



# 2023 Corporate Responsibility Report

Sunstone Hotel Investors, Inc



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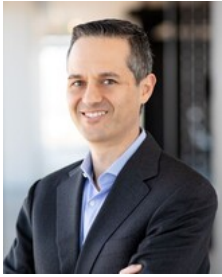
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**SUNSTONE**  
HOTEL INVESTORS

<sup>1</sup> Above Left: Four Seasons Napa Valley, Above Center: Ocean Edge Resort & Marina Key West, Cover and Above Right: The Westin Washington, DC Downtown

# A LETTER FROM OUR CEO



Sunstone Hotel Investors, Inc. ("Company" or "Sunstone") is delighted to present our 2023 Corporate Responsibility Report, which provides details on our Company's environmental sustainability, social responsibility and corporate governance ("ESG") progress during 2022, as well as certain initiatives commenced in 2023.

We invest in well-located hotel and resort real estate where we believe we can create value through capital investment, hotel repositioning, and disciplined asset management. Our commitment to maintaining environmentally sustainable assets with socially responsible practices is embedded in our strategy. We believe that allocating capital thoughtfully and with an eye toward furthering our ESG initiatives serves to increase long-term stakeholder value, enhance asset resiliency, and strengthen our relationships with suppliers and local communities. We strive to accomplish these ESG initiatives while fostering a respectful and innovative work environment.

This past year we signed the American Hotel & Lodging Association's *Responsible Stay* industry-wide initiative, which serves to promote the following four principles: (i) optimizing energy efficiency, (ii) ensuring the reduction of water usage, (iii) investing in waste reduction programs, and (iv) sourcing responsibly and prioritizing sustainability within our supply chain. By focusing on these core principles, the industry and Sunstone have united to further strengthen our

environmental programs, education and resources to help provide a responsible stay for guests, protect the future of the planet and support our communities.

We continue to pursue capital investments that target immediate and long-term reductions in our environmental footprint and increase asset resiliency. We made solid progress on several initiatives' recent months, including:

- Implementing the second phase of our solar conversion at Wailea Beach Resort, which is expected to increase our solar production to nearly 20% of the hotel's total energy use,
- Installing variable frequency drives and high efficiency motors to improve the energy efficiency of building systems,
- Sub-metering water consumption across our properties to better assess usage and identify opportunities for conservation,
- Adding three new waste digesters eliminating nearly 30 tons of food waste in 2023; and
- Installing water dispensing stations to eliminate or reduce the use of plastic bottles.

We are also proud to announce that in 2023, four hotels (representing 35.4% of our square footage) achieved ENERGY STAR<sup>(R)</sup> certification.

In addition to the ESG focused investments we have made throughout our portfolio, we have partnered with Westin Hotels & Resorts who embraces sustainability and wellness as central to their core philosophy. We are excited to have recently rebranded and launched The Westin Washington, DC Downtown which incorporates the Westin brand's signature biophilic designs and state-of-the-art efficient lighting and fixtures.

Our investment in the hotel has created a flagship Westin property focused on guest and hotel associate health and wellness.

At our corporate office, Sunstone is dedicated to maintaining a healthy and supportive workplace. Our diversity, equity, inclusion, and belonging ("DEI&B") programming includes regular engagement and training with 100% of our employees on key DEI&B initiatives. These important discussions and employee engagement efforts have led to several developments in recent years, including initiatives launched to enhance our recruiting strategy, our on-boarding program, and our employee interactions.

While the operating environment for our industry has been challenging, we have responded with resilience and a continued focus on delivering results in line with our core values. Whether continuing to invest in our hotels to enhance their sustainability, or preparing meals for our communities when they need it most, as the associates at our Wailea Beach Resort did this summer after the devastating Maui wildfires, we remain steadfast in our commitment to our employees, our guests, the associates at our hotels, our communities, and the environment.

Our 2023 Corporate Responsibility Report provides an update on the exciting progress that we have made on our ESG strategy, performance, initiatives, and progress towards our 2025 reduction targets. Thank you for your interest and for joining us on our sustainability journey.

Bryan A. Giglia  
Chief Executive Officer





# Company Overview and Highlights

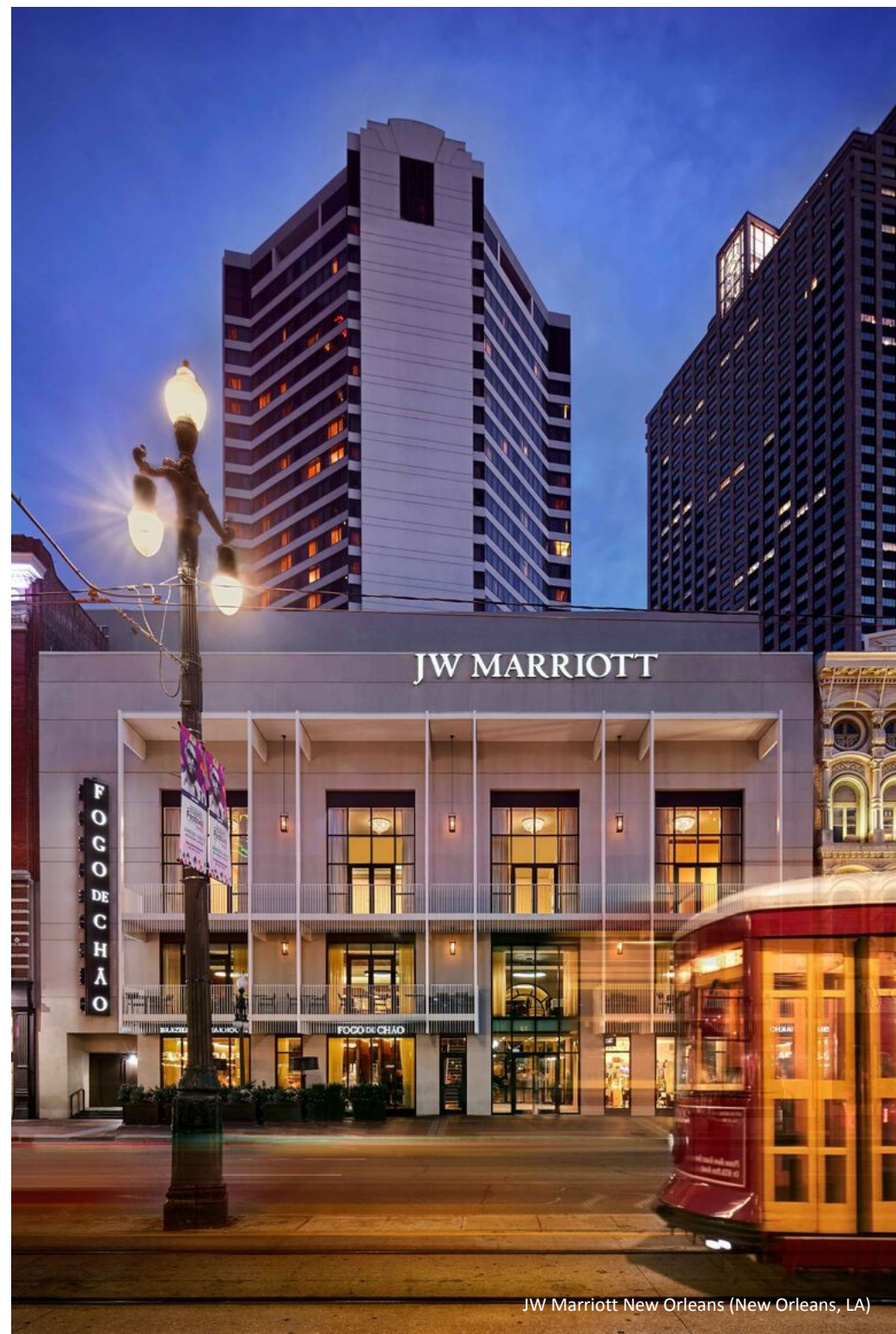


# ABOUT THIS REPORT

Sunstone's 2023 Corporate Responsibility Report is representative of year-end 2022 environmental and social data, unless otherwise noted. The boundary of our environmental performance data set forth in this report represents the 15 hotels the Company owned for the entire calendar year ending December 31, 2022. This report does not include the environmental performance data for The Confidante Miami Beach, which was acquired in June 2022, but will include the resort's sustainability and social initiatives. This report does not include the three Chicago properties divested in 2022. The data and information in this report is not certified and does not constitute any guarantees or promises regarding our Company's activities, performance, or future results.

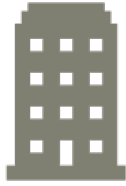
This report may contain "forward-looking statements" that are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. These statements are identifiable by the fact that they do not relate strictly to historical or current facts. These forward-looking 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 hotels, renovation and acquisition plans, and other business or operational issues.

This report is current as of January 5, 2024. We welcome feedback on any aspect of this report. Please direct your questions or comments to [ESG@sunstonehotels.com](mailto:ESG@sunstonehotels.com).





# COMPANY OVERVIEW

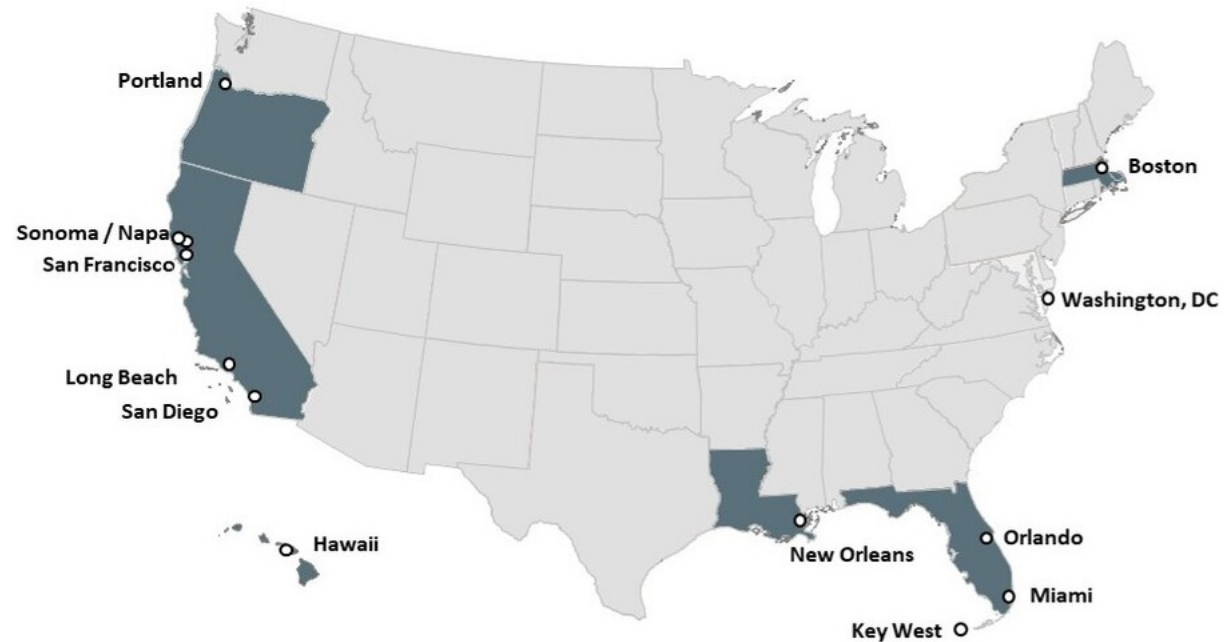


**15**  
**Hotels<sup>2</sup>**



**7,726**  
**Rooms**

Sunstone is a lodging real estate investment trust (REIT) that owns a high-quality portfolio of well-located hotel and resort real estate operated under nationally recognized and independent brands. As of December 31, 2022, the Company owned 15 hotels and resorts located in six states and the District of Columbia. Our assets are in dynamic and highly desirable markets across the United States, and comprise a balance of convention, resort, and urban assets.



## High-Quality Portfolio of Well-Located Hotel and Resort Real Estate



<sup>2</sup> 15-Hotel Portfolio includes all hotels owned by the Company as of December 31, 2022.



## COMPANY HIGHLIGHTS

We invest in hotels where we can create value through capital investment, repositioning, and disciplined asset management. We focus on the investment lifecycle of our hotels to determine the appropriate time to invest and the optimal time to harvest gains.

We take a comprehensive approach to our business and balance the interests of all stakeholders, including the environment, our employees, our capital providers, the hotel associates, guests, and the communities in which we own hotels. We maximize the value of our portfolio through:

### PROACTIVE PORTFOLIO MANAGEMENT

We continue to enhance our overall portfolio quality and growth potential by curating a portfolio of well-located hotel and resort real estate through capital recycling and a focused investment lifecycle approach.

### DISCIPLINED ASSET MANAGEMENT

We maximize the value of our hotels through the methodical implementation of our asset management priorities 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.

### BALANCED INVESTMENT

We successfully allocate capital including the return of capital to stockholders and the recycling of capital into high-quality and well-located hotel and resort real estate that are expected to achieve returns for our stockholders in excess of our cost of capital.

