Implement and expand unconscious bias education.
 3. Share best - and unsuccessful - practices.
 4. Create and share strategic inclusion and diversity plans with our Board.

We are committed to advancing DE&I through education, awareness, action, and advocacy within our workplace and with our business partners. As an organization with less than 50 employees and low turnover, we recognize that change will take time within our organization, but we are committed to long-term progress.

DE&I COMMITTEE AND ACTIVE INITIATIVES

In 2020, we created a Diversity, Equity, and Inclusion (DE&I) committee that is responsible for advancing our DE&I commitment including policies, procedures, initiatives, and training. The committee is comprised of individuals from Senior Management, Human Resources, and Corporate Responsibility. Since inception, the DE&I committee has identified areas



of opportunity, including expanding our recruitment search platforms, providing employees training on DE&I topics with an opportunity to engage in open conversations, and increasing awareness for DE&I initiatives and goals.

Honest and Open Conversations

As part of our training and awareness initiative, we participated in the 2021 CEO Act!on Day of Understanding and held workshops focused on understanding and recognizing unconscious bias and blind spots. All employees attended these virtual workshops hosted in small groups to allow for more intimate and active participation. We reviewed feedback from our employees via emails and through our 2021 employee engagement survey.

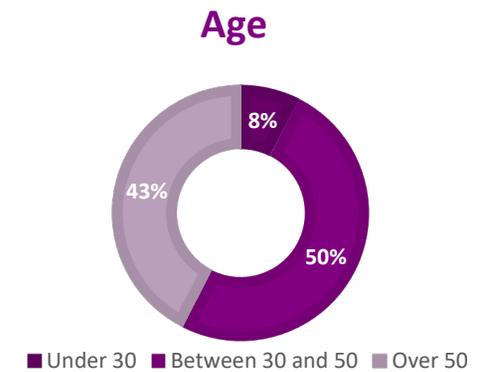
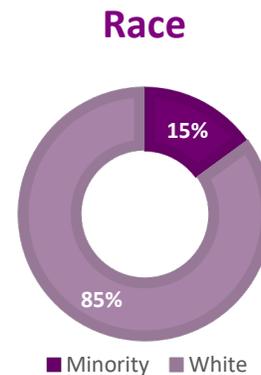
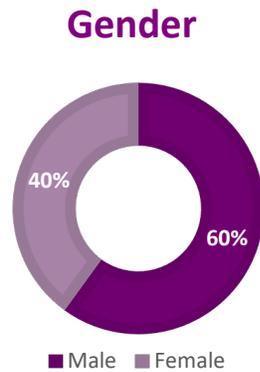
As part of our on-going commitment to increase awareness within our organization, we plan to host semi-annual DE&I focused workshops for all employees to participate in discussions about critical DE&I topics.

Board Diversity

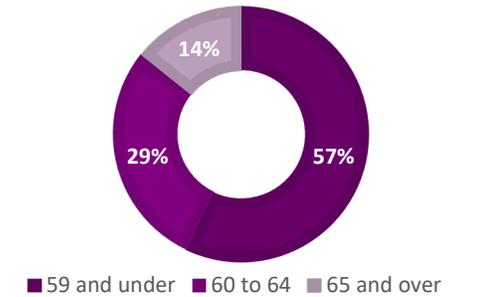
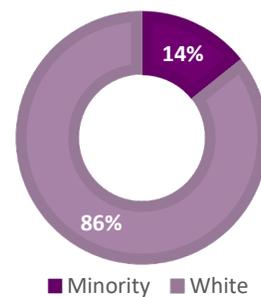
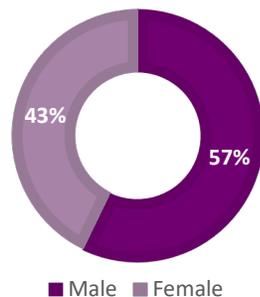
With respect to our Board, last year we announced the initiative to increase female and underrepresented community representation on our Board. Since then, we have refreshed two Board positions adding two female members, one of which is from an underrepresented community. We continue to support board refreshment and will strive to increase underrepresented communities and females on our Board.

Demographics

Company Demographics as of December 2020



Board Demographics as of October 2021



Supporting Our Stakeholders

In addition to our corporate employees, we strive to support the needs of our hotel associates and hotel guests. Many of our hotels offer upgraded Heart of House areas and fitness spaces. We also place a high priority on safety at our hotels.

Hotel Associates and Heart of House

We support hotel associates' health and well-being by investing in hotel associate Heart of House areas. Heart of House investments include upgrading associate cafés and break areas and providing high-quality locker room facilities. These investments typically lead to improved hotel associate satisfaction, which we believe leads to higher long-term associate performance and retention rates. Our investment in Heart of House areas reflect our proactive relationship with our operators and directly supports our ESG commitment to hotel associates' health and well-being.



Renaissance Washington DC
(Washington DC)

Heart of House Meditation Room for hotel associates to recover and recharge during a shift break.



Multiple Properties

Increasing health food options at associate cafés, break rooms and vending machines.



JW Marriott New Orleans (New Orleans, LA)

Purchased reusable aluminum bottles for each associate to use with the associate touch-free water stations.

Guest Well-Being

We promote our hotel guests' health and well-being by investing in high-quality and expanded state-of-the-art guest fitness centers, adding landscaping in and around the properties to promote relaxation, and offering hypoallergenic rooms. Sunstone's investments include a wide-range of high-quality fitness equipment and health-oriented amenities

aimed to promote our ESG commitment to provide health and well-being improvements and opportunities for our guests.

Our operators recognize that fitness enhancements provide a more holistic experience to our guests, particularly at our resort destinations.



Wailea Beach Resort – Marriott, Maui
(Maui, HI)

Expanded their offerings of the complimentary fitness classes.



Oceans Edge Key West Resort (Key West, FL)

Actively working on an outdoor fitness space expansion that would be equipped for a high intensity interval training regimen.



Hyatt Regency San Francisco
(San Francisco, CA)

Offers upon request air purifiers, humidifiers, and hypoallergenic guest rooms.



JW Marriott New Orleans (New Orleans, LA)

Offers a guest room package with Peloton Bikes, resistance bands, and weights for guests to enjoy a private workout.



Boston Park Plaza (Boston, MA)

Partnered with our third-party fitness club tenant, Lynx, to transform a previously underutilized space into a Yoga and Pilates Studio where guests can take classes.

SAFETY AT OUR HOTELS

Since the outbreak of the COVID-19 pandemic, the safety and protection of our guests and hotel associates has been of utmost priority. During 2020, the brands and operators worked diligently based on guidance from the CDC and other regulatory agencies, and with ownership input to

develop updated safety, cleaning, and sanitizing protocols and procedures. These measures include ensuring hotel associates have the proper personal protection equipment and training to safely complete their work; creating and implementing cleaning and sanitizing protocols that meet local, state, and federal guidelines; displaying proper signage and providing safety information to hotel guests; and restructuring operations and workflow procedures to adhere to applicable social distancing standards.

AH&LA’s 5-Star Promise

We fully support and encourage all of our operators to adopt and abide by AH&LA’s 5-Star Promise. We believe hotel associates should feel safe when interacting with guests, particularly in guest rooms. We support the implementation of GPS and location tracking panic devices for associates with guest interacting positions, including housekeeping associates. As part of our support for AH&LA’s 5-Star Promise, our portfolio-wide deployment of these panic devices will be substantially complete by the end of 2021.

The 5-Star Promise is part of an industry-wide commitment to advance safety and security for hotel associates and guests based on the following five important initiatives:



1. Build on our industry’s longstanding commitment to hospitality and a People Culture by continuing to provide industry-wide training and materials on safety and security, and retain expert guidance to work with the industry on diversity and safety matters;
2. Ensure mandatory anti-sexual harassment policies are in place in multiple languages;
3. Provide ongoing training and education for associates on identifying and reporting sexual harassment;
4. Provide U.S. hotel associates with associate safety devices to help them feel safe on the job; and

5. Broaden vital partnerships with wide-ranging national organizations that target sexual violence and assault and trafficking and promote workplace safety.

COMMUNITY ENGAGEMENT

Sunstone’s Community Involvement Program aims to improve community health and well-being, provide assistance or support in case of disaster, and support charities and community groups.

Corporate Charitable Giving

At our headquarters in Irvine, California, we actively support local and national charities and organizations through our corporate giving program. In 2020, we donated roughly \$62,000 to over 35 different charitable organizations. Notable organizations include American Hotel & Lodging Educational Foundation, Just in Time for Foster Youth, Live like Jojo Foundation, Orange County School for the Arts, American Cancer Society, Second Harvest Food Bank, and US2UGANDA4LIFE. Our employees and Board Directors have the opportunity to donate to qualifying organizations through our Matching Gifts Program. Through this program, the Company matches personal gifts on a dollar-for-dollar basis, up to an annual maximum of \$5,000 per employee or Board Member per year.



