

## **SUNSTONE HOTEL INVESTORS, INC.**

### **ESG - Environmental Policy**

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As a lodging real estate investment trust with a long-term vision, Sunstone Hotel Investors, Inc. (“Sunstone” or “Company”) recognizes the impact our properties and business can have on the environment and surrounding communities. Sunstone is committed to driving sustainability within our portfolio and raising environmental awareness among employees, suppliers/vendors, operators, hotel associates, customers, and other business partners and stakeholders.

Through Sunstone’s Environment, Social, and Governance (“ESG”) program, policies, and strategy, we intend to increase environmental efficiency, resiliency, and sustainability at our hotels, while maintaining or enhancing profitability. Additionally, we seek to manage environmental risks, including the physical, transitional, regulatory and market risks associated with climate change and natural disasters. We will achieve our ESG plan and goals through investing in efficiency and risk mitigation initiatives, improving operating procedures, and monitoring and reporting progress and accomplishments.

We aim to engage with our business stakeholders to ensure the implementation and adherence of this policy throughout our Company’s operations and our portfolio of hotels, regardless of geographic location.

Our Company’s ESG program and Environmental Management System (“EMS”) is also aligned with our overall Environmental Policy and our commitment to:

- Mitigate climate-related risks in our short, medium, and long-term strategies;
- Maximize low-carbon investment opportunities;
- Reduce the environmental footprint of our hotels and our corporate office;
- Continually improve the EMS and enhance environmental performance;
- Provide our operators with the appropriate resources to ensure hotel employees have a safe and pleasant work environment; and
- Support the communities where we work and own hotels.

In accordance with these commitments, we endeavor to:

#### **1. Identify and Manage Environmental and Other Related Risks**

We aim to perform due diligence to understand and manage potential environmental risks at our properties, including environmental reviews by independent consultants or our internal engineering and design and construction team. This process also involves ensuring preparedness towards existing and future threats of natural disasters. We also endeavor to manage risks related to climate change by identifying properties with the greatest exposure to risks and implementing strategies to mitigate negative impacts.

#### **2. Reduce Energy Consumption and Carbon Emissions**

We aim to reduce energy consumption and carbon emissions in our portfolio of hotels through monitoring and reporting, investing in energy efficiency projects, including renewable energy where feasible, and working with our operators to improve operating procedures. Through our energy and carbon reduction targets, we aim to reduce energy and carbon intensity per square foot by 7.5% and 22%, respectively, by 2025, compared to the baseline year of 2015.

### **3. Reduce Water Consumption**

We aim to reduce water consumption in our portfolio of hotels through monitoring and reporting, investing in water efficiency projects, and working with our operators to improve operating procedures. We consider access to quality water as a fundamental human right. We seek to monitor water risk throughout our portfolio and through our water reduction program, we endeavor to reduce water intensity per occupied room 13% by 2025, compared to the baseline year of 2015.

### **4. Reduce and Manage Waste**

We aim to improve waste management through the reduction of total amount of waste generated, expanding and improving recycling programs, and improving waste diversion rates for both hotel operations and renovation and investment projects. Our waste management and recycling program includes waste reduction targets, which we monitor routinely and use to analyze improvement opportunities and investment decisions. Through our waste reduction targets, we endeavor to reduce waste intensity per occupied room 10% by 2025, compared to the baseline year of 2015. We will also seek to manage and reduce waste generation at our corporate office location<sup>1</sup>.

### **5. Reduce and Manage Pollution**

We aim to minimize or prevent environmental pollution resulting from our operations by prioritizing reuse and recycling over other disposal methods. We also intend to manage hazardous waste disposal, where applicable, throughout our portfolio of hotels.

### **6. Improve Resource Efficiency**

We aim to promote sustainable procurement of materials, including materials that have sustainability certifications and/or are locally sourced. We will engage with our third-party business partners to re-use and recycle materials during renovation and investment projects.

### **7. Manage and Reduce Biodiversity and Endangered Species Habitat Impacts**

We aim to protect and enhance local biodiversity, prevent deforestation, and to reduce risks on endangered species habitats. This endeavor includes identifying properties within or in close proximity to protected areas and areas of high biodiversity, as well as, increasing measures to ensure minimal pollution impact to these areas.

### **8. Manage Indoor Environmental Quality**

We aim to reduce potential exposure to harmful chemicals throughout our hotel portfolio and our corporate headquarters. We will also consider access to daylight and views, occupant controls over lighting and thermal comfort during renovation and investment projects.

Additionally, we encourage all our stakeholders, including vendors, business partners and hotel operators to hold similar commitments and policies. To ensure compliance and company-wide transparency, our ESG committee oversees our sustainability efforts and updates the Board routinely. Our committee has direct oversight of our ESG policies and procedures and meets twice a month. Our Committee also meets with key Company departments on a quarterly basis, and conducts one-on-one meetings for specific projects as necessary. We will publicly disclose our goals, efforts and progress in our annual Corporate Responsibility or ESG Report. This policy is approved by the Sunstone Board of Directors. Sunstone reserves the right to amend or modify our Environmental Policy.

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<sup>1</sup> Please note, packaging waste management is not applicable to our business.