### PRUDENT BALANCE SHEET

We preserve financial flexibility by maintaining an appropriately levered balance sheet that protects the Company while providing capacity for growth and investment in the portfolio.

### STRONG CORPORATE GOVERNANCE

We 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.



Montage Healdsburg (Healdsburg, CA)



# OUR ESG STRATEGY AND COMMITMENT

## Environmental Sustainability

Optimize our EMS to reduce the environmental footprint of our hotels and our corporate office

Maximize low-carbon investment opportunities and responsible investments for net-zero carbon

Identify and mitigate climate-related risks in our short, medium, and long-term strategies

## Social Responsibility

Support the communities through advancing DEI&B and charitable activities where we work and own hotels

Provide resources to our employees and hotels operators to promote health, safety, and well-being

## Corporate Governance

Ensure Board oversight of ESG Program and Risk Management

Provide transparent and pertinent communication with stakeholders

We aim to create value through capital investment, hotel repositioning, and asset management. Our value creation strategy includes a commitment to maintaining a strong corporate governance umbrella that establishes socially responsible practices at our hotels and corporate office and prioritizes investments for instituting environmentally sustainable assets. When implemented successfully, we can increase profitability, enhance asset resiliency, strengthen relationships with suppliers and local communities, and foster a respectful and innovative work environment.

The following three core pillars of our Corporate Responsibility program, **Environmental Sustainability**, **Social Responsibility**, and **Corporate Governance** ("ESG"), each have a vital role in creating value for our stakeholders. We have established specific objectives for each ESG pillar and seek to implement those objectives into all facets of our corporate strategy. In turn, we are positioned to make meaningful investments to improve our assets' environmental performance, to mitigate climate-related risks, to enhance the quality of the work environment for the hotel associates, and to support the communities in which we own hotels.

We believe transparency with our stakeholders is paramount to our success. We are committed to providing transparent disclosures and communications regarding our strategy, program, and performance. We incorporate relevant ESG benchmarks and frameworks, feedback from our capital providers, and other stakeholders in order to deliver relevant and beneficial disclosures.

As our ESG program continues to evolve, we remain focused on opportunities that allow us to incorporate environmental sustainability and social responsibility throughout our portfolio. In 2019, we set portfolio-wide environmental intensity reduction goals relative to a 2015 baseline year. While we remain on track to achieve our 2025 targets, given the changes that have occurred in our portfolio, we expect to set new 2030 targets in the coming year that will better reflect our portfolio composition and evolving Company goals. Our focus will not only include further reductions in our environmental footprint, but also continuing to enhance the diversity and inclusivity of the work 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 and we require that our vendors and business partners do the same.

## STRATEGY TO MAXIMIZE VALUE THROUGH SUSTAINABLE INVESTMENTS

We believe that a high-quality portfolio requires many unique attributes, but most of all, requires long-term desirability of its location. Our strong balance sheet and financing structure provides us with the flexibility to execute our investment lifecycle strategy. We seek to determine the appropriate time to invest, the most advantageous capital investments to pursue, and the optimal time to recycle assets to maximize stakeholder 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 capital investments that align with our investment and ESG strategy of achieving our long-term environmental sustainability goals, reducing our environmental footprint, and increasing building resiliency. 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-carbon reduction investments protect our assets and provide a safer environment for guests and hotel associates.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGS”)

Our strategy and ESG objectives are aligned with several of the United Nations Sustainable Development Goals (“UN SDG”), including the universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. We are committed to continuous portfolio-wide improvement, strategic investments, and engagement with stakeholders to support corporate employees, hotel associates, and the communities where we own hotels. We believe the following UN SDGs are aligned with the initiatives, programs, and policies described throughout this report.



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 and for our local communities



Increase access to clean drinking water and sanitation. Invest in water efficiency opportunities



Support the development of sustainable energy and efficiencies at hotel properties



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



Support responsible consumption, re-use 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 and invest in asset resiliency



# CORPORATE RESPONSIBILITY HIGHLIGHTS<sup>3</sup>



4 Hotels ENERGY STAR Certified



Signatory of American Hotel & Lodging Association's Responsible Stay Initiative



Roughly **\$15 million** invested in 2022 in back-of-house building systems and other environmental initiatives to reduce overall utility consumption



**23%** of our properties by gross floor area either generate renewable energy on-site or purchase renewable energy



**43%** of Sunstone's Board of Directors identify as women

**11%** of Sunstone Board of Directors identify as underrepresented minorities

Increased underrepresented minority representation to **30%** of corporate employees, up from 20% four years ago



Sunstone Employees donated **350 pounds of food and gifts to Families Forward**

**Volunteer Time-Off** policy provides full-time corporate employees up to eight hours of paid work time per year towards volunteerism for charitable organizations



Named to **Newsweek's Most Responsible Companies List** in 2020, 2021, 2022, 2023, and 2024

ISS ESG Prime Rating  
Sustainalytics **Low ESG Risk**

GRESB **Public Disclosure Score of A**



ESG Oversight by the **Nominating and Corporate Governance Committee**

Multi-department ESG Committee managing ESG program and objectives

<sup>3</sup> Corporate Responsibility Highlights include changes since Sunstone's 2022 Corporate Responsibility Report issued on November 7, 2022.





# Corporate Governance



# OUR BOARD OF DIRECTORS

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. For additional information, please visit our [Corporate Governance](#) page.

## BOARD OF DIRECTORS

Our Board is comprised of seven independent directors including an independent chair of the Board. We have three primary committees: the Audit Committee, the Compensation 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 management compensation.

Our Board remains committed to active board refreshment to ensure optimal board structure, composition, and diversity including gender, ethnicity, and other underrepresented communities. Our director's objective is to have a Board comprised of individuals whose occupation, background, and experiences position them to make strong and positive contributions to the Company and its stockholders.

### Board Oversight of ESG

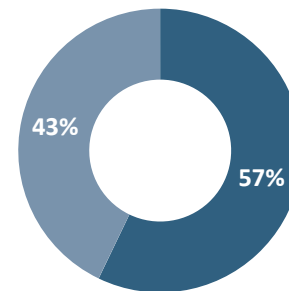
The NCG has direct oversight of our Corporate Responsibility program, including all elements related to climate change risks and opportunities, public disclosure strategy, resource scarcity, DEI&B, board refreshment, and human rights. Our Company's management led ESG Committee ("ESGC") provides updates to the NCG quarterly and the entire Board annually. In 2022, the ESGC reported four times to the NCG and once to the entire Board. The ESGC reports on progress towards our 2025 environmental intensity reduction targets, progress on our other ESG goals, and stakeholder feedback, which in turn, allows the NCG and the Board to effectively monitor the overall ESG program. NCG reviews and approves all ESG-related Company policies.

Additionally, the Compensation Committee has established individual objectives within the annual incentive program of our Named Executive Officers that are tied to the implementation of ESG initiatives.

### Board Demographics

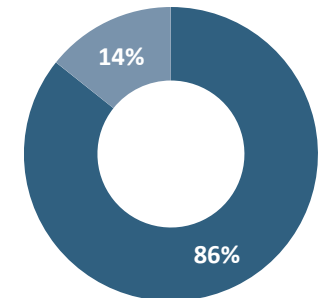
Our directors remain committed to maintaining a Board with balanced representation from female and underrepresented communities. In the last two years, we have refreshed two Board positions adding two female members, including one from an underrepresented community.

Board Gender



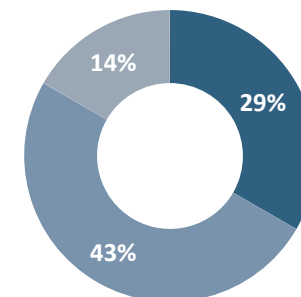
■ Male ■ Female

Board Ethnicity



■ White ■ Minority

Board Age



■ Under 59 ■ Between 60 and 65 ■ Over 65

# ESG COMMITTEE

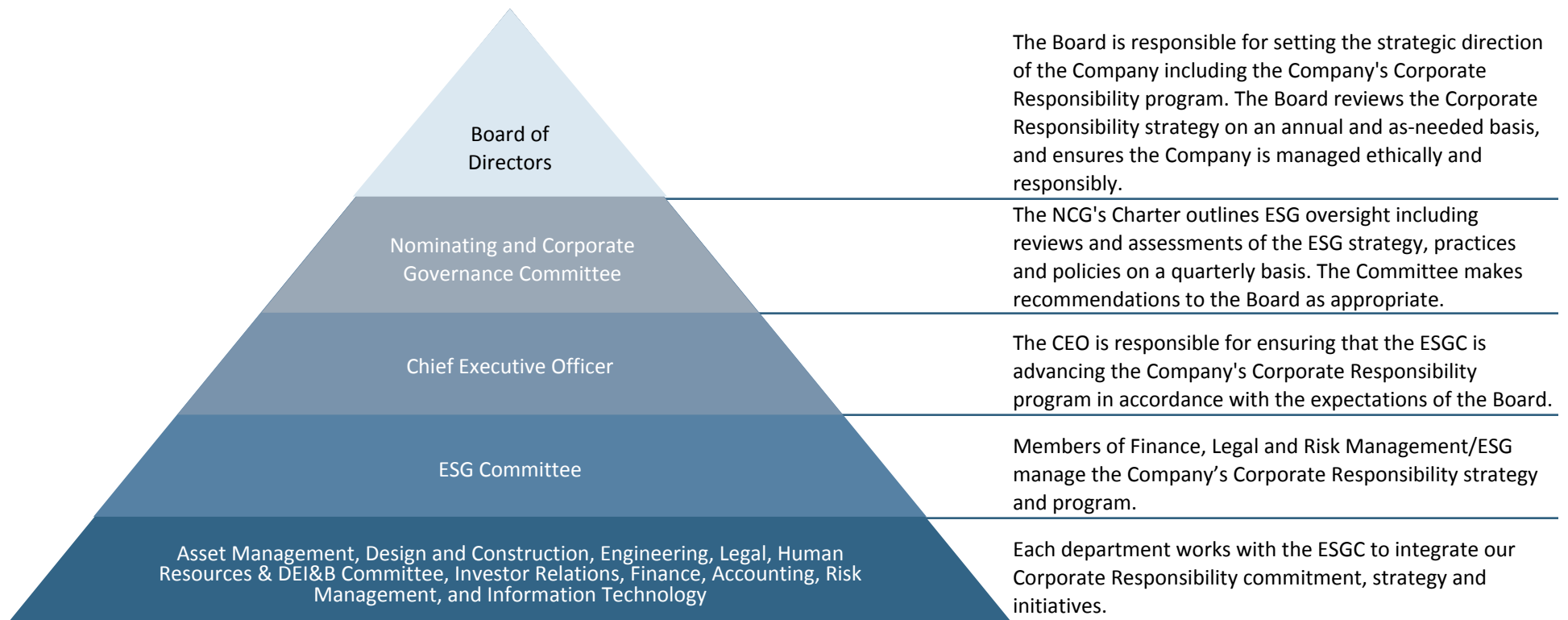
Our Board has designated our ESGC with the responsibility of enacting our Corporate Responsibility programs, objectives, disclosures, policies, and procedures, including our Environmental Management System ("EMS"). The ESGC is comprised of employees and executives from Legal, Finance and Risk Management/ESG.

## Duties and Responsibilities

- Management of Company's ESG strategy and program.
- Evaluate potential ESG risks and opportunities identified as focus items by stakeholders, leading ESG frameworks, and ESG rating agencies.
- Maintain and update the ISO 14001 aligned EMS.
- Oversee Company-wide initiatives implemented to meet our 2025 energy, water, waste, and carbon emissions reduction targets and enhance our environmental sustainability.
- Advance the Company's social responsibility initiatives.
- Publish an annual Corporate Responsibility Report with environmental performance results and disclosures in-line with stakeholder expectations.
- Assess and manage climate-related risks and opportunities.

## Operations

- Provide quarterly updates to the NCG.
- Provide annual updates to the Board.
- Hold monthly committee meetings.
- Hold quarterly meetings with key departments, including Asset Management, Legal, Design and Construction, Human Resources, Acquisitions, Risk Management, and Senior Management.
- Conduct one-on-one meetings for specific projects or newly identified risks or opportunities.
- Reports to the CEO and NCG.





# 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 Company risks, ESG risks, changes from the prior quarter, and any changes in our risk identification process.

We continuously monitor known risks across our portfolio and conduct routine evaluations to identify the potential for new risks. As part of our due diligence process for a new property acquisition, our employees and third-party consultants work to identify an exhaustive list of potential risks and approaches to manage or mitigate those risks. In our ISO 14001 aligned EMS, the Company outlined the ESGC’s responsibility utilizing a “plan”, “do,” “check,” and “act” system to proactively manage, the process to identify, assess, plan, and respond to climate-related risks and opportunities that may impact our Company performance, asset preservation, capital investment strategy, associate health and well-being, and investor engagement.