Since 2015, Sunstone has donated over **\$455,000 to nearly 130 charities**



We also participate in several local charitable programs through the organization Families Forward. As part of the Sunstone Community Involvement Program, our employees participate in food drives and holiday gift-giving for the underprivileged in our community. In 2020, our employees donated over 400 pounds of food through Families Forward.



Supporting Communities in Need

In response to the COVID-19 pandemic and particularly when operations were suspended, Sunstone recognized the importance of supporting our hotel associates and the local communities where our hotels are located. As part of our Hotel Associate Food Assistance Program, the Company spent approximately \$270,000 in 2020 on food drives for working and

furloughed hotel associates across several of our hotels. In early 2021, our Hotel Associate Food Assistance program spent approximately \$225,000 in food drives.

We look for opportunities to support our local communities. In Maui, Hawaii, we purchased nearly \$90,000 in food, primarily from local Maui farmers, to donate to working and furloughed associates at the **Wailea Beach Resort – Marriott, Maui** (Maui, HI). At the **Chicago Embassy Suites** (Chicago, IL), the hotel donated backpack and school supplies to associates with school aged children.

Sunstone remains committed to supporting our communities on both a local and national level and will continue to evaluate additional community engagement opportunities.



2020 and 2021 Hotel Associate Food Assistance Program at select hotels

A modern living room with a wood-paneled ceiling, large windows overlooking a mountain landscape, and contemporary furniture. The room features a large sofa, a coffee table, and a patterned rug. A balcony with a railing is visible through the windows, offering a view of rolling hills and mountains under a blue sky. The interior is furnished with a grey sofa, a wooden coffee table, and a patterned rug. A large window provides a view of a mountain landscape. The ceiling is made of wood, and there are several pendant lights hanging from it. The floor is made of wood. The overall atmosphere is warm and modern.

Hotel Spotlight: Montage Healdsburg

Integrating Sustainability and Responsibility

The recently acquired **Montage Healdsburg** (Healdsburg, CA) demonstrates our commitment to Corporate Responsibility in our acquisition strategy.

PROTECTING BIODIVERSITY DURING DEVELOPMENT

As the resort was built on previously undeveloped land, the developer engaged with several environmental experts including arborists, ecologists, and biologists to preserve the unique natural habitat of the Healdsburg area. We evaluated records or commissioned reports during due diligence on topics including local bird species, water quality, soil, habitat, natural vegetation, wetland restoration, and oak tree preservation.



Thousands of oak trees around the resort were studied, plotted, and protected via the **Oak Tree Preservation Plan** to ensure they can be enjoyed for many years to come.

Several initiatives were undertaken to preserve the area’s biodiversity including planting 450 young hazelnut trees and revegetation and restoration of a creek that runs through the resort.

Wildfire Risk Mitigation

During the due diligence process, we concluded this resort is in a high-risk wildfire zone. As part of the mitigation measures, the resort invested in a third-party expert to create a Fire Protection Plan (“FPP”) that aligned with the local fire department’s protection requirements. The FPP parameters include brush line, tree overhang, and the probability of winds and fire intensity from various directions. Since our acquisition, we’ve completed a comprehensive brush clearance program spanning our resort and instituted an on-going brush and landscaping maintenance program. We are in the process of investing in a full backup generation system for the entire resort.

BUILDING ENHANCEMENTS

During the design process for the Montage Healdsburg, sustainability was at the forefront. As part of being environmentally responsible, the following initiatives were incorporated:



Energy Reduction

- Photometric site plan maximizing LED lighting.
- Lighting occupancy sensors in guest rooms.
- Digital thermostats and occupancy sensors for HVAC units.
- Solar power installation through Tesla.
- EV charging stations through Tesla.



Water Conservation

- Low-flow toilets, sinks and showerheads in guest and public bathrooms.
- Native, fire resistant, and drought tolerant plants and trees for landscaping.
- Installing artificial turf on all function lawns.
- Adherence to City of Healdsburg Water Restrictions and requirements.
- Vineyards irrigated by on-site wells instead of local city water.



Other Sustainability

- Low-emitting materials including adhesives, sealants, paints, and coatings.
- Bike rental shop featuring electric bikes and bicycle storage as an alternative to vehicle usage.

OPERATIONAL RESPONSIBILITY

Our resort operator worked diligently to create an experience that highlights sustainable products, local ingredients, promotes guest wellness, and embraces the ambiance of the Sonoma Wine Country. We strive to create partnerships that provide opportunities for sustainable practices and support the local community.



Local Bees & Honey

- Partnered with a local beekeeping company to maintain a beehive onsite which allows for local pollination and provides honey for our food and beverage outlets.
- Our local beekeeping partner sells their products in the Healdsburg Country Store.



Walking Trails

- Walking trails are located throughout the property and more are being added so our guests and the local community can enjoy the natural beauty that surrounds the resort.



Spa Montage

- Enhances health and well-being with treatment rooms, relaxation areas, and a Yoga Garden within the vineyards.
- Enhances sustainability by using and selling products with natural and sustainable ingredients.



Yoga Garden

- Yoga classes feature ultra-sustainable, hypoallergenic, and antimicrobial yoga mats that are crafted in San Francisco from cork.



Resort Dog

- One-year-old pup, Beau, is a Lagotto Romagnolo, an early breed of Italian water dog and truffle hunter. He makes regular appearances in the lobby, where he enjoys meeting, greeting, and playing with everyone.

Local Community Partnerships and Engagement

Our Company's ESG strategy also focuses on supporting local business communities surrounding our hotels. Montage Healdsburg provides

meaningful recognition and revenue opportunities to the regional business community, including artists, designers, specialty food businesses, wineries, and farms.



Highlighting Local Wineries



Food and Beverage Operations showcase local farms and wineries, with a significant portion of food sourced through local vendor partnerships

- We offer “Meet the Maker” wine tasting events that showcase wines from local vineyards.

Local partnership examples:

- Liberty Farms for their prized Sonoma ducks,
- Jackson Family Gardens for their immaculate and hyper-seasonal produce,
- VOLO for single origin high quality chocolate,
- Shannon Ridge for sustainably raised lamb, and
- Rusty from Deergnaw Olive Oil.

Our Healdsburg Country Store, a gourmet grab-and-go market, sells an abundance of locally made goods and local and specialty foods, including fresh hand-roasted local coffee and regional wines.

Montage Healdsburg supports the local community through the “Hearts of Montage” program where hotel associates spend time helping with various needs throughout the community.





Reference Materials

Appendix A: GRI Content Index

Sunstone Hotel Investors, Inc. General Disclosures provide our stakeholders with Company information relating to our operations, strategy, and governance structure. We also offer insight into our engagement with stakeholders and reporting approaches. Our GRI Content Index references information within our online Corporate Responsibility Report, Proxy Statement, 10-K, and Corporate Governance webpages.

Number	Description	Response	References
Organizational Profile			
102-1	Name of the organization	Sunstone Hotel Investors Inc. ("Sunstone" or "Company")	2020 10-K Filing (<i>Our Company</i> p. 3 of 10-K)
102-2	Activities, brands, products, and services	Sunstone is a real estate investment trust ("REIT"). Our business is to acquire, own, asset manage, and renovate or reposition hotels that we consider to be Long-Term Relevant Real Estate® ("LTRR®") in the United States. All but two (the Boston Park Plaza and the Oceans Edge Resort & Marina) of our hotels are operated under nationally recognized brands.	2020 10-K Filing (<i>Our Company</i> p. 3 of 10-K)
102-3	Location of headquarters	Our corporate headquarters is located at 200 Spectrum Center Drive, 21 st Floor, Irvine, California 92618.	2020 10-K Filing (<i>Corporate Office</i> p. 9 of 10-K)
102-4	Location of operations	As of December 31, 2020, we owned 17 hotels located in key gateway markets and unique resort locations throughout the United States, including Boston, Chicago, Key West, Maui, New Orleans, Orlando, Portland, San Diego, San Francisco, and Washington DC.	2020 10-K Filing (<i>Competitive Strengths</i> p. 4-6 and <i>Properties</i> , p. 35 of 10-K)
102-5	Ownership and legal form	Sunstone was incorporated in Maryland on June 28, 2004. We are a REIT under the Internal Revenue Code of 1986, as amended.	2020 10-K Filing (<i>Our Company</i> p. 3 of 10-K)

