

Sunstone Hotel Investors, Inc.

Procedures for Complaints Regarding Accounting, Internal Accounting Controls or Auditing Matters

This policy outlines the procedures that the Audit Committee of the Board of Directors of Sunstone Hotel Investors, Inc. (together with its subsidiaries, the “Company”) has established with respect to the receipt, treatment and retention of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters (collectively, “questionable accounting or auditing matters”).

As a public company, the integrity of the Company’s financial information is of utmost importance. The Company’s financial information guides the decisions of the Company’s Board of Directors, and is relied upon by our stockholders and the financial markets. For these reasons, we must maintain a workplace where employees who reasonably believe that they are aware of questionable accounting or auditing matters can raise these concerns free of any discrimination or retaliation.

Scope of Matters Covered

It is the Company’s policy to encourage employees who reasonably believe that questionable accounting or auditing matters have occurred or are occurring, to report those concerns to us. Examples of questionable accounting or auditing matters could include, among other things:

- fraud or intentional error in the preparation, evaluation, review or audit of any financial statement, tax return or other financial report of the Company;
- fraud or intentional error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company’s internal accounting controls;
- misrepresentation or false statements to or by an officer or an accountant regarding a matter contained in the financial records, financial statements, tax returns or other financial reports of the Company;
- deviation from full and fair reporting of the Company’s financial condition; or
- taking any action to coerce, manipulate, mislead or fraudulently influence the Company’s external auditor in any way that would render the Company’s financial statements materially misleading.

Procedures for Receiving and Treating Complaints

Employees may report questionable accounting or auditing matters anonymously (without disclosing their identity) through the Sunstone Business Conduct and Ethics Line, which may be accessed online at www.ethicspoint.com or via telephone at (888) 304-7806. Employees may also raise their concerns anonymously by sending a letter to our Human Resources or Legal Department, or to the Chair of the Audit Committee addressed and mailed to: Sunstone Hotel Investors, Inc., Attn: Audit Committee Chair, 15 Enterprise, Suite 200, Aliso Viejo, CA 92656.

When submitting a report, you are asked to provide as much detailed information as possible. Providing detailed, rather than general, information will greatly assist the Company in effectively investigating reports. This is particularly important where an employee submits a report on an anonymous basis because the Company will be unable to contact the reporting employee with requests for additional information or clarification.

All reports will be taken seriously and will be promptly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees and supervisors have a duty to cooperate in the investigation of reports of questionable accounting or auditing matters. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported, and the quality of the information provided.

An employee will be subject to disciplinary action, which may include the termination of employment, if the employee fails to cooperate in an investigation, or deliberately provides false information during an investigation.

If, at the conclusion of its investigation, the Company determines that questionable accounting or auditing matters have occurred, the Company will take remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations. Due to the anonymous nature of some of the complaints, a person who reports a suspected violation may not be informed of the results of an investigation.

Procedures for Retaining Records Regarding Complaints

The Audit Committee will retain or cause to be retained any communication regarding reports about questionable accounting or auditing matters, together with such related materials as the Audit Committee may deem appropriate, for a period of five (5) years (or such other period as the Audit Committee may deem appropriate).

Freedom from Retaliation

The Company is committed to providing a work environment in which employees who reasonably believe that questionable accounting or auditing matters have occurred can raise those concerns free of discrimination, retaliation or harassment. Accordingly, the Company strictly prohibits discrimination, retaliation or harassment against any employee who, based on his or her reasonable belief that such conduct or practices have occurred or is occurring, reports that information to the employee's supervisor, or those designated in this policy as having the authority to investigate, discover or terminate any such conduct or practices. The Company also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of complaints about questionable accounting or auditing matters.

All employees and supervisors have a duty to cooperate in the investigation of reports of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters.

If you believe that you have been subject to discrimination, retaliation or harassment for having made a report under this policy, you must immediately report those facts by contacting the Human Resources or Legal Department, or through the Sunstone Business Conduct and Ethics Line. It is imperative that you bring the matter to the Company's attention promptly so that any concern of discrimination, retaliation or harassment can be investigated and addressed promptly and appropriately.

Any complaint that any managers, supervisors or employees are involved in discrimination, retaliation or harassment related to the reporting or investigation of questionable accounting or auditing matters, will be promptly and thoroughly investigated in accordance with the Company's investigation procedures outlined above. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including termination, will be taken.

Employees who file reports or provide evidence which they know to be false or without reasonable belief in the truth and accuracy of such information will not be protected by the above policy and may be subject to disciplinary action, up to and including termination.

Additional Enforcement Information

In addition to the Company's internal complaint procedure, employees should also be aware that certain federal and state law enforcement agencies are authorized to review questionable accounting or auditing matters. Certain violations of the Company's policies and practices could even subject the Company and/or the individual employee(s) involved to civil and/or criminal penalties. Before issues or behavior can rise to that level, employees are encouraged to report questionable accounting or auditing matters or discrimination, retaliation or harassment related to such reports. Nothing in this policy is intended to prevent an employee from reporting information to the appropriate agency

when the employee has reasonable cause to believe that a violation of a federal or state statute or regulation has occurred.

Modification

The Company can modify this policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with state and federal regulations and/or accommodate organizational changes within the Company.

Adopted by Resolution of the Board of Directors

October 21, 2009