## CORPORATE RESPONSIBILITY RISKS AND OPPORTUNITIES

In previous years, we conducted an in-depth Corporate Responsibility Risk and Opportunity Assessment at our properties which the Company continues to use in making decisions about investments in ongoing operations, capital projects, and potential acquisitions. As we continue to enhance our awareness of risks and opportunities, we conduct more topic specific assessments allowing us to prioritize individual assets and portfolio-wide initiatives. Specific assessments are also conducted during major renovation projects that potentially impact the local environment or local community. Corporate Responsibility topics that we evaluate for risk identification and opportunity include:



**Biodiversity and Habitat**  
(see Biodiversity)



**Energy: Efficiency & Supply**  
(see Energy and Emissions)



**Regulatory**



**Building Condition and Safety**  
(see Environmental Management System)



**Health, Well-Being, and Socio-Economic**  
(see Health, Safety, and Well-Being)



**Water: Efficiency & Supply**  
(see Water)



**Climate Change and Natural Hazards**  
(see Approach to Managing Climate-Related Risks and Opportunities and Climate Change Mitigation and Resiliency)



**Indoor Environmental Quality**



**Waste Management**  
(see Waste)



**Supply Chain: Material Sourcing, Local Sourcing, and Diversity**  
(see Sustainable Construction and Sourcing)



**Brand and Operators**  
(see Stakeholder Engagement)



**Stakeholder Concern**  
(see Stakeholder Engagement)

## APPROACH TO MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Embedded in our ERM process is our proactive approach to mitigating physical and transitional climate change risks at our hotels and within our operations. NCG, as outlined by its committee charter, is responsible for oversight of our climate related risk management strategy. Our Risk Management and ESGC committee work with Asset Management and Design & Construction to review a high-level climate assessment and to identify high-risk assets, with consideration given to location, building condition, historical performance, and findings of the assessment.

With respect to high-risk assets, we initiate a more extensive climate change modeling study to provide guidance for mitigation strategies. These in-depth studies utilize both a 2-degree scenario (transition to low carbon economy) and 4-degree scenario (business as usual) to provide guidance on potential impacts from variances in weather, temperature, precipitation, flooding, heat index, and droughts over time. Through these climate change analyses, the Company has identified physical climate change risks related to hurricanes,

wildfires, droughts, water stress, and rising sea levels particularly within our key markets in California, Florida, Hawaii, Louisiana, and Massachusetts.

The Company also completes an in-depth climate change scenario analysis during the due diligence process prior to completing an acquisition. Our TCFD disclosure provides a comprehensive review of our governance over our climate risk and mitigation strategies.

In addition to our mitigation planning for the long-term impact of

climate change, we have an internal Emergency Response Team that works to address imminent risks including hurricanes, floods, wildfires and other natural disasters. The Emergency Response Team is made up of individuals from Asset Management, Risk Management, Design & Construction and Engineering. This team works in conjunction with each hotel in advance of, during, and in response to major disaster events to ensure the hotel teams have the necessary resources to respond to an event and to protect and secure the hotel guests, hotel associates, and the physical assets.

## CYBERSECURITY RISK MANAGEMENT

Our Company Information Technology ("IT") team has developed cybersecurity best practices in line with ISO 27001 and the NIST framework. Our IT team works with third-party vendors, consultants, and auditors on evolving best practices and identifying potential risks. Our IT, Finance, Risk Management and Legal teams have developed protocols for cybersecurity incident responses and disaster recovery. The Audit Committee, as outlined by its committee charter, is responsible for oversight of our cybersecurity. Senior Management reports cybersecurity updates to the Audit Committee quarterly or more frequently when required by our internal cybersecurity incident response protocols or when incidents rise to the level of public notification as required by the Securities and Exchange Commission ("SEC").

As part of our comprehensive cybersecurity strategy, our IT team provides ongoing cybersecurity training and engagement to 100% of our employees. Our employees receive training through semi-annual IT specific training sessions, frequent notifications from the IT team about cybersecurity best practices, the latest attempts in email phishing or other scams, and email phishing simulation campaigns. Our employees are required to adhere to the Company Cybersecurity Policy and to report all information security threats and potentially malicious emails to the IT team. Our IT team conducts testing to identify potential vulnerabilities to our IT infrastructure and network. Additionally, we engage with specialized third-party vendors to conduct annual testing on our network.

Our third-party 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 at our hotels. Sunstone does not have access to or any system connectivity to personal data from the guests who stay at our hotels.



Hilton St. Charles (New Orleans, LA)

Our Emergency Response Team conducts an annual engagement webinar with all hotel teams to align preparation measures and expectations for natural disaster and non-natural disaster responses. Our team maintains a directory of critical consultants and contractors that will quickly respond and support our hotels during these potentially damaging events.



# STAKEHOLDER ENGAGEMENT

Sunstone values our stakeholder partnerships and actively seeks to engage with stakeholders to enhance our Corporate Responsibility program and achieve our long-term Corporate Responsibility goals. As a lodging REIT, we own our hotels and resorts and enter into agreements with third-party operators to manage the hotels on our behalf; each of which must be aligned with our ESG program goals and initiatives. Given the differing needs and priorities of our stakeholders, our internal teams collaborate to identify and meet their collective 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, communicate progress on our ESG initiatives, and build confidence in our Corporate Responsibility program. Through these various relationships, we are advancing our ESG initiatives, reporting, and partnerships.

STAKEHOLDER	ENGAGEMENT STRATEGIES
<b>Sunstone Employees</b>	We aim to provide our employees with a safe, inclusive, and interactive work environment through a multi-pronged engagement approach, including training programs, formal feedback opportunities, health and well-being initiatives, annual performance reviews, community engagement and philanthropic opportunities, and employee recognition programs.
<b>Hotel Properties and Hotel Executive Management Teams</b>	We engage with the hotel executive management teams of our operators to actively pursue brand, operator, and Sunstone environmental and social goals and objectives, including identifying and implementing efficiency projects, improving hotel associate engagement, implementing community outreach programs, launching initiatives to mitigate climate-change risk, identifying waste reduction initiatives, adhering to labor laws, and creating a safe, inclusive, and healthy work environment.
<b>Hotel Brand and Management Companies</b>	We collaborate with hotel brands and management companies to align interests, implementation, and promotion of ESG-related initiatives to achieve long-term goals. We engage with hotel brands to better understand their ESG programs and long-term objectives so we can collaborate and incorporate their initiatives into our strategy.
<b>Communities</b>	We continue to engage with local communities through our commitment to cultural understanding, local sourcing, and philanthropic giving and volunteerism. We aim to be partners in communities where our hotels are located including supporting local businesses and charity organizations, seeking outreach opportunities with community organizations and identifying opportunities for climate-change or sustainability related initiatives.
<b>Investors</b>	We communicate the Company's lifecycle investment strategy and continue to ensure transparency by providing access to ESG information and updates through the Company's website, proxy statement, investor presentations, investor meetings, industry conferences, and other third-party sites and benchmarks.
<b>Industry Associations</b>	We actively participate in several industry organizations and their respective working groups and committees, including the American Hotel & Lodging Association ("AHLA") and associated state chapters, 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.
<b>Suppliers</b>	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. Our suppliers primarily consist of design and construction related professionals and companies that provide consultation, building materials, furniture, fixtures, and equipment for our hotels as well as office supplies and equipment for our corporate office.

# KEY POLICIES

As part of our Corporate Governance practice and in an effort to support our risk management process and strategic priorities, we've adopted governance and ESG policies that outline expectations and standards for our operations and details our commitment to human rights and responsible business conduct. These policies are reviewed on an annual basis.

## [Corporate Governance Guidelines](#)

Our Corporate Governance Guidelines, adopted by the Board of Directors (as recommended by the Nominating and Corporate Governance Committee), outlines a set of corporate governance principles to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

## [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. Our policy addresses the confidentiality of information, conflicts of interest, the right to a workplace free of discrimination and harassment, and a commitment to the environment and human rights. All policies specifically provide for no retaliation for raising issues or complaints. All Sunstone employees and Board directors must certify in writing their acknowledgement and commitment to adhere to this policy. We have integrated our ESG priorities into our employees' core expectations and mandate that our business partners conduct business in a manner aligned with our Business Code of Conduct and Ethics.

## [Environmental Policy](#)

Our Environmental Policy is designed to identify environmental impacts, drive sustainability within our portfolio, and raise environmental awareness among stakeholders. Our policy provides for the management of environmental risks by monitoring, reporting, and investing in efficiency programs and operating procedures.

## [Human Rights and Labor Rights Policy](#)

Our Human Rights and Labor Rights Policy aligns with the principles defined in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and AHLA's 5-Star Promise. We seek to comply with all labor and human rights laws and encourage our operators, suppliers, and business partners to follow the same principles, guidelines, and regulations. Our policy includes a commitment to the protection of underrepresented communities and women's rights. The policy also outlines our goal to advance diversity and inclusion within the Company and across our portfolio.

## [Vendor and Business Partner Code of Conduct](#)

Our Vendor and Business Partner Code of Conduct 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 conducting business responsibly and ethically.

## [Cybersecurity Policy](#)

Our Cybersecurity Policy outlines our guidelines and readiness for preserving the security of our data, managing communications and training, protecting our technology infrastructure, and providing for potential disciplinary actions for activities that in result in security breaches. All Sunstone employees and Board directors must certify in writing their acknowledgement and commitment to adhere to the Cybersecurity Policy.





# Environmental Sustainability



# OUR ENVIRONMENTAL COMMITMENT

Sunstone is committed to promoting environmental sustainability and protecting the natural resources that support our business. We understand that improving efficiency and investing in measures to make our assets more resilient is critical to our long-term success. We have developed our environmental sustainability strategy based on three core objectives:

1. Optimizing our EMS to reduce the environmental footprint of our hotels and our corporate office, including their respective impact from energy and water usage, and waste creation, as well as biodiversity preservation and responsible supply chain initiatives;
2. Maximizing low carbon investment opportunities, including renewable energy and clean infrastructure; and,

3. Identifying and mitigating climate related risks in our short, medium, and long-term planning.

These three objectives help guide our decision-making process as we evaluate new projects and technologies. To support these efforts, we conduct third-party assessments on our various building systems and the building envelope at each property to identify opportunities to further reduce our environmental footprint and asset-specific mitigation measures.



Olakino pool at **Wailea Beach Resort** (Maui, HI)

# ENVIRONMENTAL MANAGEMENT STRATEGY

We manage our environmental sustainability objectives through our ISO 14001 aligned EMS, which is integrated across all departments. Our EMS is designed to monitor performance and risks at our hotels by setting performance goals, collecting, reviewing, and monitoring environmental data, and reporting on environmental performance throughout our portfolio. Our EMS supports our analysis of low-carbon investment opportunities and our on-going risk management initiatives, which in turn, allows us to understand the potential risks of each asset and work to mitigate the risk with minimal impact to asset value.

We invest in projects that best protect, preserve, and benefit our long-term asset value. This investment philosophy is entrenched in our processes throughout the asset lifecycle, beginning with the initial acquisition due diligence and continuing throughout our ownership. During the initial acquisition process, we utilize both internal and third-party technical experts to assess each property's structure and underlying infrastructure, including near and long-term capital needs.

## EFFICIENCY INVESTMENTS

Once acquired, our Engineering, Asset Management and Risk Management teams continuously monitor energy, water, and waste consumption and costs along with climate-related events and work with our operators to identify areas for improvement. We track initiatives implemented at the properties through our annual ESG Asset Survey. In 2022, we relaunched a new system to better assess the return on investment for certain of our ESG initiatives that will allow for improved reporting in future years.

We make significant investments in efficiency projects to minimize physical and structural risks, maintain our buildings in a safe and secure manner, and to mitigate potential impacts our properties may have on their local communities. From an operational basis, as of 2022 all our properties have implemented preventative maintenance plans which confirms, at least quarterly, that building energy and water equipment are functioning properly.

In 2022, we continued our commitment to investing with nearly \$15 million invested in a variety of Heart-of-House systems natural disaster preparations and environmental projects, including the completion of the solar conversion at the **Wailea Beach Resort** (Maui, HI), installing full-backup generation at the

**Montage Healdsburg** (Healdsburg, CA) and the **Four Seasons Resort Napa Valley** (Calistoga, CA), upgrading or replacing air handling units, installing water dispensing stations, installing bulk amenity dispensers, upgrading fire alarm systems, upgrading building management systems, retrofitting or overhauling cooling towers, as well as several other building system upgrades intended to reduce overall energy consumption:

### Efficiency Investment Strategy

Sunstone's efficiency investments strategy focuses on:

- properties with high energy consumption and/or utility cost;
- dated equipment that is inefficient or nearing end of useful-life;
- best practices that reduce energy consumption and/or utility costs;
- initiatives that support our long-term sustainability goals or mitigate identified risks; and
- available incentives associated with potential investments.

## GREEN BUILDING CERTIFICATIONS AND SUSTAINABILITY RATINGS

We are actively working towards increasing the number of ENERGY STAR<sup>(R)</sup> Certified Hotels across our portfolio. In 2023, four of our hotels have earned an ENERGY STAR<sup>(R)</sup> Certification. We recognize the value of green building certifications to our stakeholders and hotel guests and will continue to evaluate opportunities to increase our green building certifications either through operational efficiencies or renovation enhancements. Our Company Headquarters is located in a LEED certified building.