Number	Description	Response	References
102-6	Markets served	<p>As of December 31, 2020, all of our 17 hotels were located in key gateway markets and unique resort locations throughout the United States. Our business is to acquire, own, asset manage, and renovate or reposition hotels that we consider to be LTRR® in the United States, specifically hotels in urban and resort locations that benefit from barriers to entry and diverse economic drivers.</p> <p>Our properties are located in the following cities: Boston, Chicago, Key West, Long Beach, New Orleans, Orlando, Portland, San Diego, San Francisco, Wailea, Washington DC, and White Plains.</p>	2020 10-K Filing <i>(Competitive Strengths p. 4-6 and Properties p. 35 of 10-K)</i>
102-7	Scale of organization	<p>As of December 31, 2020, the Company had interests in 17 hotels, comprised of 9,017 rooms.</p> <p>Sunstone also employed 40 full-time employees as of February 1, 2021. As of December 31, 2020, our total revenues were \$267,906.</p>	2020 10-K Filing <i>(Our Company p. 3, Employees p. 9, Properties p. 35, and Selected Financial Data p. 37 of 10-K)</i>
102-8	Information on employees and other workers	<p>As of February 1, 2021, we had 40 full-time employees. The Company may also hire independent contractors.</p> <p>All persons employed in the day-to-day operations of the hotels are employees of the management companies we engaged to operate such hotels.</p>	2020 10-K Filing <i>(Employees p. 9 of 10-K) GRI Index – Disclosures</i>
102-9	Supply chain	<p>Our supply chain categories include building materials; furniture, fixtures, and mechanical equipment; operating supplies and equipment; food and beverage supplies; guest amenities; and office supplies for our corporate headquarters location, among other common lodging-related supplies and equipment.</p>	2020 10-K Filing <i>(Investments in Hotel Properties p. F-11, p. F-16, F-17 of 10-K)</i>
102-10	Significant changes to the organization and its supply chain	<p>We disposed of three hotels during fiscal year 2020, which included the Renaissance Harborplace in July 2020, and the Renaissance Los Angeles Airport and the Hilton Times Square in December 2020.</p>	2020 10-K Filing <i>(2020 Highlights p. 38-40 of 10-K)</i>
102-11	Precautionary principle or approach	<p>Sunstone engages with our stakeholders, including hotel brands and management companies, to manage Environmental, Social and Governance (“ESG”) related risks. Our internal Environmental Management System (“EMS”) aims to identify risks and evaluate opportunities to ensure continuous improvement in all facets of our sustainability program.</p>	2021 Corporate Responsibility Report

Number	Description	Response	References
102-12	External initiatives	<p>The Company’s sustainability program and objectives align with the United Nations Sustainable Development Goals (“UN SDGs”).</p> <p>As stated in our Human Rights & Labor Rights Policy, we adhere to the principles defined in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.</p> <p>The Company also fully supports and encourages all of our operators to adopt and abide by the principles of the American Hotel & Lodging Association’s (“AHLA”) 5-Star Promise. The 5-Star Promise is part of an industry-wide commitment to advance hotel safety, security, and hospitality.</p>	<p>2021 Corporate Responsibility Report</p> <p>Human Rights & Labor Rights Policy</p>
102-13	Membership of associations	<p>Sunstone is a member of the National Association of Real Estate Investment Trusts (“NAREIT”).</p> <p>We also actively engage with several industry organizations, including the AHLA, the Hospitality Asset Managers Association, and the Cornell Institute for Hospitality Labor and Employment Relations.</p>	2021 Corporate Responsibility Report
Strategy			
102-14	Statement from senior decision-maker	A statement from our Interim CEO is available in our 2021 Corporate Responsibility Report.	2021 Corporate Responsibility Report

Number	Description	Response	References
102-15	Key impacts, risks and opportunities	<p>In our 2020 10-K, we identify risk factors that pose a significant risk to our business. We also report on our Company’s risks in our 2020 GRESB response.</p> <p>The Company conducted environmental, social, and regulatory risk assessments to identify risks throughout our portfolio of hotels. Additional information on these assessments is available in our annual Corporate Responsibility Report and our Task Force for Climate-Related Financial Disclosures (“TCFD”).</p> <p>In addition to risks that may negatively impact our Company, we seek to mitigate potential risks to the environment and our surrounding communities. In 2019, we set 2025 energy, GHG emissions, water, and waste- to-landfill intensity targets to guide us in minimizing our environmental impact.</p> <p>We evaluate our Company ESG related policies annually. In 2021, we published revised Environmental and Human Rights & Labor Rights Policies that enhances our focus on environmental and social risks, including our aim to advance diversity, equity, and inclusion.</p>	<p>2020 10-K Filing (Risk Factors pgs.12-34 of 10-K)</p> <p>2021 Corporate Responsibility Report</p> <p>Environmental Policy</p> <p>Human Rights & Labor Rights Policy</p> <p>2020 GRESB Response</p>
Ethics and Integrity			
102-16	Values, principles, standards and norms of behavior	<p>The Company’s Code of Business Conduct and Ethics and Human Rights & Labor Policy outlines our values, principles, standards, and behavior norms.</p> <p>The Company’s Nominating and Corporate Governance Committee (“NCG”) and the Code of Ethics Contact Person are responsible for applying the Code of Business Conduct and Ethics.</p>	<p>Code of Business Conduct and Ethics</p> <p>Human Rights & Labor Rights Policy</p>
102-17	Mechanisms for advice and concerns about ethics	<p>Sunstone maintains a Business Conduct and Ethics Hotline that is available to all Sunstone employees 24/7/365. The Ethics Hotline provides all employees the ability to anonymously report violations of the Company’s Code of Business Conduct and Ethics. Sunstone will not tolerate retaliation against those who report misconduct in good faith.</p> <p>Suppliers, vendors, or business partners may also report any grievances to the Company by directly writing to the Company’s Legal Department: Sunstone Hotel Investors, Inc.; Attn: General Counsel, 200 Spectrum Center Drive, 21st Floor, Irvine, CA 92618. Any grievance may be communicated anonymously if desired.</p>	<p>Code of Business Conduct and Ethics</p> <p>Vendor and Business Partner Code of Conduct</p>

Number	Description	Response	References
Governance Structure			
102-18	Governance Structure	<p>Sunstone's corporate governance and Board of Directors ("Board") structure information is available on our Company website's Corporate Governance web page.</p> <p>Our Company's ESG Committee monitors our ESG program and objectives and is responsible for providing updates to the NCG quarterly and annually to the entire Board.</p>	<p>Corporate Governance</p> <p>Corporate Governance Guidelines</p> <p>2021 Corporate Responsibility Report</p>
102-20	Executive-level responsibility for economic, environmental, and social topics	<p>The Company's ESG Committee ("ESGC") is comprised of employees and executives from our Legal and Finance departments and has supervision of our ESG programs, objectives, disclosures, policies, and procedures, including our ISO 14001 aligned EMS. The ESGC reports directly to the Interim CEO.</p> <p>To ensure compliance and Company-wide transparency, our ESG Committee updates the NCG quarterly and annually to the entire Board. Sunstone's Board also reviews and approves all of our Company's ESG-related policies, including Code of Business Conduct and Ethics, Human Rights & Labor Policy, Environmental Policy, and Vendor & Business Partner Code of Conduct.</p>	<p>2021 Corporate Responsibility Report</p> <p>Code of Business Conduct and Ethics</p> <p>Human Rights & Labor Rights Policy</p> <p>Environmental Policy</p> <p>Vendor and Business Partner Code of Conduct</p>
102-22	Composition of the highest governance body and its committees	<p>Sunstone's Board is comprised of seven members with six independent members.</p> <p>Four primary committees: the Audit Committee ("Audit"), the Compensation Committee ("Comp"), the Investment Committee ("Investment"), and the NCG are overseen by the Board to ensure compliance with policies and procedures, including Board composition and executive and management compensation. Each committee is comprised of a Chairperson and committee members, with financial experts required for Audit membership.</p>	<p>Board of Directors</p> <p>Corporate Governance</p> <p>Corporate Governance Guidelines</p> <p>2021 Corporate Responsibility Report</p>
102-23	Chair of the highest governance body	Douglas M. Pasquale is the Interim CEO and Chairman of the Board.	Board of Directors

Number	Description	Response	References
102-24	Nominating and selecting the highest governance body	The NCG identifies individuals believed to be qualified to become Board members, consistent with criteria approved by the Board, and makes nomination recommendations to the Board.	Corporate Governance Nominating and Corporate Governance Committee Charter
102-25	Conflicts of interest	Our Code of Business Conduct and Ethics and annual Proxy Statement outline the Company's Conflict of Interest Policy. Any transaction, activity, or relationship that could reasonably be expected to give rise to or the appearance of a conflict of interest must be disclosed in writing and be discussed in advance with the Code of Ethics Contact person. If the conflict involves the Code of Ethics Contact person, it should be disclosed in writing and discussed in advance with the NCG Chair or the Audit Chair.	2021 Proxy Statement (pdf p. 28-29) Code of Business Conduct and Ethics
102-28	Evaluating the highest governance body's performance	Comp exercises independent discretion and judgment in making compensation decisions after evaluating the executive's past performance (including the extent to which the executive has met or exceeded specified targets or affected the Company's performance).	2021 Proxy Statement (pdf pgs. 11-12, 38-51)
102-35	Remuneration policies	Our annual Proxy Statement outlines the Company's remuneration policies. Our compensation practices include the following: stockholder returns, pay for performance; tie a major portion of our at-risk pay to the Company's achievement of objective corporate performance criteria; short-term employment agreements with our executives; require our CEO and other executives to have a meaningful ownership interest in the Company; hold an annual say-on-pay vote; and solicit independent compensation advice.	2021 Proxy Statement (pdf pgs. 11-12, 38-51)
102-36	Process for determining remuneration	Our annual Proxy Statement outlines our Company's process for determining remuneration. Comp assists the Board in determining the compensation of our executive officers. Comp evaluates and recommends to the Board appropriate policies and decisions relative to executive officer salary, benefits, bonus, incentive compensation, severance, equity-based, and other compensation plans.	2021 Proxy Statement (pdf pgs. 11-12, 38-51))

Number	Description	Response	References
Stakeholder Engagement			
102-40	List of stakeholder groups	Sunstone stakeholders include stockholders, operators, brand and management companies, corporate employees, hotel associates, suppliers, industry associations, local communities, and other business partners.	2021 Corporate Responsibility Report 2021 Proxy Statement (<i>Environmental, Social and Governance Practices</i> pdf p. 33-35)
102-41	Collective bargaining agreements	Sunstone employees are not members of any labor union and are not subject to collective bargaining agreements. The Company is subject to exposure to collective bargaining agreements at certain hotels operated by its management companies. As of December 31, 2020, such collective bargaining agreements cover approximately 38.3% of workers employed by the Company's third-party operators.	2020 10-K Filing (<i>Collective Bargaining Agreements</i> p. F-32 of 10-K)
102-42	Identifying and selecting stakeholders	Sunstone identifies and selects our stakeholders by considering our Company's operations, programs, goals, impacts, and opportunities. This process includes identifying and selecting stakeholders that may be impacted by our operations.	2021 Corporate Responsibility Report 2021 Proxy Statement (<i>Environmental, Social and Governance Practices</i> pdf p. 33-35)

Number	Description	Response	References
102-43	Approach to stakeholder engagement	<p>Sunstone engages with all of our stakeholders regularly, in various capacities to address risks and assess opportunities throughout our Company.</p> <p>We engage with our brands, third-party management companies, and Sunstone employees to assess and manage risks related to customer satisfaction, health and safety, human rights, and diversity, equity and inclusion.</p> <p>We engage with our operators to manage environmental risks and achieve our environmental targets and objectives. In 2019, we began engaging hotel brand companies, collectively with peers, to ensure the alignment of interests and implementation and promotion of ESG-related initiatives to achieve long-term goals.</p> <p>We engage with our investors to ensure clear communication and transparency of our ESG program meets their expectations.</p>	2021 Corporate Responsibility Report
Reporting Practices & Materiality			
102-45	Entities included in the consolidated financial statements	A list of properties is provided in our annual 10-K filing.	2020 10-K Filing (<i>Properties pdf</i> p.35 of 10-K)
102-46	Defining report content and topic boundaries	<p>Report content and topic boundaries are defined by determining the most relevant, material and important information to our Company.</p> <p>We also consider our stakeholders' expectations, including investors, to identify and report on material topics.</p>	GRI Index – Disclosures
102-47	List of material topics	<p>Sunstone provides disclosures for the following select material topics:</p> <ul style="list-style-type: none"> • Economic: economic performance, indirect economic impacts, and anti-corruption. • Environmental: energy, water, waste and effluents, and GHG emissions. • Social: employment, occupational health and safety, training and education, diversity and equal opportunity, local communities, product health and safety, and customer privacy. • Risk: climate change and cybersecurity 	GRI Index – Disclosures

Number	Description	Response	References
102-48	Restatements of information	Portfolio waste data (2015-2018) was restated in our 2020 Sustainability Report due to greater data availability.	2021 Corporate Responsibility Report
102-49	Changes in reporting	No changes are reported during the reporting period.	2021 Corporate Responsibility Report
102-50	Reporting Period	Our reporting period is calendar year 2020 (January 1 – December 31, 2020).	2021 Corporate Responsibility Report
102-51	Date of most recent report	December 17, 2021.	2021 Corporate Responsibility Report
102-52	Reporting cycle	Our Corporate Responsibility Report and related ESG disclosures are published annually.	2021 Corporate Responsibility Report
102-53	Contact point for questions regarding the report	Sunstone Hotel Investors, Inc. 200 Spectrum Center Drive 21st Floor Irvine, CA 92618 Phone: 949-330-4000 ESG@sunstonehotels.com	Sunstone Hotel Investors 2021 Corporate Responsibility Report
102-56	External assurance	We did not receive external assurance during this reporting cycle.	GRI Index – Disclosures

GRI Content Index: Management Approach Disclosures – Economic

Number	Description	Response	References
Economic Performance			
103	Management Approach	<p>Aimed at deriving significant stockholder value through the ownership of LTRR®, we take a holistic view in investing in our assets, balancing the best interests of our stockholders, the environment, our employees, the hotel associates, and the communities where we own hotels.</p> <p>Through our ESG program and strategy, we aim to improve our portfolio’s quality and value and effectively mitigate risks.</p>	2020 Sustainability Report
201-1	Direct economic value generated and distributed	<p>In 2020, total revenues were \$267,906.</p> <p>Our Company also donated over \$60,000 in Company matched or Company sponsored donations to support local and national charities and organizations in 2020.</p>	<p>2020 10-K Filing (<i>Selected Financial Data pdf</i> p. 37 of 10-K)</p> <p>2021 Corporate Responsibility Report</p>
201-2	Financial implications and other risks and opportunities due to climate change	<p>Sunstone performs assessments throughout the Company to identify and effectively mitigate risks, including those related to climate change.</p> <p>A list of financial implications and other risks and opportunities due to climate change is located in our 10-K filing.</p>	<p>2020 10-K Filing (<i>Risk Factors pdf</i> pgs. 12-34 of 10- K)</p>

Number	Description	Response	References
Indirect Economic Impacts			
103	Management Approach	<p>Sunstone actively supports local and national charities and organizations through our Community Involvement Program. Sunstone employees are also engaged in supporting charities, organizations, and communities by participating in our Matching Gifts Program and various drives, including food, school supplies, and holiday food and gifts.</p> <p>Our Community Involvement Program aims to support youth and local families. Since 2016, we have donated \$140,000 to the American Hotel & Lodging Association Educational Foundation (“AHLA EF”). In 2020, we created the Hotel Associate Food Assistance Program to support the hotel associates during the COVID-19 Pandemic.</p> <p>We monitor the impacts of our Community Involvement Program and continuously seek opportunities to assist local communities.</p>	<p>2021 Corporate Responsibility Report</p> <p>GRI Index – Disclosures</p>
203-1	Infrastructure investments and services supported	<p>At our headquarters in Irvine, California, we actively support local and national charities and organizations through our Community Involvement Program.</p> <p>In 2020, Sunstone donated over \$60,000. Sunstone employees and Board Members can donate to qualifying organizations through our Matching Gifts Program. Through this program, Sunstone matches personal gifts on a dollar-for-dollar basis, up to an annual maximum of \$5,000 per employee or board member per year.</p>	<p>2021 Corporate Responsibility Report</p> <p>GRI Index – Disclosures</p>
Anti-Corruption			
103	Management Approach	<p>Sunstone’s Code of Business Conduct and Ethics, which is overseen by the NCG, outlines the broad principles of legal and ethical business conduct, and includes anti-corruption of information.</p> <p>All Sunstone employees, including management, receive training related to governance risks, including initial training when the employee joins the Company.</p>	<p>Code of Business Conduct and Ethics</p>
205-1	Operations assessed for risks related to corruption	<p>Sunstone regularly monitors Company operations for risks related to corruption.</p> <p>We also conduct Company-wide bribery and corruption risk assessments.</p>	<p>GRI Index – Disclosures</p>

Number	Description	Response	References
205-2	Communication and training on anti-corruption policies and procedures	Sunstone employees and Board Members are expected to comply with our Code of Business Conduct and Ethics. Sunstone employees receive training on governance-related risks, including bribery and corruption.	Code of Business Conduct and Ethics
205-3	Confirmed incidents of corruption and actions taken	No known incidents of corruption during the reporting cycle.	GRI Index – Disclosures