4 Hotels Certified



2 Hotels Certified



# ENVIRONMENTAL FOOTPRINT

## ENERGY AND EMISSIONS

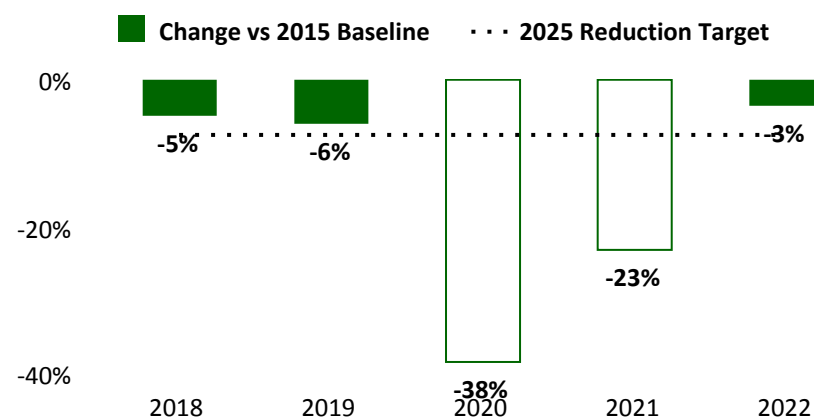
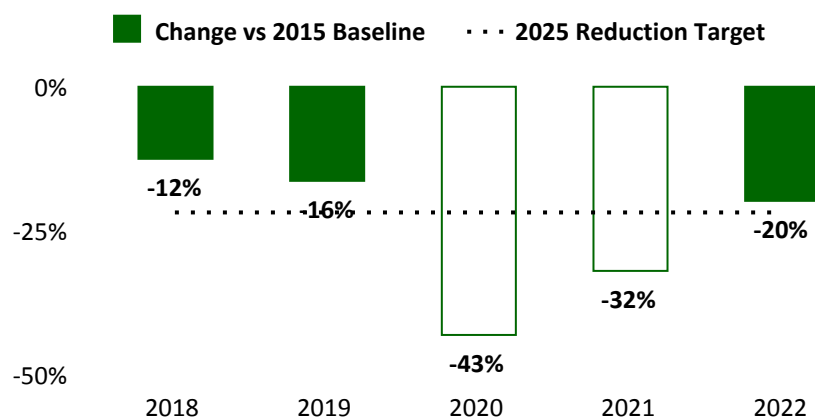
Sunstone is committed to achieving ongoing reductions in energy and greenhouse gas emissions ("GHG") through a combination of proven conservation strategies, energy efficiency retrofits, and continuous evaluation of new opportunities from advancements in technology.

### GHG Emissions Reduction Target and Progress<sup>4</sup>

### Energy Reduction Target and Progress

#### Performance Against GHG Intensity Reduction Target

#### Performance Against Energy Intensity Reduction Target



Our GHG emissions and energy intensity targets are based on our hotels' GHG emissions or energy consumption per building square foot. As a result of the impact of the COVID-19 pandemic, our 2020 and 2021 consumption data were atypical and is considered non-comparable and overstates progress towards our 2025 targets. Our hotel operations were temporarily suspended at a majority of our properties during 2020 and continued to have depressed occupancy through 2021 and into 2022. While our occupancy was still recovering in 2022, the impact to our intensity metrics is not as meaningful as 2020 and 2021.

compared to the 2015 baseline than in 2018 and 2019. Since the 2015 baseline and the 2018 - 2019 performance, as a result of our capital recycling strategy, our asset mix has decreased significantly in city-center select service and upscale hotels and increased in upper upscale and luxury resorts. This shift in asset type is impacting our usage as upper upscale and luxury resorts typically consume more utilities with less square footage. Given the changes that have occurred in our portfolio, in the coming year, we expect to set new 2030 targets that will better reflect our portfolio composition and evolving Company goals.

While our strategy of investing in energy efficiency continues to drive decreases in energy usage and GHG Emissions, based on the change in our portfolio mix, our 2022 results experienced a smaller energy decrease

<sup>4</sup> GHG Intensity includes Scope 1 and Scope 2 GHG Emissions from our hotel and resorts where energy usage is heavily dependent on occupancy performance.

## Energy Investment Strategy

We continuously measure, monitor, and seek to reduce our portfolio-wide energy and GHG emissions intensity per square foot.

Our Engineering, Design and Construction, and hotel teams coordinate and collaborate in the implementation of our energy investment strategy. As part of our efficiency investment strategy, we utilize multi-year capital investment plans to identify building systems replacements / upgrades, energy efficient equipment upgrades within or separate of renovation scopes, and other ROI energy investments.

In recent years, we have implemented and/or plan to implement portfolio-wide efficiency projects that include, LED lighting retrofits, HVAC upgrades, heat pump installations, water chiller and boiler replacements, exhaust hood upgrades, roofing and façade upgrades, and smart sensors and thermostat installations in guest rooms and kitchen walk-in coolers and freezers.

## Recent or Active Energy Initiatives

- 71% of our properties (up from 27% last year) have installed variable frequency drives (VFD) or electronically commutated motor (ECM) to improve the energy efficiency of water pumps, air handling units, and cooking sensors.
- 78% of our properties (up from 33% last year) have installed high-efficiency light fixtures in our garages, which is one of the last spaces targeted in our portfolio-wide LED lighting retrofits.
- Two large convention hotels updated their kitchen exhaust hoods to the latest technology resulting in roughly \$100,000 in annual energy savings.

## Renewable Energy

We have focused our underwriting and analysis of low carbon investment opportunities primarily on on-site renewable energy opportunities. We currently have two properties with on-site solar and another property starting implementation in 2024. We have not set a target for renewable energy use, but we continuously look for opportunities to increase our utilization of renewable energy sources.

While some of our properties may not be suitable for onsite renewable energy production due to space limitation or lack of economic feasibility, we will continue to look at alternative methods for increasing renewable energy

through our utility providers, purchasing renewable energy credits ("RECs") or monitoring and testing advances in technology. We have worked with some hotels to purchase 100% renewable energy from their utility provider. 23% of our properties by gross floor area either purchase RECs or generate renewable energy on-site.



In 2023, we substantially completed the installation of our second phase solar renewable investment at the **Wailea Beach Resort** (Maui, HI). We expect this new phase to increase total solar production to 20% of the resort's energy usage. The second phase is located on a meeting space pergola and will provide shade to guests attending events.

## Electric Vehicle Chargers

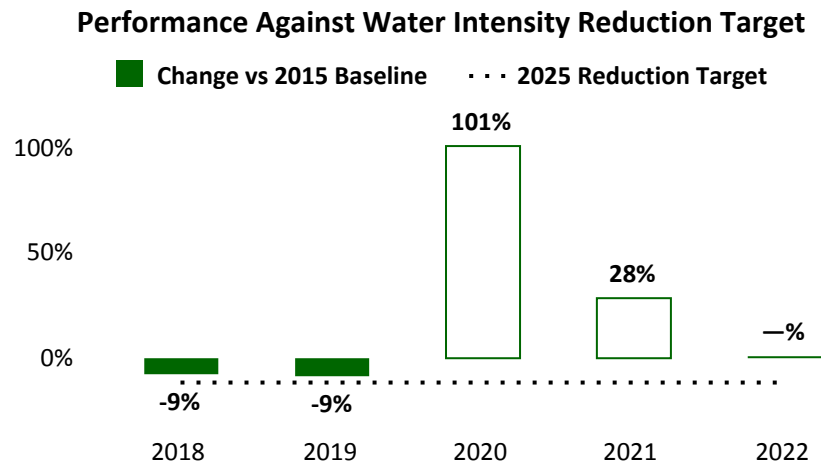
To encourage clean energy infrastructure, we support the use of electric vehicles ("EVs") and the installation of EV chargers at our properties. We currently have EV charging stations available at eight properties in our portfolio and are evaluating adding charging stations at additional locations. Our corporate headquarters also has onsite EV charging stations for employees. We are always evaluating the potential for EV charging stations at additional assets and opportunities to upgrade our chargers to allow for better data analytics.



## WATER

As water scarcity increases in many areas, Sunstone remains committed to reducing our water consumption and increasing our water efficiency. Sunstone uses a combination of proven conservation strategies for water operations, investment in water efficiency technology, and efficiency upgrades to drive ongoing reductions in water consumption.

### Water Reduction Target and Progress



Our water intensity target is based on our hotel's water consumption per occupied room. As a result of the impact of the COVID-19 pandemic, our 2020 and 2021 consumption data were atypical and is considered non-comparable and understates our progress towards our 2025 targets. Our hotel operations were temporarily suspended at a majority of our properties during 2020 and continued to have depressed occupancy through 2021 and into 2022. While our occupancy was still recovering in 2022, the impact to our intensity metrics is not as meaningful as 2020 and 2021.

During the temporary suspensions and extremely low occupancy periods in 2020 and 2021, all hotels continued to run water and flush toilets in each room on a weekly basis to ensure the safety of our building and health of our water-reliant systems. These additional measures caused our water consumption to decline less than our other utility usages.

In addition to the lower occupancy in 2022, we had other factors that caused a temporary spike in water usage in 2022 including one property that shifted to

municipal water to maintain property irrigation. At the end of 2022, the property completed a water reclamation investment project, which significantly reduces our water withdrawals.

Given the changes that have occurred in our portfolio, in the coming year, we expect to set new 2030 targets that will better reflect our portfolio composition and evolving Company goals.

### Water Stress

We prioritize water initiatives in markets where the Aqueduct™ Water Risk Atlas from the World Resources Institute identifies as exhibiting medium - high, high or extremely high-water stress risk. We have identified water stress risk at properties located in California, Massachusetts, and Florida. Approximately 20% of our asset square footage is located in high or extremely high-water stress risk areas, and an additional 34% is located in medium to high-water stress risk areas. We are working closely with our management companies and third-party consultants to monitor the water usage at our hotels and resorts, and to identify innovative ways to create water efficiencies.

### Recent or Active Water Initiatives

With many of our assets located in water stressed markets, we aim to enhance water recycling and efficiency efforts to reduce our portfolio's reliance on fresh and potable water.

- 87% of our properties sub-meter water consumption across spaces such as landscaping grounds or cooling towers, which allows us to better assess areas of greatest water usage.
- 80% of our landscaped properties have drought tolerant and native vegetation.
- **The Westin Washington, DC Downtown** (Washington, DC) installed new efficient toilets that are expected to save over 750,000 gallons of water per year.

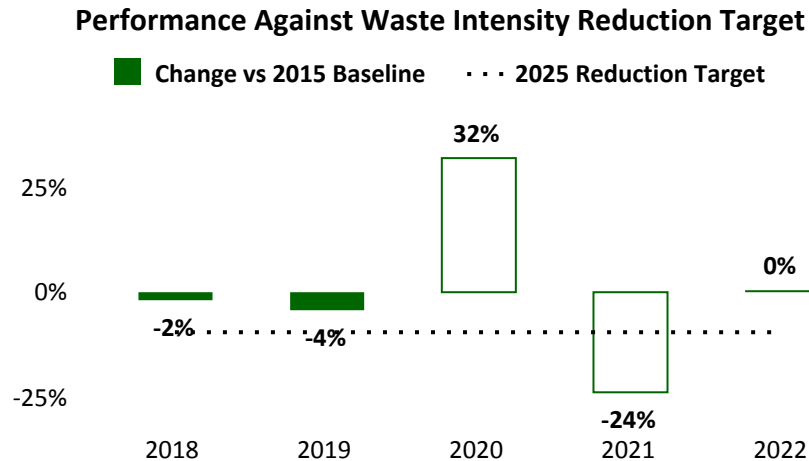
### Water Safety

An additional element of our water conservation program is ensuring that the water reliant systems are being operated safely. We worked in partnership with our hotel operators and a third-party consultant to develop a Sunstone Water Safety Manual, which provides guidance on water safety for onsite building systems.

## WASTE

Sunstone is committed to reducing its waste intensity and monitoring waste generation and diversion throughout our portfolio.

### Waste Reduction Target and Progress



The waste intensity on an occupied room basis for our hotels is relatively flat to our baseline. We continue to prioritize waste tracking and reductions at our hotels' operations. Our Design & Construction department has also increased their engagement with our general contractors regarding recycling and reuse. We engage with our operators and their waste management companies to measure outgoing waste and to support best practices for waste reduction, including reducing waste creation, alternative material sourcing, and encouraging properties to recycle all possible materials within their respective markets.

We also encourage our hotel operators to provide green meeting options that reduce the waste produced from group meetings and events. 93% of our properties offer green meeting program options which include initiatives such as linen-less tables and digital signage.

### Active Waste Initiatives

We continue to evaluate and test new technology and products to reduce waste creation and increase diversion. Our properties have prioritized food waste and single-use plastic waste reduction strategies:

- Our hotels are actively implementing sustainable alternatives for replacing single-use plastics including water bottles, bulk amenity dispensaries, food and beverage to-go materials, and guest room key cards.
- 67% of our portfolio has implemented measures to reduce plastic bottles through the addition of filtered water dispensing stations in guest room corridors or public spaces and/or replacing plastic water bottles with more sustainable alternatives.
- 93% of our portfolio has implemented bulk amenity dispensaries in the guest bathrooms to reduce waste and single-use plastics.
- All hotels are actively managing food waste using a variety of methods including the addition of waste digesters which have saved nearly 30 tons of food waste in 2023.

#### Food Waste Strategies

<b>Prevention</b>	<ul style="list-style-type: none"> <li>• Redesigning menus</li> <li>• Changing serving vessels</li> <li>• Analyzing portion sizes</li> <li>• Daily single catering menus across groups</li> </ul>
<b>Diversion</b>	<ul style="list-style-type: none"> <li>• Composting on and off site</li> <li>• Community donations</li> <li>• Repurposing for onsite associate cafeterias</li> <li>• Waste digesters</li> </ul>

## BIODIVERSITY

Our hotel operations and renovations inherently utilize natural resources from local, national, and international sources and may have an adverse impact on the local ecosystem and biodiversity. We remain committed to minimizing our impact on local biodiversity through our preservation initiatives and we continue to identify ways to replenish or rejuvenate our hotel's local ecosystems. We continuously evaluate our impact on local habitats and the regions which supply 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. Additionally, our potential impact on local biodiversity is evaluated during our acquisition due diligence and on projects under evaluation at our existing hotels.

## 2025 ENVIRONMENTAL REDUCTION TARGETS PROGRESS

We routinely monitor our progress and use hotel performance metrics to identify potential opportunities and make investment decisions. By measuring and monitoring our performance, we aim to increase efficiency and mitigate environmental and regulatory risks throughout our portfolio.

In 2019, we set portfolio-wide 2025 environmental intensity reduction targets using a 2015 baseline year. In an effort to achieve our 2025 reduction targets,

we monitor our environmental impact by tracking and reporting on portfolio-wide carbon, energy, water, and waste performance. **The reduced occupancy in our portfolio in 2022 from the lingering impacts of COVID-19, has caused variability in our progress toward the 2025 targets.**

2025 Targets	2022 Progress toward 2025 target
7.5% reduction in energy intensity per square foot	-3%
22% reduction in carbon emissions intensity per square foot	-20%
13% reduction in water intensity per occupied room	—%
10% reduction in waste intensity per occupied room	—%

**While we remain on track to achieve these historical 2025 targets, given the changes that have occurred in our portfolio, in the coming year, we expect to set new 2030 targets that will better reflect our portfolio composition and evolving Company goals.**



Lobby at Renaissance Orlando at SeaWorld<sup>(R)</sup> (Orlando, FL) with sustainably produced tile.



# CLIMATE STRATEGY AND ASSET RESILIENCY

## CLIMATE CHANGE STRATEGY

The effects of climate change will continue to impact our assets, our construction sourcing, and our portfolio investment strategy. We remain committed to investing in mitigation opportunities that will reduce our impact on the factors causing climate change and/or mitigate the impact of climate change on the environment and our Company. We invest to protect our assets from potential weather events, natural disasters, and climate change effects (short, medium, and long-term). We recognize that climate change isn't only physical, and the Company and our assets will also need to mitigate transitional risks. For more information on our climate change strategy, please see our [Task Force on Climate Related Financial Disclosures \(Appendix C\)](#) in this report.

## CLIMATE CHANGE MITIGATION AND RESILIENCY

Our safety, asset preservation, and climate change risk mitigation strategies include 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 capital investments to protect our assets and 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 location and building attributes.
- Hotel team procedures for reviewing asset condition pre- and post- natural disaster.
- A portfolio-wide emergency preparedness program that outlines communication protocols with a disaster response team and requires every hotel to have emergency response equipment on property (e.g., satellite phone, life safety equipment, water remediation equipment, first aid supplies, etc.).
- A corporate led Emergency Response Team that responds to natural disasters and provides resources to the hotel teams.
- A selection of preferred third-party vendors across our markets to rapidly respond if our hotels are subjected to damage from natural disasters.

## Climate Resiliency Measures

We invest in measures that will protect our assets from the potential destructive impacts caused by windstorms, floods, fires, and earthquakes. Our investments are intended to protect the properties, hotel associates and guests in the event of a disaster and are tailored to the type of disasters most likely to occur for each asset. We invest in both temporary (removable or intended to be used during an active event) and permanent (i.e. infrastructure enhancements) asset resiliency measures.

Investments that we have made for assets in hurricane zones or flood zones include a combination of removable flood barrier systems, full backup power generation, hurricane-rated windows or sliding doors, raised electrical boxes or other building systems, and storm shutters. For assets in wildfire zones, we invest in special landscaping designs, full backup power generation, relationships with local fire stations, special landscaping clearance protocols to remove brush and other major hazards, and wind monitoring studies to anticipate potential fire direction.

Several of our assets are in high-risk climate locations, and thus we are developing relationships with local and state municipalities that work on climate change mitigation.



Hurricane-force storm windows installed at the **Oceans Edge Resort and Marina** (Key West, FL).

# SUSTAINABLE CONSTRUCTION AND SOURCING

## MAJOR RENOVATIONS

Capital investment and hotel renovations are core aspects of our Company strategy. Each year, the Company invests significant capital into our assets to maintain infrastructure or building systems, replace worn or dated guest facing elements, and enhance the asset's long-term value through repositioning or rebranding a hotel. We strive to maintain our buildings in a safe and efficient manner while providing an enticing atmosphere for our guests.

Our Design and Construction team developed an internal Fit-Out and Refurbishment Guide within our EMS to guide sustainability design and construction expectations, including design elements, features, demolition and repurposing, sourcing, and materials. Our vendors and business partners are asked to include sustainability elements throughout their process and to provide insights and recommendations for mitigating our impact on the environment, local communities, and biodiversity. Additionally, we also understand that our major renovations or expansion projects may impact our surrounding communities, so we evaluate the potential impact of construction noise on the surrounding areas and seek to limit or mitigate the noise.

Sunstone strives to partner with firms that align with our environmental and social objectives particularly for major renovations or repositioning projects. We partner with general contractors that have a strong record of mitigating the environmental impact of our renovations including recycling, repurposing and diverting trash from landfills, as well as, upholding our social expectations including fair wages and safe working conditions.

Sunstone only completes renovations or expansions on our existing developed properties, and thus we are not active in any development related to either brownfields or greenfields.

## SUSTAINABLE MATERIALS AND SOURCING

Sunstone recognizes the need to use goods, services, materials, and sourcing methods that are sustainable. Renovations or refreshes provide opportunities to replace older non-sustainable materials with sustainable or responsibly sourced products. We engage with various stakeholders during renovation projects, including 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.



Lobby entrance at **The Bidwell Marriott Portland** (Portland, OR)

### Projects with sustainable or responsibly sourced products:

The largest quantity of materials sourced by our Design and Construction department are tile, carpet, vinyl, drywall, mechanical equipment, and roofs. We have strategically partnered with major manufacturers that have strong sustainability programs and provide sustainability certifications on these products. Our vendors focus on minimizing waste, energy, and water, as well as utilizing materials that are sustainably sourced or created from recycled materials.

Additionally, hotel renovations or refreshes provide an opportunity to evaluate certain efficiency measures, including fixture replacements or system upgrades that may not be feasible as standalone projects, but can be completed as an overall enhancement during a renovation.

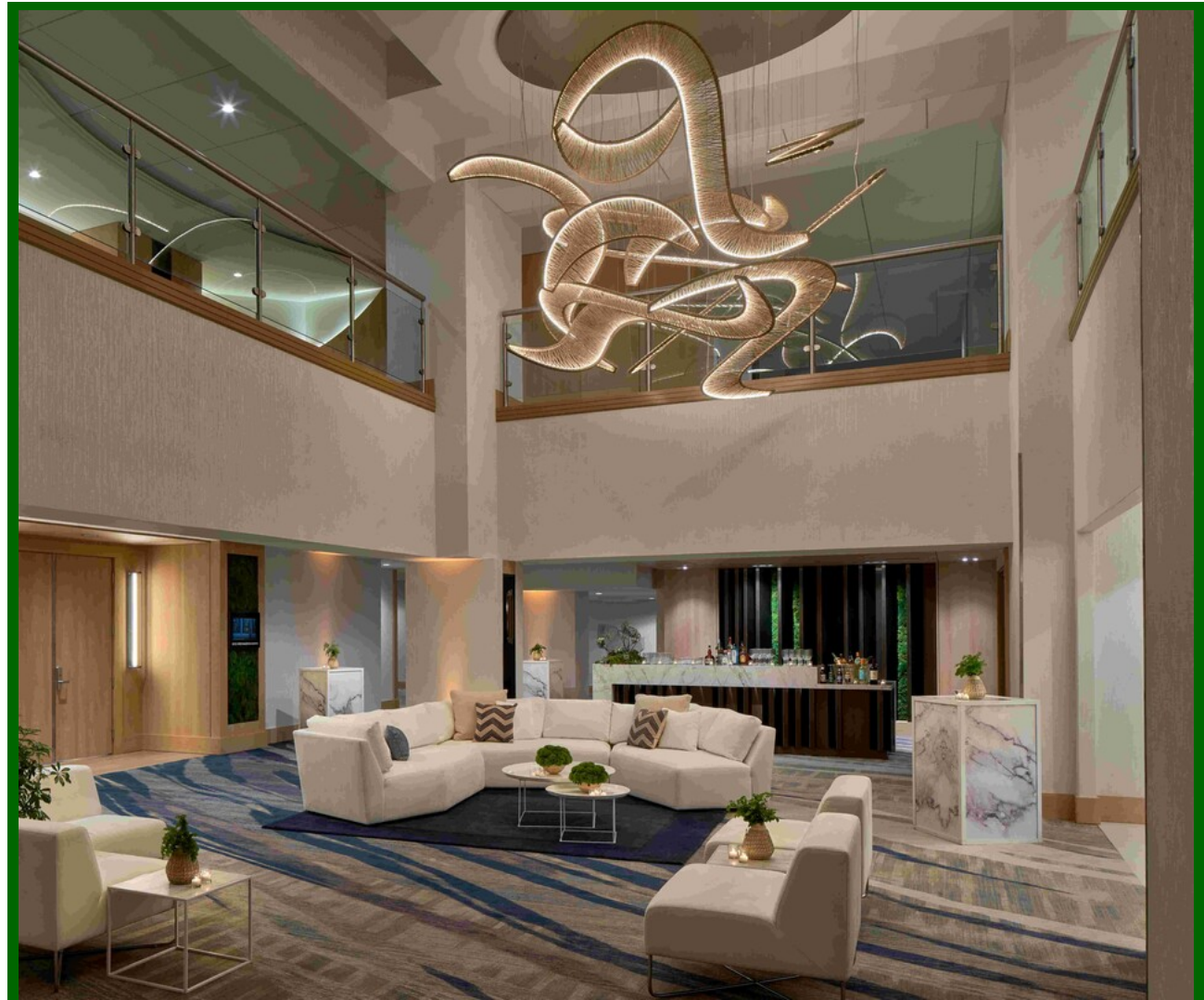
## Operations Sourcing

At each of our hotels, we work with our hotel brands and operators to promote responsible and diverse supply chain criteria with their respective procurement partners. We further encourage each hotel's procurement partners to conduct supplier screening to advance these initiatives across all categories of spending.

While our operators are responsible for the procurement practices at our hotels, we aim to impact their procurement practices and support opportunities that align with the AHLA Responsible Stay platform. Our hotel operators commonly have programs that include requirements for local sourcing, safe and ethical working practices, and fair trade. More than half of our properties proactively prioritize local, minority, women, or veteran owned, and fair-trade suppliers whenever available.

We also engage with select hotel management company purchasing partners to pursue opportunities that enhance sustainable sourcing particularly in certain focus areas such as FSC-certified paper products and napkins and responsibly sourced animal products. In 2022, a greater percentage of our portfolio sources these more sustainable options, including 80% (up from 67%) of our hotels sourcing cage-free eggs.

We remain committed to supporting and guiding our properties towards advancing responsible supply chain practices.



Our General Contractor at the newly renovated **The Westin Washington, DC Downtown** (Washington, DC) adhered to strict regulations and codes within Washington, DC by diverting 88% of the construction waste from landfills by recycling, repurposing and reusing materials. Concrete, brick, cardboard, metal and wood were all diverted from landfills during the renovation. In addition, we were able to repurpose the Renaissance brand linen for use at our **Renaissance Orlando at SeaWorld®** (Orlando, FL).





# Social Responsibility



# OUR SOCIAL COMMITMENT

We strive to create a healthy and supportive workplace for Sunstone employees by maintaining a safe, inclusive, and accommodating work environment. We seek to offer competitive wages and benefits, opportunities for career development, and fostering community involvement and philanthropic engagement. We plan our social responsibility activities to ensure that our initiatives and activities support our social responsibility commitment and create a cohesive experience for our employees.

We also work with our hotel brands and operators to ensure our hotel associates are offered similar support and are engaged and have a safe, inclusive and accommodating work environment. Furthermore, we seek to support the communities where we own hotels through community outreach programs and philanthropic efforts either at our hotels or in conjunction with our corporate office.