GRI Content Index: Management Approach Disclosures – Environmental

Number	Description	Response	References
103	Management Approach	<p>Sunstone's 2025 environmental targets aim to reduce energy and carbon emissions per square foot by 7.5% and 22%, respectively, and water and waste intensity per occupied room by 13% and 10%, respectively.</p> <p>We implemented an internal EMS, including a Plan, Do, Check, Act process to drive continuous improvement. Through Sunstone's EMS, we aim to reduce our portfolio's environmental impact and risks by monitoring our performance, investing in efficiency and capital projects, and evaluating operations. Our Company's EMS also directly monitors climate-change related risks, including sea-level rise and natural hazards.</p> <p>We actively strive to reduce utility usage and greenhouse gas emissions by installing energy-efficient equipment and investing in low-carbon opportunities; managing and reducing waste by eliminating single-use plastics and increasing recycling programs; monitoring regulatory compliance; and conducting climate-change studies and implementing adaptation measures.</p>	<p>2021 Corporate Responsibility Report</p> <p>ESG Performance Tables</p>
Energy			
302-1	Energy consumption within the organization	In 2020, total energy consumption was 123,656 MWh.	ESG Performance Tables
302-3	Energy intensity	In 2020, energy intensity was 15.23 kWh per sq. ft.	ESG Performance Tables
Water and Effluents			
303-3	Water withdrawal	In 2020, total groundwater withdrawal was 19,382 kilogallons.	ESG Performance Tables
303-5	Water consumption	In 2020, total water consumption was 234,231 kilogallons.	ESG Performance Tables
GHG Emissions			
305-1	Scope 1 emissions	In 2020, scope 1 emissions were 9,388 metrics tons CO ₂ e.	ESG Performance Tables
305-2	Scope 2 emissions	In 2020, scope 2 emissions were 25,778 metrics tons CO ₂ e.	ESG Performance Tables

Number	Description	Response	References
305-4	Greenhouse gas intensity (GHG)	In 2020, greenhouse gas intensity was 4.33 kg. per sq. ft.	ESG Performance Tables
Effluents and Waste			
306-2	Waste by type and disposal method	<p>In 2020, total waste generated was 3,185 U.S. tons.</p> <p>In 2020, 2,345 U.S. tons of waste was sent to landfill, 290 U.S. tons of waste was recycled, 348 U.S. tons of waste was composted, and 201 U.S. tons of waste was incinerated. No hazardous waste was generated.</p>	ESG Performance Tables

GRI Content Index: Management Approach Disclosures – Social

Number	Description	Response	References
Employment			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>All Sunstone employees receive benefits, including medical, dental, and vision insurance, life insurance, and retirement plans. All employees are also provided with access to an on-site gym, the option of an off-site gym membership, and an annual voluntary on-site biometric health screening.</p> <p>Prior to onset of COVID-19, we also offered flexible working hours and working from home arrangements on a case-by-case basis. Due to COVID-19, we temporarily implemented a work from home environment from March 2020 to July 2021 for the health and safety of our employees. Additional benefits during remote work environment include home computer, computer-related equipment, office supplies, and flexible hours. Our office resumed operations in July 2021 and continues to require strict protocols related to vaccinations for employees working in the office.</p>	2021 Corporate Responsibility Report
Occupational Health & Safety			
403-6	Promotion of worker health	<p>Sunstone offers all employees benefits, including health insurance and life insurance, and retirement plans. All employees are also provided with access to an on-site gym, the option of an off-site gym membership, and an annual voluntary on-site biometric health screening.</p> <p>We also distribute a monthly wellness newsletter to all Company employees to promote a healthy lifestyle.</p> <p>Through Heart of House investments, we promote the hotel associates' health and well-being through investing in hotel back-of-house spaces, including refreshed associate cafes, wellness rooms, water filter stations, associate locker rooms, and common areas.</p>	2021 Corporate Responsibility Report
403-9	Work-related injuries	In 2020, no Sunstone employee work-related severe injuries or fatalities occurred.	2021 Corporate Responsibility Report

Number	Description	Response	References
Training and Education			
404-2	Programs for upgrading employee skills and transition assistance programs	Sunstone supports our employees by creating an inclusive, collaborative, and supportive work environment, competitive wages and benefits, and career development opportunities. We provide Company-wide training on Governance, ESG & Sustainability, Cybersecurity, Harassment and Discrimination Prevention, and DE&I Practices. We encourage our employees to participate in individualized or specialized job-level training including programs in real estate investments and negotiation, accounting and reporting systems, CPA test preparation, tax, sustainability, information technology systems, and engineering (roofing, elevator, and chiller maintenance).	2021 Corporate Responsibility Report
404-3	Percentage of employees receiving regular performance and career development reviews	All Sunstone employees receive regular performance and/or career development reviews. During these performance reviews, supervisors and employees discuss areas of improvement and opportunities for growth.	2021 Corporate Responsibility Report
Diversity and Equal Opportunity			
103	Management Approach	<p>Sunstone aims to foster a Company culture of belonging, where all employees are comfortable to be their authentic selves. We aim to create an inclusive, fair, and equal work environment, free of any form of harassment or discrimination. The Company is committed to advancing diversity, equity, and inclusion within the workplace and with our business partners. Sunstone recognizes the value of different perspectives and backgrounds within the workplace.</p> <p>The Company is a signatory to the CEO Action for Diversity and Inclusion™ which aims to advance diversity and inclusion in the workplace. In 2020, the Company created the DE&I Committee comprised of individuals from Senior Management, Human Resources, and Corporate Responsibility.</p> <p>The Company conducted mandatory unconscious bias training workshops in 2021. In addition, the Company's increased female and underrepresented community representation on our Board in 2021 and will continue to increase representation from underrepresented communities on our Board.</p>	2021 Corporate Responsibility Report

Number	Description	Response	References
405-1	Diversity of governance bodies and employees	<p>As of September 2, 2021, Sunstone’s Board is comprised of 4 men and 3 women.</p> <p>As of December 31, 2020, 40% of our employees are women and 60% are men.</p> <p>Please refer to Sunstone’s ESG Performance tables for additional information on employee age and race/ethnicity metrics.</p>	<p>Board of Directors</p> <p>ESG Performance Tables</p>

Number	Description	Response	References
Human Rights Assessment			
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>In 2021, we made additional enhancements to our published Human Rights & Labor Rights Policy. We believe that companies have a responsibility to respect and uphold fundamental human rights. We aim to adhere to the principles defined in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.</p> <p>We fully support and encourage all of our operators to adopt and abide by the principles of the AHLA's 5-Star Promise. The 5-Star Promise is part of an industry-wide commitment to advance safety and security for hotel associates and guests based on the following five important initiatives:</p> <ul style="list-style-type: none"> • Build on our industry's longstanding commitment to hospitality and a People Culture by continuing to provide industry-wide training and materials on safety and security, and retain expert guidance to work with the industry on diversity and safety matters. • Ensure mandatory anti-sexual harassment policies are in place in multiple languages. • Provide ongoing training and education for associates on identifying and reporting sexual harassment. • Provide US hotel associates with associate safety devices to help them feel safe on the job. • Broaden vital partnerships with wide-ranging national organizations that target sexual violence and assault and trafficking and promote workplace safety. <p>Nearly all of our hotels (15 out of 17) are operated under nationally recognized brands such as Marriott, Hilton, Montage, and Hyatt. These brands and management companies developed and provided human rights training and policies to hotel associates. Our two independent hotels deployed human rights training and policies with their management companies.</p>	<p>2021 Corporate Responsibility Report</p> <p>Human Rights & Labor Rights Policy</p>

Number	Description	Response	References
Local Communities			
103	Management Approach	<p>Sunstone engages with local communities and organizations through our Community Involvement Program. Our Program is targeted towards supporting youth and local families through direct donations and donation drives. Sunstone employees are actively engaged in our Community Involvement Program and participate in food drives, school supply donation drives, and holiday gift-giving drives for youth and families in our community. Since 2015, Sunstone has donated over \$455,000 to charitable organizations.</p> <p>We also aim to support local communities where our hotels are located, including identifying opportunities to support associates who work at the properties we own. In 2020, we established the Hotel Associate Food Assistance Program which provides food donations to our active and furloughed employees at select hotels. We spent roughly \$270,000 in 2020 and \$225,000 in early 2021 through this program.</p> <p>In 2019, Sunstone also conducted a Socio-Economic Risk and Opportunities Assessment to identify key factors that contribute to communities' social impact or well-being where our properties are located.</p>	2021 Corporate Responsibility Report
413-1	Operations with local community engagement, impact assessments, and development programs	<p>At our headquarters in Irvine, California, we actively support local and national charities and organizations through our corporate giving program. In 2020, Sunstone donated over \$62,000 to roughly 35 different charitable organizations. Sunstone employees and Board Members also have the opportunity to donate to qualifying organizations through our Matching Gifts Program.</p> <p>Our portfolio of hotels also actively engages with their local communities through their community service and donation programs.</p>	2021 Corporate Responsibility Report

Number	Description	Response	References
Public Policy			
415-1	Political Contributions	<p>Sunstone's Code of Business Conduct and Ethics outlines our Political Contributions Policy.</p> <p>All political, legislative, and regulatory activities conducted by, or on behalf of, the Company must be coordinated through the Legal Department to ensure compliance with all laws and regulations.</p>	Code of Business Conduct and Ethics
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	<p>Sunstone aims to prioritize our employees' health, safety, and well-being. We also aim to protect and promote our guests' and hotel associates' health, safety, and well-being through investments at our properties.</p> <p>Throughout our portfolio of hotels, third-party fire life safety checks are also performed.</p>	2021 Corporate Responsibility Report
Customer Privacy			
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No known complaints regarding breaches of customer privacy and customer data losses were reported during the reporting cycle for Sunstone corporate information.	2020 10-K Filing (pgs.21-22 of 10-K) GRI Index – Disclosures