**Wailea Beach Resort (Maui, HI)** associates preparing meals for those impacted by the Maui wildfires



Sunstone cookie decorating employee engagement activity



Sunstone employees at our volunteer day at Laura's House, a local shelter that supports survivors of domestic abuse

# EMPLOYEE DEVELOPMENT AND ENGAGEMENT

With approximately 40 employees, every employee's job responsibility provides a valuable contribution to the Company's culture and our long-term success. As respected members of our team, we support our employees by providing professional development opportunities, offering competitive wages and benefits, assessing employee satisfaction, advancing DEI&B initiatives, providing 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 or development opportunities. We encourage our employees and their supervisors to discuss career trajectory, areas for growth, succession planning, and opportunities for training or development that support the goals of our employees.

Job-level development training or opportunities include real estate investments, accounting and reporting systems, CPA test preparation, tax, legal, sustainability, risk management, DEI&B, HAMA professional development, participation in industry organizations or committees, information technology systems, and engineering.

**100%** of Sunstone Employees participate in training on Code of Business Conduct and Ethics, ESG & Corporate Responsibility, Cybersecurity, Harassment and Discrimination Prevention, and DEI&B.

Our ESG committee provides ESG-related training routinely to all Sunstone employees through participation in quarterly Company meetings and engagement with Sunstone's various departments. This ongoing training includes updates on our Corporate Responsibility programs progress, discussions on ESG topics, and opportunities for contribution towards our Company's long-term sustainability goals.

All full-time employees are eligible to participate in our Partnership Program, which provides employees an opportunity to partner with an experienced resource in the Company. While similar to a mentorship, we designed our partnership program so employees at any level, including senior management, may partner with another employee to enhance their knowledge or business relationship. The partnership is intended to provide the employee with

exposure to job development, mentorship, personal growth, or new job functions, but each partner designs a personalized program based on the interests of the employee requesting the partnership.

## Employee Engagement

We believe active engagement with our employees and continuous adaptation of our engagement methods based on employee feedback is critical to our long-term success. As part of our engagement process, we conduct formal employee satisfaction surveys every two years and have informal opportunities for feedback on a more frequent basis. With a small employee base, we are able to quickly receive and adapt to feedback on employee-related matters.

We conducted our most recent employee satisfaction survey in mid-2023 which identified positive attributes and areas for improvement for the Company. We had a 94% response rate for the 2023 survey. To measure our performance, we compared our 2023 responses to the results of our 2021 employee satisfaction survey. Numerous key metrics scored above 90%, which was consistent with or improved over 2021, including value and meaning for work contribution, respectfulness, Company communication, access to Senior Management, and belief in the Company. We witnessed declines in scoring related to workload management, supervisor feedback and on-going recognition. Our DEI&B Committee utilized the results of our most recent employee survey to design the semi-annual workshops on these critical employee topics so the Company could work to address the areas of concern relating to more frequent supervisor feedback and on-going recognition.

To further support our engagement strategy, 100% of Company employees participate in our annual employee performance process. Each employee sets annual performance goals, which are self-evaluated and then evaluated by supervisors. We also provide each employee with an opportunity to ask career related questions and receive performance feedback.



# ENVIRONMENT OF BELONGING: DIVERSITY, EQUITY, INCLUSION, AND BELONGING

Sunstone seeks to foster a Company culture of belonging, where all employees can be their authentic selves. We recognize the value of different perspectives, backgrounds, and experiences in our workplace. Sunstone promotes the importance of DEI&B throughout all workforce levels and with our business partners through education, awareness, action, and advocacy.

We aim to create an inclusive, fair, and equitable work environment free of any form of harassment, discrimination, or violence. We require 100% of employees to participate in harassment prevention training. Our Human Rights and Labor Rights policy encompasses Sunstone's aim to create an inclusive and equitable environment with equal opportunity for all people regardless of gender, race, disability, ethnicity, nationality, religion, sexual orientation, gender expression, or gender identity.

We remain active in our pledge to the CEO Act!on for Diversity and Inclusion™, a commitment to advance diversity and inclusion in the workplace. This pledge supports equity for all underrepresented communities, including Blacks, Latinos, Asians, Native Americans, the LGBTQ community, veterans, women, and people with different abilities.

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

### **DEI&B COMMITTEE AND ACTIVE INITIATIVES**

Our DEI&B committee is responsible for advancing our DEI&B commitment including policies, procedures, initiatives, and training. The committee is comprised of individuals from Senior Management, Human Resources, and Risk Management/ESG. The DEI&B Committee holds semi-annual DEI&B focused workshops in which all employees are required to participate. Our DEI&B committee incorporates feedback and lessons learned from all employee engagement activities to create workshops that we believe are most relevant to our employees and workplace.



### **DEI&B Employee Engagement**

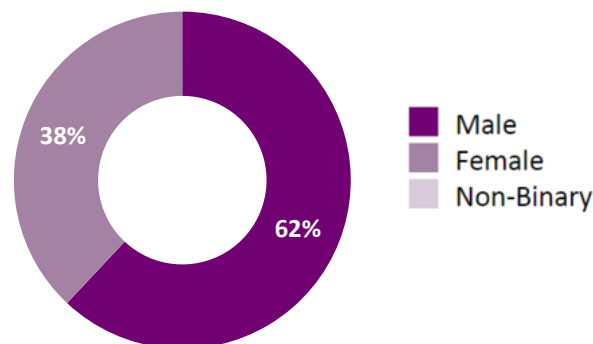
We believe that each employee, job position and department have a responsibility for driving our culture of inclusion and belonging. Our DEI&B workshops provide an opportunity to instill this belief within our employees and to provide a safe space to discuss difficult topics. As part of this year's DEI&B workshops, our DEI&B committee met with each department in an open forum for employees to generate ideas, discuss personal responsibility and provide feedback on opportunities to enhance our Company's DEI&B initiatives and our Community Involvement Program.

Our DEI&B workshops provided guidance on many initiatives, including expanding our recruitment search platforms and our recruitment strategy (particularly for our summer internship program), enhancing our new hire on-boarding process to provide a more holistic education on the Company and departmental interdependency, providing increased opportunities for employees to interact on a more personal level through Company lunches or other interactive activities, and expanding our Company-wide Community Involvement activities to increase our positive impact on our local community. We have already made progress on many of these initiatives and will continue to enhance our program with employee feedback.

### Company and Senior Management Diversity

Similar to our commitment to creating a Board with increased representation from female and underrepresented communities, we are committed to increasing representation from female and underrepresented communities in our more senior levels of management including Vice Presidents and Senior Management. In 2022, we added minority representation onto our Senior Management team. We will aspire to incorporate diversity demographics into our selection criteria when we refresh senior level positions within the Company. The Company has a concentrated employee base with an average of 90% annual retention. When positions open, we intentionally incorporate diversity demographics as a component of consideration during our recruiting process. We have increased representation from underrepresented minorities to 30% of our total employee population, which is up from 20% four years ago.

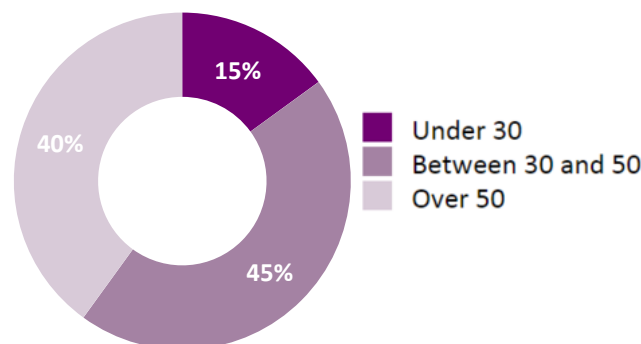
**Employee Gender**



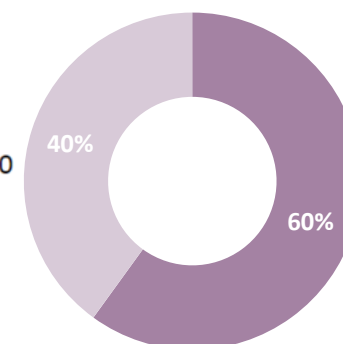
**Senior Management Gender**



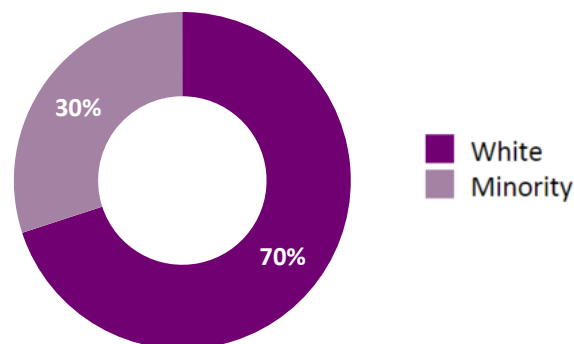
**Employee Age**



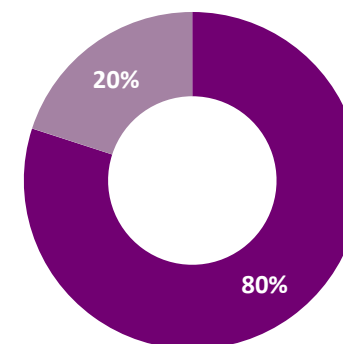
**Senior Management Age**



**Employee Ethnicity**



**Senior Management Ethnicity**





# HEALTH, SAFETY, AND WELL-BEING

We believe the health, safety, and well-being of our employees, hotel associates and hotel guests is imperative to our long-term success. We strive to create a safe environment for our employees and support the needs of our hotel associates and hotel guests.

## ***CORPORATE EMPLOYEES***

In an effort to support our employees' health, safety, and well-being, we offer all employees identical benefit options including health insurance, stock incentive awards, and access to a matching 401(k) retirement plan. We believe these perquisites and benefits positively impact and improve our employees' physical and mental health, safety, and well-being.

Our Corporate office has a hybrid work arrangement to offer employees increased flexibility in their work locations where most of our employees may work up to two days a week remotely. As part of our employee engagement program, the Company hosts one or more lunch gatherings per month in the office to promote employee well-being, provide opportunities for informal Company updates, and foster a culture of belonging.

There were no Sunstone employee work-related injuries or fatalities in 2022. The Human Resources Director periodically conducts assessments of any

potential unsafe working conditions. If an unsafe condition is identified, Human Resources or Office Management will engage with Design and Construction or the building maintenance department to address the potential safety issue.

Employees are encouraged to speak with their Supervisor, Human Resources or Senior Management if they feel unsafe or witness a violation of our Code of Business Conduct and Ethics. Additionally, we have a third-party reporting platform, managed by EthicsPoint, for employees to anonymously report concerns, which are communicated directly to our General Counsel, chairman of the Board, and the chairpersons of each Board committee. All employees are required to participate in sexual harassment and discrimination prevention training every other year as well.

Additionally, our Design and Construction department is responsible for working with the third-party general contractors we hired to ensure they are maintaining a safe working environment during our renovations.

### EMPLOYEE PERQUISITES & BENEFITS AVAILABLE TO ALL EMPLOYEES

- Medical, dental, and vision insurance
- Life insurance
- Employee and Employer 401(k) contribution and matching retirement plan
- Employee stock incentive award program
- Access to Employee Assistance Program ("EAP")
- Voluntary gym membership and onsite outdoor fitness equipment
- Company provided EV Charging at the corporate office
- Summer Fridays – office closes early for the weekend
- Variety of healthy snack and beverage options in corporate office
- Monthly newsletters promoting health and financial wellness
- Hybrid work arrangement
- Paid volunteer time-off
- Smart casual dress code

### NEW OFFICE SPACE FEATURES

- Acoustic comfort
- Lighting controls and significant natural light
- Ergonomic and adjustable workspace furniture
- Wellness/lactation room
- Secure office location with authorized entry requirements
- Access to EV chargers
- LEED certified office building
- Access to outdoor courtyard with comfortable seating and communal gather areas with games
- Access to onsite outdoor fitness equipment and walking paths

## HOTEL ASSOCIATES

We support hotel associates' health and well-being by investing in hotel associate Heart of House areas which includes upgrading associate cafés and break areas and providing high-quality locker room facilities. Additionally, we work with our managers to ensure our hotel associates receive on-going safety and emergency response training. These investments typically lead to improved hotel associate satisfaction, which we believe leads to higher long-term associate performance and retention rates.

- The Westin Washington, DC Downtown** (Washington DC)
  - Heart of House redesign to enhance training areas and offices to align with the Westin brand
- Multiple Properties**
  - Offer health food options at associate cafés, break rooms and vending machines
- Multiple Properties**
  - Housekeeping and other departments daily shift meetings integrate stretching routines and wellness updates

## AHLA's 5-Star Promise

We fully support and encourage all of our operators to adopt and abide by AHLA's 5-Star Promise. We believe hotel associates should feel safe when interacting with guests, particularly in guest rooms. Amongst other initiatives, we have demonstrated our support through the implementation of GPS and location tracking panic devices for associates.



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.

## HOTEL GUESTS

We recognize the importance of health, safety and well-being for the hotel guests. We work with our operators to maintain safe buildings and have protocols in place to manage the safety of our guests. We recognize that our hotel's physical and operational services and amenities directly affect our hotel guests' health and well-being. Additionally, we work with our hotel operators to develop services and amenities that serve each market's customer base.

We have implemented a multitude of guest-oriented services and amenities including investing in high-quality and expanded state-of-the-art guest fitness centers, offering wellness and health-oriented services and amenities, incorporating vegan and vegetarian menu options, making bicycles and/or e-bikes available, adding landscaping in and around the properties to promote relaxation, developing experiences for guests to interact and enjoy the local culture, and offering hypoallergenic rooms.

Our operators recognize that fitness enhancements provide a healthier experience for our guests, particularly at our resort destinations. Our hotels are continuously evaluating ways to offer more wellness opportunities to our guests.



**The Westin Washington, DC Downtown** (Washington DC) offers guests a newly renovated expanded 10,000 square foot fitness studio



**Wailea Beach Resort** (Maui, HI) offers a variety of wellness classes for guests including Yoga, Pilates, and a bootcamp



# COMMUNITY ENGAGEMENT AND CHARITABLE GIVING

Sunstone's Community Involvement Program aims to improve community health and well-being, provide assistance or support in the event of a disaster, and support charities and community groups. Our Community Involvement

Program encompasses all philanthropic activities of the Company including charitable drives, Matching Charitable Gifts Program, Volunteer Time-Off policy, Company volunteer activities, and local partnerships that exist at our hotels.

We use our DEI&B workshops as an additional opportunity to solicit ideas for growing our community impact in alignment with our UN SDG goals. The Community Involvement Program is led by individuals from Senior Management, Human Resources, and Risk Management/ESG. We actively work to enhance the program based on employee feedback.

In 2022, we adopted a Volunteer Time-Off Policy which provides full-time corporate employees an opportunity to use up to eight hours of paid work time



Sunstone employees at our volunteer day at Laura's House

per year towards volunteerism for qualifying charitable organizations. Company or department sponsored volunteerism events are not counted towards the policy time limit.

## CORPORATE CHARITABLE GIVING

At our headquarters in Aliso Viejo, California, we actively support local and national charitable organizations through donations and volunteerism.

Our employees and Board of Directors can donate to qualifying organizations through our Matching Charitable Gifts Program. Through this program, the Company matches personal gifts to qualifying organizations on a dollar-for-dollar basis, up to an annual maximum of \$5,000 per employee and Board director. In 2022, we donated nearly \$104,000 to more than 40 different

charitable organizations. Some of these organizations include American Hotel & Lodging Educational Foundation, Just in Time for Foster Youth, NAREIT Foundation, Orange County School for the Arts, American Cancer Society, Blessings in a Backpack, and US2UGANDA4LIFE. Since 2015, Sunstone has donated over \$661,000 to nearly 160 charities.

## FAMILIES FORWARD



Sunstone Corporate Office food and household item donations for Families Forward

We also participate in several local charitable programs for the orange county-based organization Families Forward. Throughout the year, our employees participate in food drives and holiday gift-giving for the underprivileged in our community. In 2022, our employees donated over 350 pounds of food and household items through Families Forward.

## SUPPORTING OUR COMMUNITIES

Sunstone recognizes the importance of supporting our hotel associates and the communities where our hotels are located. We encourage all hotels to take active roles in their communities and explore opportunities to partner with local organizations and businesses, particularly those that are minority, women, or veteran owned.

Nearly all our hotels have developed relationships with organizations or schools to support their local community.

### Oceans Edge Resort & Marina (Key West, FL)

- Partnered with a local environmental organization for guests to have a fun-filled morning cleaning up the mangroves and ocean around our marina

### Wailea Beach Resort (Maui, HI)

- Offers classes for guests to craft their own Hawaiian quilt applique and square. These squares are added to quilts that are donated to the local elders.

### Multiple Properties

- Over 90% of our hotels have members of Executive Management involved in local tourism counsels and other local hospitality organization.

Our hotels strive to support and promote local, small, and minority owned businesses and artisans in a variety of capacities including food and beverage ingredients, guest amenities, hotel décor or selling products onsite in our Grab-and-Go markets.

### Grab-and-Go Markets

- Of the 10 hotels with Grab-and-Go Markets, all include products or gifts that are sourced from local artisans or businesses.

### Multiple Properties

- Actively monitor their spend for minority owned businesses.
- Establish food partnerships with local farms.

### Montage Healdsburg (Healdsburg, CA)

- Market sells an abundance of locally and specially made goods and foods, including fresh hand-roasted coffee and regional wines.
- The hotel offers “Meet the Maker” wine tasting events to showcase local vineyards.

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



Our **Wailea Beach Resort** (Maui, HI) partnered with World Central Kitchen to prepare over 11,000 meals during August and September to distribute to members of the community impacted by the Lahaina Fires. We will continue to find ways to support the local community and those impacted by the fires.

Additionally, World Central Kitchen is renowned for their charitable work providing meals after disaster events and we're pleased to be building a long-term relationship with the founder Chef Jose Andres and his company Jose Andres Group to debut Bazaar Meat in Miami Beach.





# Reference Materials



# APPENDIX A: SASB DISCLOSURES

Code	Metric Description	Response
<b>Activity Metrics<sup>5</sup></b>		
<b>IF-RE-000.A</b>	Number of assets	15
<b>IF-RE-000.B</b>	Leasable floor area	6,997,285 Square Feet
<b>IF-RE-000.C</b>	Percentage of indirectly managed assets	100%
<b>IF-RE-000.D</b>	Average occupancy rate	67%

<b>Sustainability Disclosure Topics and Accounting Metrics</b>		
Code	Market Description	2022 Values
<b>Energy Management</b>		
<b>IF-RE-130a.1</b>	Energy consumption data coverage as a percentage of total floor area	100.0% <sup>6</sup>
<b>IF-RE-130a.2</b>	Total energy consumed by portfolio area with data coverage	599,986.9 GJ
	Percentage grid electricity	56.3%
	Percentage renewable energy <sup>7</sup>	0.4%
<b>IF-RE-130a.3</b>	Like-for-like percentage change in energy consumption for the portfolio area with data coverage	15.9%
<b>IF-RE-130a.4</b>	Percentage of eligible portfolio that has an ENERGY STAR rating	100.0%
	Percentage of eligible portfolio certified by ENERGY STAR	35.4% <sup>8</sup>

<sup>5</sup> Data includes the 15-hotels owned for the entire calendar year ending December 31, 2022.

<sup>6</sup> 2022 energy data only includes the 15-hotels owned for the entire calendar year ending December 31, 2022. 2022 energy data was not calendarized.

<sup>7</sup> Percentage value reflects percentage of energy consumed generated by on-site solar arrays. Historically, Sunstone calculated the average percentage of renewables in each grid region and applied this to the electricity consumption drawn from the applicable grids. Since this value did not directly tie to renewable consumption at Sunstone properties, this methodology has been amended to reflect actual on-site renewable usage.

Renewable impacts on the grid regions are reflected in the emission factors used to calculate Scope 2 emissions.

<sup>8</sup> ENERGY STAR certified hotels include 2023 certifications.



<b>IF-RE-130a.5</b>	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	<p>Sunstone places a high priority on capital investments that align with our investment and Corporate Responsibility strategy. Our efficiency investment strategy has five components: properties with high consumption and/or high utility cost, dated equipment that is inefficient or nearing end of useful life, best practices that reduce energy consumption and/or utility cost, initiatives that support our long-term sustainability goals or mitigate identified risks, and available incentives associated with potential investments. This investment strategy is ongoing throughout the asset lifecycle, beginning with initial acquisition due diligence and continuing throughout our ownership.</p> <p>During the hotel acquisition process, we utilize both internal and third-party technical experts to assess each property's structure and underlying infrastructure, including near and long-term capital needs along with determining opportunities for efficiency investments.</p> <p>Sunstone uses the processes outlined in our EMS to actively manage building energy consumption and energy opportunities at our standing investments and to track our progress towards our energy intensity reduction targets. 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>
<b>Water Management</b>		
<b>IF-RE-140a.1</b>	Water withdrawal data coverage as a percentage of total floor area	100.0% <sup>9</sup>
<b>IF-RE-140a.2</b>	Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress	18.7% <sup>10</sup>
<b>IF-RE-140a.3</b>	Total water withdrawn by portfolio area with data coverage	1,190 thousand Cubic Meters
<b>IF-RE-140a.2</b>	Percentage in regions with High or Extremely High Baseline Water Stress	20.7%
<b>IF-RE-140a.3</b>	Like-for-like percentage change in water withdrawn for portfolio area with data coverage	27.1%

<sup>9</sup> 2022 water data only includes the 15-hotels owned for the entire calendar year ending December 31, 2022. 2022 water data was not calendarized.

<sup>10</sup> 2022 water data only includes the 15-hotels owned for the entire calendar year ending December 31, 2022. 2022 water data was not calendarized.

IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	<p>Sunstone places a high priority on capital investments that align with our investment and Corporate Responsibility strategy. Our efficiency investment strategy has five components: properties with high consumption and/or high water cost, dated equipment that is inefficient or nearing end of useful life, best practices that reduce water consumption and/or water cost, initiatives that support our long-term sustainability goals or mitigate identified risks, and available incentives associated with potential investments. Our water management strategy prioritizes water initiatives in areas that have government mandated water restrictions or that are identified as medium-high, high or extremely high risk for water stress as identified by the Aqueduct™ Water Risk Atlas from the World Resources Institute. Our high or extremely high-risk properties are located in California, Massachusetts, and Florida. Several properties in California have government mandated water consumption restrictions.</p> <p>Sunstone uses the processes outlined in our EMS to actively manage building water consumption and water opportunities at our standing investments and track our progress towards our water intensity reduction targets. 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. To mitigate risks, we implement water saving technologies and strategies throughout our portfolio, including installing high-efficiency or low flow fixtures, linen re-use programs to reduce linen and towel guest room replacements, smart irrigation, and drought-tolerant landscaping.</p>
<b>Management of Tenant Sustainability Impacts</b>		
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements	<p>Instead of a traditional tenant lease, Sunstone enters into long-term management agreements at each hotel with brands and/or third-party management companies to operate the hotel. In management agreements, there is not a need for cost recovery clauses because risks and rewards are shared between owner and managers which removes the need for a landlord-tenant split incentive.</p> <p>Under a management agreement, owners generally pay the third-party managers a management fee based on top-line revenue performance and the managers can earn an Incentive Management Fee (IMF) based on hotel profitability, which incentivizes the managements team to maximize hotel profitability. The agreements also give owners access to financial data, including utility and other sustainability-related information.</p>
IF-RE-410a.2	Percentage of tenants that are separately metered or sub metered for water withdrawals	<p>Not applicable. Our properties have a singular third-party management company that occupies and manages the hotel.</p> <p>88% of our hotels have sub metered water for specific areas of the operations.</p>



<b>IF-RE-410a.3</b>	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	<p>Lodging REITs are different from other REIT sectors as we do not have tenants in the traditional sense. Our third-party managers are the closest comparison to a tenant, and we partner with nationally recognized brands and management companies to manage our hotels. Unlike a lease, where the tenant just rents the space from a landlord, Sunstone owns the financial profits from each hotel, and our managers are compensated with a percentage of hotel revenues and are incentivized with a percentage of profits above a set threshold. This financial incentive aligns the hotel operator's interests on improving operating expenses including utility costs.</p> <p>As part of our shared efforts to improve profitability of the hotels and to meet long-term sustainability goals, Sunstone continuously engages with hotel executive management teams, brands, and third-party managers to measure and improve environmental performance. Throughout our portfolio, our Design and Construction, Engineering, and Asset Management teams continuously monitor energy and water consumption and costs, as well as work with our managers to identify areas for improvement. We also provide managers with tenant fit-out guides.</p>
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### Climate Change Adaptation

IF-RE-450a.1	Area of properties located in 100-year flood zones	587,577 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 proactive approach to mitigating climate-change risk, our Risk Management and ESGC committee work with Asset Management and Design &amp; Construction to review a high-level climate assessment and to identify high-risk assets, with consideration given to location, building condition, historical performance, and findings of the assessment. With respect to high-risk assets, we initiate a more extensive climate change modeling study to provide guidance for mitigation strategies. These in-depth studies utilize both a 2-degree scenario (transition to low carbon economy) and 4-degree scenario (business as usual) to provide guidance on potential impacts from variances in weather, temperature, precipitation, flooding, heat index, and droughts over time. Through these climate change analyses, the Company has identified physical climate change risks related to hurricanes, wildfires, droughts, water stress, and rising sea levels particularly within our key markets in California, Florida, Hawaii, Louisiana, and Massachusetts. The Company also completes an in-depth climate change scenario analysis during the due diligence process prior to completing an acquisition.</p> <p>Our transitional climate change risks include increased cost of (or making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events, restricted access to materials and goods, access limited to the water needed to operate our hotels, increased operating costs at our hotels, such as the cost of water or energy, additional costs associated with regulatory burdens, and increased capital investment as we seek to mitigate, repair, and protect our hotels against such risks.</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, flood and fire events. Long-term opportunities due to climate-change include investments in new and more efficient technologies, increased waste efficiency programs, and potential for increased business demand from a more climate-conscious guest.</p>