Appendix B: SASB Disclosures

Code	Metric Description	Response
Activity Metrics		
IF-RE-000.A	Number of assets	17
IF-RE-000.B	Leasable floor area	8,120,071 Square Feet
IF-RE-000.C	Percentage of indirectly managed assets	100%
IF-RE-000.D	Average occupancy rate	22.5%

Sustainability Disclosure Topics and Accounting Metrics		
Code	Market Description	2020 Values
Energy Management		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area	100%
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	445,160.82 GJ
	Percentage grid electricity	58%
	Percentage renewable energy	0%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage	-34%
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating	73%
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	<p>Sunstone’s ESG investment strategy begins during the initial due diligence for new property acquisitions and continues throughout our hotel ownership. During the hotel acquisition process, we utilize both internal and third-party technical experts to assess each property’s infrastructure, including near and long-term capital needs.</p> <p>Through Sunstone’s EMS, we actively manage building energy at our standing investments, as part of our ESG strategy. Sunstone’s EMS aims to reduce our portfolio’s environmental impact and risks through monitoring our performance and investing in efficiency, capital, and management projects.</p>

Sustainability Disclosure Topics and Accounting Metrics		
Code	Market Description	2020 Values
Water Management		
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area	100%
	Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress	100%
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage	887 Thousand Cubic Meters
	Percentage in regions with High or Extremely High Baseline Water Stress	19.8%
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage	-45.1%
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	<p>Through Sunstone's EMS, we actively manage building water consumption at our standing investments, as part of our ESG strategy. Sunstone's EMS aims to reduce our portfolio's environmental impact and risks through monitoring our performance and investing in water efficiency and management projects.</p> <p>As part of our strategy, we conducted a water risk assessment to identify high or extremely high baseline water stress properties. To mitigate risks, we implement water saving technologies and strategies throughout our portfolio, including installing high-efficiency fixtures, smart irrigation, and drought-tolerant landscaping.</p>
Management of Tenant Sustainability Impacts		
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	0%
IF-RE-410a.2	Percentage of tenants that are separately metered or sub metered for water withdrawals	59%
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Sunstone continuously engages with hotel executive management teams and operators to measure and improve environmental performance. Throughout our portfolio, our Design & Construction, Engineering, and Asset Management teams continuously monitor energy and water consumption and costs, as well as work with our operators to identify areas for improvement. We also provide operators with tenant fit-out guides.

Sustainability Disclosure Topics and Accounting Metrics		
Code	Market Description	2020 Values
Climate Change Adaptation		
IF-RE-450a.1	Area of properties located in 100-year flood zones	3,333,032 Square Feet
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	<p>As part of our climate change adaptation strategy, we conducted portfolio-wide climate change risk assessments. We identified high-risk properties through these assessments and began to implement strategies to mitigate risks related to climate change.</p> <p>Our climate change risk mitigation strategy includes working with our operators on asset specific emergency response plans, deploying portfolio-wide emergency equipment and response protocols, and evaluating short, medium, and long-term investments to protect our assets as well as promote the safety of hotel associates and guests. In the short term, we are focused on investments that will protect our assets from the current environmental threat of potential wind and flood events.</p>

Appendix C: Task Force on Climate-Related Financial Disclosures

Sunstone Hotel Investors, Inc. (“Sunstone” or “Company”) is providing voluntary climate-related financial risk disclosures in-line with the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (“TCFD”) to use in providing information to investors, lenders, insurers, and other stakeholders.

GOVERNANCE

Board's oversight of climate-related risks and opportunities

The Nominating and Corporate Governance Committee (“NCG”), which is comprised of independent members from our Board of Directors (“Board”), has direct oversight of the Company’s Environmental, Social, and Governance (“ESG”) related objectives, all ESG-related Company policies, procedures, and evaluation of risks and opportunities, including those related to climate change, resource scarcity, and human rights. In 2020, the NCG charter was updated to reflect these responsibilities. Our Interim CEO and Chairman of the Board is actively engaged in our ESG process. The ESG Committee (“ESGC”) provides ESG updates to the NCG quarterly and the entire Board annually. In 2020, the ESGC reported four times to the NCG and once to the entire Board. The ESG Committee reports progress towards our 2025 carbon emissions reduction targets, along with other related ESG goals and performance, so that the NCG and the Board can effectively monitor progress and to make informed decisions. Additionally, the Compensation Committee sets a portion of each of the named executive officer’s annual cash bonus and equity incentive award on achieving certain goals related to advancing the Company’s ESG initiatives.

Management's role in assessing and managing climate-related risks and opportunities

Our Company’s ESGC is comprised of employees and executives from our Legal and Finance departments and has supervision over our ESG programs, objectives, policies, and procedures, including Sunstone’s ISO 14001 aligned Energy Management System (“EMS”). The ESGC is responsible for providing ESG updates, including climate-related issues, to the NCG and the entire Board and oversees Company-wide initiatives to meet our 2025 energy, water, waste, and carbon emissions reduction targets and enhance our environmental performance and social responsibility. The ESGC meets monthly, quarterly with key Company departments including Asset Management, Legal, Design and Construction, Acquisitions, Risk Management, and Senior Management. The ESGC also conducts one-on-one meetings for specific projects or newly identified risks or opportunities, as necessary and reports directly to the Interim CEO. Via our EMS, climate risk assessments are routinely performed for properties within the portfolio. Building protective measures and low-carbon opportunities are evaluated as part of asset management, insurance planning, and capital budget planning. To ensure the wide range of planning and achievement of the ESG objectives are carried out across the organization, a portion of our Named Executive Officer’s (NEO) goals and compensation are tied to ESG initiatives and performance.



STRATEGY

Climate-related risks and opportunities identified over the short, medium, and long-terms

As owners of Long-Term Relevant Real Estate® (“LTRR®”), we take into consideration climate risks and opportunities up to 10 or more years into the future. We use the following time horizons for identified climate risks and opportunities: Short-term (<3 years), Medium-term (3-6 years), and Long-term (>6 years).

Time Frame	Physical Climate Risk	Transitional Climate Risk	Climate Opportunities
Short-Term and Medium-Term	<ul style="list-style-type: none"> • Extreme weather events such as hurricanes, fires, winter storms, droughts, and floods • Increased water stress areas • Increased variability in weather patterns for additional heating and cooling days 	<ul style="list-style-type: none"> • Increased insurance costs • Raw and finished materials cost increases and access difficulty • Increased government regulation mandating low carbon practices, energy efficiency, energy sources, equipment specifications, and additional processes • Increased requirements for ESG disclosure and actions from stakeholders • Cost to manage shift in consumer preferences 	<ul style="list-style-type: none"> • Increased building and operating efficiencies • Reduced water consumption investments • Increased waste efficiency programs • Renewable energy investments • Building resilience investment measures • Preference by and access to consumers prioritizing sustainable buildings and hotel operations
Long Term or Unknown	<ul style="list-style-type: none"> • An increase in average temperatures and an increase in frequency in extreme temperatures • Sea level rise 	<ul style="list-style-type: none"> • Uncertainty in market signals • Increased costs to adapt to net-zero • Increased capital investments from systemic change in energy infrastructure and building systems and equipment 	<ul style="list-style-type: none"> • Low emission goods and services • Climate-related partnerships with local municipalities • Increased efficiency programs • Increased long-term asset value from efficiency, resiliency, and low-carbon attributes

Impact on businesses, strategy, and financial planning

Sunstone’s challenges and risk can manifest in a variety of ways. Some of the risks that Sunstone monitors include the impact of our environmental footprint, climate change impact, cybersecurity, health, safety, and well-being concerns for our corporate employees, hotel associates and hotel guests, asset valuation changes, and Company reputation and the reputation of our business partners. Our risks can impact our various stakeholder groups including Company employees, hotel associates, hotel operators, investors, and the communities in which we own hotels. As we recognize the impact our Company can have on these stakeholders, we aim to identify and mitigate such risks. Our ISO 14001 aligned EMS supports our overall corporate strategy of creating value through ownership of LTRR® and is integrated across all Company departments. Our EMS is designed to monitor performance and risks while aiming for continuous improvement by setting performance goals, collecting, reviewing, and monitoring environmental data, and reporting on environmental performance throughout our entire portfolio.

Within the EMS, we evaluate and monitor the geographical and climate risks and impacts for all current assets and assess the same risks and impacts of any potential acquisition during the due diligence process. In addition, we assess environmental, regulatory, and socioeconomic trends, which may impact financial performance or long-term asset value.

Business Impacts	Short- and Medium-Term	<p>Risk management process identifies our two highest priority risks to be extreme weather and changing consumer preference and behavior.</p> <ul style="list-style-type: none"> • Our portfolio includes assets located in states that are prone to hurricanes, droughts, fire and water stressed areas. We manage these impacts, particularly weather events, through investing in protective and precautionary systems, investing in efficiency measures, detailed operational protocols, and comprehensive evaluations of asset infrastructure. • We manage the impact of consumer preferences and behaviors through active engagement with the brands and operators that guide the messaging of our hotels. • Engagement with other stakeholders, particularly investors, includes providing reliable and transparent disclosures regarding climate change management. These disclosure engagements require resource dedication and purposeful focus on benchmarks and certifications.
	Long-Term	<p>Risk management process identifies high priority risks to be sea level rise and transition to net-zero.</p> <ul style="list-style-type: none"> • Sea level rise will impact current and future capital investments planning and our acquisition strategy. • We evaluate the location, risk profile, and resilience of a potential asset during the due diligence process and determine whether the risks can be mitigated. • Current assets and potential locations with the greatest risk profile internally are evaluated by outside consultants to determine potential impact of climate change on the location and potential mitigation opportunities. • We evaluate opportunities for energy efficiency projects to reduce our GHG emissions and move closer to a net-zero Company.
Strategic and Financial Planning Impacts	<p>As owners of LTRR®, we incorporate mitigation for climate-related risks in our long-term strategy and financial planning. Our climate-related planning is embedded throughout our organization and our asset life cycle. At the portfolio level, we have set environmental targets for 2025. We are constantly evaluating energy efficiency projects, including renewable energy investments. In addition, our teams work to build a multi-year capital plan to ensure our buildings are operating at optimal efficiency and that we are investing capital in critical infrastructure.</p> <p>Addressing climate-related risks and opportunities requires building partnerships with those who work with our assets or are located around our assets. We work with managers and operators who are driven to perform better environmentally and to address social issues. We select vendors and other business partners who align with our Vendor and Business Partner Code of Conduct and look for sustainable solutions to our capital investments. We are also building partnerships with local municipalities, such as Boston, to address climate change risks in these cities and how to mitigate the future impact.</p>	

Organizational resilience and impact of different scenarios, including a 2° or lower scenario

We recognize that our ESG efforts are not completed in a vacuum. In addition to the direct partnerships with all of our stakeholders and business partners, the efforts across local, state, and federal governments and the industry as a whole to decarbonize will have a significant influence on our transitional risks and opportunities. As more investment, innovation, and scale are given to the installation, procurement, and use of sustainable energy both within our portfolio and across the energy innovation sector, additional opportunities will arise to invest in low-carbon solutions and energy generation and distribution. Our movement towards net-zero requires a change in energy infrastructure, including source and distribution. Additionally, our hotel guests, suppliers, and business partners must adjust their expectations on best practices and choose priorities that reduce carbon impact.

We anticipate consumer preference, and its rapid movement towards net-zero, may accelerate investments or initiatives as businesses align their own strategies and set carbon reduction targets for their operations and supply chains below the 2-degree scenario. Corporate group and business travel represent a significant segment of the travel industry and will have an impact on decision-making for implementing and driving innovation for low-carbon solutions. We remain focused on evaluating options towards transitioning to net zero, while supporting the best interest of our stakeholders.

Four-fold Strategy toward a Achieving a 2-Degree Scenario

Establish management and oversight structure via the ESGC, the NCG, and the EMS outlined governance to continually monitor risks and opportunities and identify those investments or initiatives that may accelerate in the 2-degree scenario transition.

Find opportunities to invest in technology such as renewable energy, EV charging stations and fuel switching.

Set up the process and performance tracking to define our first set of carbon reduction targets to expire in 2025, enabling the analysis and monitoring mechanisms to achieve them.

Ensure integrity in governance and structural process to continuously improve, evaluate and plan toward longer-term carbon reduction targets in alignment with a scenario well below the 2-degree, moving toward 1.5 degrees.

Engage with stakeholders including operators, suppliers and hotel associates on supply chain programs that promote low carbon products and services that go beyond carbon efficiency.

RISK MANAGEMENT

Process for identifying and assessing climate-related risks

Sunstone recognizes the critical need for identifying, managing, and mitigating potential risks to our Company as part of our overall strategy of owning LTRR® and taking a holistic view in investing in our assets, balancing the best interests of our stockholders, the environment, our employees, the hotel associates, and the communities where we own hotels. Outlined in the EMS is the ESGC's responsibility to oversee, in conjunction with Risk Management and Senior Management, the process to identify, assess, plan, and respond to climate-related risks and opportunities that may impact our Company performance, asset preservation, associate health and well-being, and investor engagement.

The ESGC and Risk Management coordinate with the Asset Management, Legal, Engineering, and Design & Construction departments to engage hotel brands and operators, various energy and building consultants, regulatory experts, and local and state officials to identify, assess, and mitigate risks. Additionally, we conduct Corporate Responsibility Risk and Opportunity Assessments at our properties and our corporate operations. These assessments provide guidance on asset and corporate risk prioritization and identify areas of opportunity for a specific asset or portfolio-wide initiatives. Topics examined in the Corporate Responsibility Risk and Opportunity Assessments include:



Our ESGC and Risk Management work with Asset Management, Engineering, and Design & Construction to identify high-risk assets factoring in location, building condition, and historical performance. The Company will evaluate the necessity of a more extensive climate change risk analysis to provide guidance for the mitigation strategy. These in-depth analyses provide guidance on potential impacts from variances in weather, temperature, precipitation, flooding, heat index, and droughts over time. Through the Corporate Responsibility Risk Assessments and the climate change analyses, the Company has identified the impact of climate change risks related to hurricanes, wildfires, drought, water stress, and rising sea levels within our key markets in California, Florida, Hawaii, Louisiana, and Massachusetts. The ESGC coordinates with the Acquisitions department via the Acquisitions Risk Assessment guide within the EMS to identify, assess, and mitigate risks during the due diligent process for a potential acquisition.

Processes for managing climate-related risks

Similar to the process to identify risks, the ESGC works with various departments including Risk Management, Asset Management, Engineering, Legal, Acquisitions, and Design & Construction to manage climate-related risks.

Physical Risk Management Strategies	<ul style="list-style-type: none"> • Our strong capital investment strategy, including preventative preparations manage extreme weather events, variability in weather patterns and higher temperatures. • We invest in efficiency projects such as on-site solar generation, upgrades to building management systems, plastic reduction, and water recycling programs. • We plan and prepare for emergencies and natural disasters using our portfolio-wide emergency preparedness program that requires every hotel to have an emergency protocol and on-hand equipment (e.g., satellite phone, life safety and water remediation equipment, first aid supplies, etc.). • In high-risk areas, we invest in building resilience measures including removable flood barriers, storm rated windows, and back-up generators.
Transitional Risk Management Strategies	<ul style="list-style-type: none"> • Consumer preferences, governmental regulations, access and cost of goods and raw materials, and increased stakeholder requirements are managed through strategic partnerships, open and communicative relationships, and involvement in industry certifications. • Consumer preference management approaches rely on strategic guidance and recommendations from our brands and operators to inform, create, and promote programs that improve sustainability on properties. • Regulatory risks are routinely identified and evaluated through government and industry association engagement and general policy scanning. Proposed or approved regulations are communicated to the ESGC and impacted departments including Legal, Accounting, Design and Construction, and Asset Management for continued discussion and prioritization. • Our Design and Construction team continues to develop a strong supplier network that aligns with our Vendor and Business Partner Code of Conduct. • Our ESGC works with Investor Relations and Legal to engage with stakeholders, particularly investors and financial regulatory agencies, to address disclosure and performance expectations.

Integration into overall risk management

As part of Sunstone’s established Enterprise Risk Management (“ERM”), senior management presents to the Audit Committee quarterly and to the entire Board annually the identified top risks of the Company, the likelihood of each risk, the impact of each risk, and the velocity or speed at which each risk could materialize. Our ERM program includes cross-functional members within a Risk Management Committee that meets quarterly with Senior Management. The ERM requires Risk Management to collaborate with all departments within Sunstone including the ESGC. The ESGC is responsible for identifying the climate-related and any other ESG- related risks and opportunities and informing the Risk Management Committee to ensure they are incorporated into the overall ERM. The NCG has direct oversight of the climate related risks and opportunities that are incorporated into the ERM and presented to the Audit Committee. Annually, the ESGC and the Risk Management Committee participate in a complete review and strategic planning session of climate-related risks and opportunities.

METRICS & TARGETS

METRICS USED BY the organization to assess climate-related risks and opportunities

Metrics disclosed in annual environmental performance reporting include:

GHG Emissions	Energy	Water
<ul style="list-style-type: none"> • Total GHG Emissions • Total Scope 1 Emissions • Total Scope 2 Emissions • GHG Emissions per square foot 	<ul style="list-style-type: none"> • Total Energy Consumption • Total Direct Energy Consumption • Total Indirect Energy Consumption • Energy Consumption per square foot • Percent of energy derived from renewables (including hydro) • Percentage of energy produced or procured from renewables • Percentage of energy sourced from grid electricity 	<ul style="list-style-type: none"> • Total Water Consumption • Water Consumption per occupied room • Percentage of the portfolio in regions with High or Extremely High Baseline Water Stress (by floor area)
Waste	Additional Metrics Monitored	
<ul style="list-style-type: none"> • Total Waste Generated • Total Waste Landfilled • Total Waste Incinerated • Waste Generated per occupied room • Waste Diversion Rate 	<ul style="list-style-type: none"> • Percentage of hotels with a sustainability certification or label • Portfolio Energy Star score • Amount invested in energy, water, waste, and GHG emission reduction projects • Estimated annual energy and GHG emissions reduction from investments in energy efficiency conservation measures • Forecasted variances in temperature and precipitation • Relative risk levels of sea level rise • Relative risk levels of drought • Relative risk levels of flood • Proximity to IUCN protected areas • Social determinants of well-being in and around a community, including factors related to poverty, unemployment, crime, youth education, and air pollution 	

Scope 1, 2 and 3 greenhouse gas emissions

Greenhouse Gas Emissions	2020 Performance	
Scope 1	9,387 metric tons CO ₂ e	1.16 kg CO ₂ e per square foot
Scope 2	25,778 metric tons CO ₂ e	3.17 kg CO ₂ e per square foot
Total Scope 1 + Scope 2	35,166 metric tons CO ₂ e	4.33kg CO ₂ e per square foot
Scope 3	<i>Currently we do not track Scope 3 emissions</i>	

Historical data for GHG emissions and other environmental performance metrics are provided each year from 2015-2020 in our 2020 Sustainability Report.

Targets Used and Performance Against Targets

Sunstone has set 2025 intensity reduction targets as compared against a 2015 baseline, with an interim 2020 target.

Target	2020 Progress	2020 Interim Target	2025 Target
GHG emissions per square foot (kgCO ₂ e)	-43.0%	-15.0%	-22.0%
Energy per square foot (kWh)	-38.2%	-6.0%	-7.5%
Water per occupied room (Gal)	90.9%	-9.5%	-13.0%
Waste per occupied room (lbs)	32.0%	-4.0%	-10.0%

Appendix D: ESG Performance Data Tables

COMPANY PROFILE

	2020 ³	2019 ⁴	2018	2017 ⁵	2016	Baseline (2015)
Total Number of Properties	17	20	21	25	28	29
Total Number of Rooms	9,008	10,610	10,780	12,450	13,666	13,845

ECONOMIC (IN THOUSANDS)

	2020	2019	2018	2017	2016	Baseline (2015)
Revenue (USD)	\$267,906	\$1,115,167	\$1,159,053	\$1,193,638	\$1,189,340	\$1,249,180
Adjusted EBITDA (USD)	\$(88,148)	\$320,244	\$331,842	\$338,640	\$330,012	\$351,332
Revenue Per Available Room (RevPAR) (USD)	\$46.02	\$196.08	\$191.74	\$172.27	\$164.22	\$162.42
Occupancy Rate	22.5%	83.7%	83.8%	82.4%	81.9%	82.3%

SOCIAL AND GOVERNANCE⁶

	2020	2019	2018	2017	2016	Baseline (2015)
Employees						
Total Number of Employees	40	47	48	49	48	50

Employee Gender Metrics						
- Male (%)	60%	55%	56%	53%	56%	58%
- Female (%)	40%	45%	44%	47%	44%	42%

	2020	2019	2018	2017	2016	Baseline (2015)
Employee Race Metrics						
- Asian (%)	8%	9%	6%	6%	6%	8%

³ Represents the Company's ownership results for the 17 hotels owned by the Company as of December 31, 2020.

⁴ Represents the Company's ownership results for all 20 hotels owned by the Company as of December 31, 2019.

⁵ As of December 31, 2017, we had interests in 27 hotels, including the Marriott Philadelphia and the Marriott Quincy which we classified as held for sale and subsequently sold in January 2018, leaving 25 hotels currently held for investment.

⁶ Social metrics are representative of Sunstone Company employees only.

- Black or African American (%)	0%	0%	0%	0%	0%	0%
- Hispanic or Latino (%)	7%	9%	6%	6%	6%	4%
- White (%)	85%	82%	88%	88%	88%	88%

Employee Age Metrics						
- Under 30 years old (%)	8%	11%	10%	10%	15%	12%
- 30 – 50 years old (%)	50%	57%	56%	56%	56%	56%
- Over 50 years old (%)	42%	32%	34%	34%	29%	32%

Board of Directors						
Total Number of Board Members	8	8	8	8	9	8

Board of Directors Gender Metrics						
- Male Board Members (%)	88% ⁷	88%	88%	88%	89%	88%
- Female Board Members (%)	12%	12%	12%	12%	11%	12%

Company Donations and Community Service						
Total Amount of Charitable Donations (USD)	\$62,718	\$125,235	\$89,750	\$60,010	\$54,308	\$63,917
Clean the World Soap & Amenity Donations (pounds)	5,638	19,649	11,391	21,263	14,698	N/A

ENVIRONMENTAL

	2020 ⁸	2019 ⁹	2018	2017	2016	Baseline (2015)
Floor Area Coverage for Intensity Metrics	8,120,071	9,346,668	9,453,668	9,348,591	9,348,591	9,088,591
Occupied Rooms for Intensity Metrics	741,435	3,238,823	3,295,670	3,260,130	3,221,533	3,141,497

Energy						
Total Energy Consumption (megawatt hours)	123,655.78	217,019.75	222,100.10	220,955.21	219,012.25	223,934.62
Total Direct Energy Consumption (megawatt hours)	51,390.54	97,308.03	93,048.40	89,689.06	86,036.12	89,720.81
Total Indirect Energy Consumption (megawatt hours)	72,265.25	119,711.72	129,051.70	131,266.15	132,976.13	134,213.82

⁷ Board Demographics as of October 2021 are 57% male and 43% female.

⁸ Environmental metrics do not include the three hotels disposed in 2020: Renaissance Harborplace, Renaissance Los Angeles Airport and Hilton Times Square.

⁹ Environmental metrics do not include Courtyard by Marriott Los Angeles sold in October 2019.

	2020	2019	2018	2017	2016	Baseline (2015)
Energy						
Energy Consumption per square foot (kilowatt hours)	15.23	23.22	23.49	23.64	23.43	24.64
Energy from Renewables ¹⁰ (%)	9.9%	9.5%	9.2%	9.3%	9.1%	8.7%

Greenhouse Gas Emissions (CO₂e)						
Total Greenhouse Gas Emissions (metric tons)	35,166.02	59,358.50	63,006.32	62,203.23	65,375.19	69,048.29
Total Scope 1 Emissions (metric tons)	9,387.87	17,816.59	17,055.93	16,398.43	15,688.67	16,391.80
Total Scope 2 Emissions (metric tons)	25,778.15	41,541.91	45,950.39	45,804.79	49,686.53	52,656.49
Carbon Emissions per square foot (kilograms)	4.33	6.35	6.66	6.65	6.99	7.60

Water						
Total Water Consumption (kilo-gallons)	234,230.66	485,182.91	498,754.84	497,706.97	516,269.18	519,663.90
Water Consumption per occupied room (gallons)	315.92	149.80	151.34	152.66	160.26	165.42

Waste¹¹						
Total Waste Generated ¹² (US Tons)	3,185.32	11,285.66	11,725.43	11,868.19	11,461.47	11,411.58
Waste Generated per occupied room (pounds)	9.59	6.97	7.12	7.28	7.12	7.27
Total Waste Landfilled (US Tons and %)	2,345.54 (73.6%)	7,625.37 (67.6%)	8,110.31 (69.2%)	8,296.16 (69.9%)	7,999.63 (69.8%)	7,960.32 (69.8%)
Landfilled Waste per occupied room (pounds)	7.06	4.71	4.92	5.09	4.97	5.06
Total Waste Incinerated (US Tons and %)	201.20 (6.3%)	1,028.26 (9.1%)	1,114.00 (9.5%)	1,072.20 (9.0%)	1,002.00 (8.7%)	1,299.14 (11.4%)
Waste Diversion Rate ¹³ (%)	20.0%	23.2%	21.3%	21.1%	21.5%	18.8%

¹⁰ Percent of renewable energy from the EPA eGRID, including hydro.

¹¹ Portfolio waste data (2015-2018) was restated due to greater data availability.

¹² Includes both non-hazardous and hazardous waste. Hazardous waste makes up less than 0.1% of total waste generated for 2015-2019.

¹³ Includes recycled and composted waste.