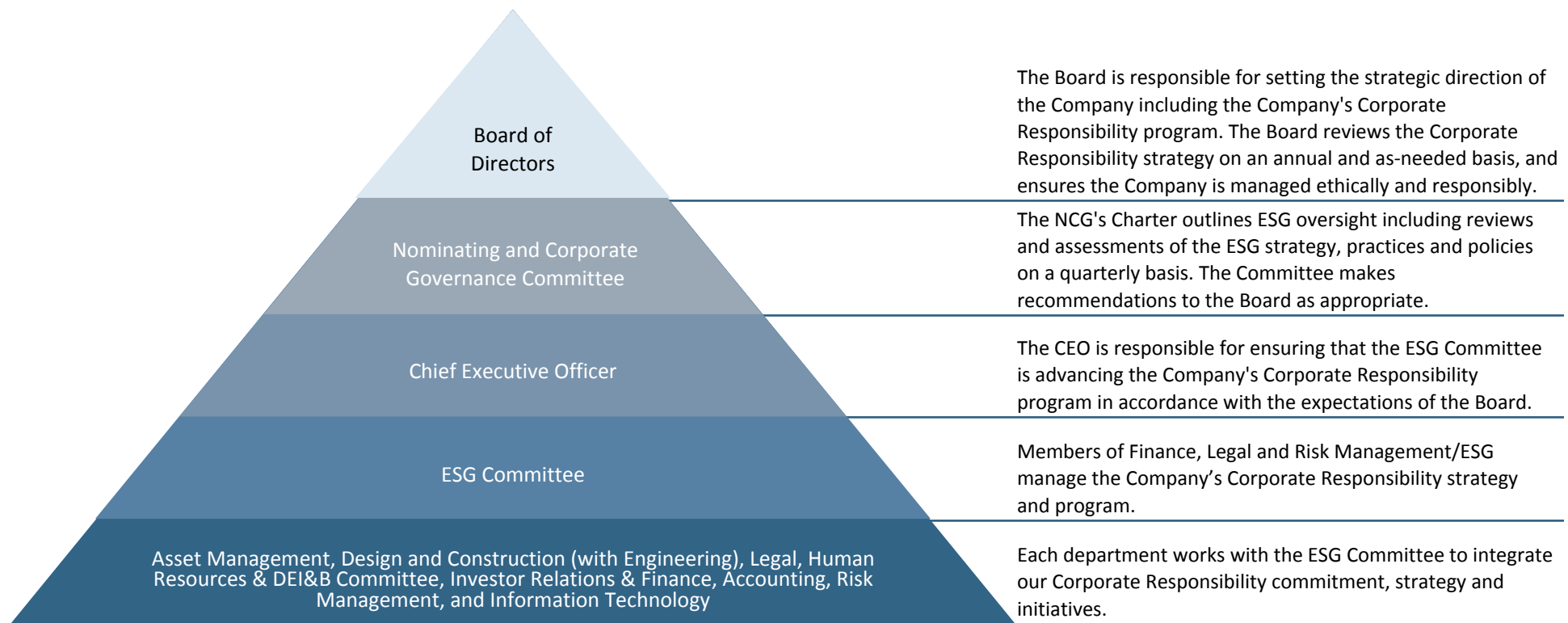
# APPENDIX B: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Sunstone Hotel Investors, Inc. (“Sunstone” or “Company”) is providing voluntary climate-related financial risk disclosures in-line with the Task Force on Climate-related Financial Disclosures (“TCFD”) to use in delivering 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 Corporate Responsibility Program and our objectives under the Environmental, Social, and Governance (“ESG”) pillars including all elements related to climate change risks and opportunities, public disclosure strategy, resource scarcity, DEI&B, board refreshment, and human rights. These responsibilities are memorialized in the NCG Committee Charter.



The Board's primary responsibilities are to foster long-term success and sustainability, oversee business affairs & management, and to act honestly, in good faith and in the best interests of our Company. The Board is responsible for overseeing, identifying, and reviewing organizational, statutory, and other risks of the Company, including those related to climate that could have a material impact on the Company's performance.

Throughout the year, the Board monitors management's progress toward achieving strategic goals. At each regularly scheduled Board meeting, management provides updates on the human, technological, and capital resources required to implement our strategy and relevant regulatory, environmental and social issues that may impact the execution of our strategy. The Board is also provided with regular "deep-dives" throughout the year on key enterprise risks, including those pertaining to sustainability and climate related risks and opportunities.

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

Our CEO and Senior Management team set the tactical roadmap required to implement the Company's Corporate Responsibility strategy established by the Board. Senior Management works with our management-led ESG Committee ("ESGC") to identify priorities and drive the performance-monitoring and accountability mechanisms around assessing and managing climate-related risks and opportunities. NCG and the CEO have delegated execution of our Corporate Responsibility program to our ESGC which is comprised of employees and executives from Legal, Finance, and Risk Management/ESG.

In conjunction with Risk Management, the ESGC is responsible for assessing and managing climate-related risks and opportunities by identifying properties with the most significant risk exposure and working with other critical departments to implement mitigation strategies. The ESGC meets monthly and holds quarterly meetings 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 including related to climate-change.

## **STRATEGY**

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

We use the following time horizons for identified climate risks and opportunities: Short-term (<3 years), Medium-term (3-6 years), and Long-term (7-10+ years).

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



## Impact on businesses, strategy, and financial planning

The management of climate-related risks and opportunities is embedded in our overall risk management process and is a component of our overall sustainability strategy, as well as our financial management and operational processes. We assess each climate-related risk and opportunity through the lens of the relevant impact to our overall business strategy and strategic direction, as well as to our overall financial planning process. We assess specific financial statement line items which may be impacted by these risks and opportunities and plan accordingly in our budgeting process.

Sunstone's challenges and risk can manifest in a variety of ways. Some of the risks that Sunstone monitors include: our environmental footprint impact; climate-change impact; cybersecurity; health, safety, and well-being for our corporate employees, hotel associates and hotel guests; asset valuation changes; availability of design and construction materials and goods; and Company reputation and the reputation of our third-party 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. 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.

<b>Business Impacts</b>	<b>Short- and Medium-Term</b>	<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"> <li>• Our portfolio includes assets located in areas that are prone to hurricanes, droughts, wildfires, and water stress particularly within key markets in California, Florida, Hawaii, Louisiana, and Massachusetts. We manage these impacts, particularly weather events, through investing in protective and precautionary systems, creating multi-year targeted capital investment plans, investing in efficiency measures, developing detailed operational protocols, and completing comprehensive evaluations of asset infrastructure.</li> <li>• We manage the impact of consumer preferences and behaviors through active engagement with the brands and operators that guide the messaging and targeted initiatives of our hotels.</li> <li>• Engagement with other stakeholders, particularly investors, includes providing reliable and transparent disclosures regarding climate change management within our public reports. These disclosure engagements require resource dedication and purposeful focus on benchmarks and certifications.</li> </ul>
	<b>Long-Term</b>	<p>Risk management process identifies our highest priority risk to be sea level rise.</p> <ul style="list-style-type: none"> <li>• Sea level rise will impact current and future capital investments planning along with our long-term portfolio management strategy.</li> <li>• As part of our portfolio management strategy for acquisitions and lifecycle analysis of current assets, we evaluate the location, risk profile, and resilience and determine whether the risks can be mitigated.</li> <li>• Current assets and acquisition targets with the greatest risk profile are evaluated by outside consultants to determine potential impact of climate change on the location, mitigation opportunities, and the financial resources required to mitigate the risk.</li> <li>• We evaluate opportunities for energy efficiency projects, renewable energy, and energy certifications to reduce our GHG emissions and improve our assets environmental footprint.</li> </ul>

### Strategic and Financial Planning Impacts

As owners of a high-quality portfolio of hotel and resort real estate, 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 assets life cycle. At the portfolio level, we have set environmental targets for 2025. We are constantly evaluating energy efficiency projects, including renewable energy investments, preventative maintenance programs, and risk mitigation opportunities. 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.

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 to address climate change risks in these cities and how to mitigate the future impact.

## 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 our stakeholders and business partners, the efforts across local, state, and federal governments and the real estate and hospitality industries 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 renewable 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 will be heavily impacted by the changes 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.

Complete scenario analyses on hotels to determine impact of a 2-degree scenario (transition to low carbon economy) and 4-degree scenario (business as usual).

Find opportunities to invest in technology such as renewable energy, EV charging stations, energy efficient systems, 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 a high-quality portfolio of hotel and resort real estate and taking a comprehensive view in investing in our assets, balancing the best interests of our stakeholders, 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 and 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. An previous years, we conducted an in-depth Corporate Responsibility Risk and Opportunity Assessment at our properties which the Company continues to use in making decisions about investments in ongoing operations, capital projects, and potential acquisitions. As we continue to enhance our awareness of risks and opportunities, we conduct more topic specific assessments allowing us to prioritize individual assets and portfolio-wide initiatives. Specific assessments are also conducted during major renovation projects that potentially impact the local environment or local community. Corporate Responsibility topics that we evaluate for risk identification and opportunity include<sup>11</sup>:



Our Risk Management and ESGC committee work with Asset Management, Engineering and Design & Construction to review a high-level climate assessment and to identify high-risk assets, with consideration given to location, building condition, historical performance, and findings of the high-level assessment. With respect to high-risk assets, we initiate a more extensive climate change modeling study to provide guidance for mitigation strategies. These in-depth studies utilize both a 2-degree scenario (transition to low carbon economy) and 4-degree scenario (business as usual) to provide guidance on potential impacts from variances in weather, temperature, precipitation, flooding, heat index, and droughts over time. Through these climate change analyses, the Company has identified physical climate change risks related to hurricanes, wildfires, droughts, water stress, and rising sea levels particularly within our key markets in California, Florida, Hawaii, Louisiana, and Massachusetts. The Company also completes an in-depth climate change scenario analysis to identify, assess and mitigate risks during the due diligence process prior to completing an acquisition.

<sup>11</sup> Sunstone's 2023 Corporate Responsibility Report contains the sections referenced in the image below.



## 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 and Construction to manage climate-related risks.

### **Physical Risk Management Strategies**

- Our strong capital investment strategy, including preventative preparations to manage extreme weather events, variability in weather patterns and higher temperatures.
- We invest in efficiency projects such as onsite 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 both temporary (removable or intended to be used during an active event) and permanent (i.e. infrastructure enhancements) asset resiliency measures. Investments in hurricane zones or flood zones may include a combination of removable flood barrier systems, full backup power generation, hurricane-rated windows or sliding doors, raised electrical boxes or other building systems, and storm shutters. Investments in wildfire zones may include special landscaping designs, full backup power generation, relationships with local fire stations, special landscaping clearance protocols to remove brush and other major hazards, and wind monitoring studies to anticipate potential fire direction.

### **Transitional Risk Management Strategies**

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

### Scope 1, 2 and 3 greenhouse gas emissions

Greenhouse Gas Emissions	2021 Performance	
Scope 1	13,244 metric tons CO <sub>2</sub> e	1.89 kg CO <sub>2</sub> e per square foot
Scope 2	29,310 metric tons CO <sub>2</sub> e	4.19 kg CO <sub>2</sub> e per square foot
Total Scope 1 + Scope 2	42,554 metric tons CO <sub>2</sub> e	6.09 kg CO <sub>2</sub> e per square foot
Scope 3	Currently we do not track Scope 3 emissions	

Historical data for GHG emissions and other environmental performance metrics are provided each year from 2015-2021 in our 2022 Corporate Responsibility Report.

### Targets Used and Performance Against Targets

Sunstone has set 2025 intensity reduction targets as compared against a 2015 baseline. While we remain on track to achieve these 2025 targets, given the changes that have occurred in our portfolio, in the coming year, we expect to set new 2030 targets that will better reflect our portfolio composition and evolving goals.

Target	2022 Progress	2025 Target
GHG emissions per square foot (kgCO <sub>2</sub> e)	-20%	-22%
Energy per square foot (kWh)	-3%	-7.5%
Water per occupied room (Gal)	—%	-13%
Waste per occupied room (lbs)	—%	-10%

# APPENDIX C: 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/Disclosure	References
<b>General Disclosures</b>			
2-1	Organizational details	<p>We are the owner of Long-Term Relevant Real Estate® (“LTRR®”) in the lodging industry, specifically hotels in urban and resort destination locations that benefit from significant barriers to entry by competitors and diverse economic drivers. Our mission is to be the premier stewards of capital in the lodging industry, providing superior returns to our stockholders by investing in hotels where we can add value through capital investment, hotel repositioning and asset management. In addition, we seek to capitalize on our portfolio’s embedded value and balance sheet strength to actively recycle past investments into new growth and value creation opportunities in order to deliver strong stockholder returns and superior per share net asset value growth.</p> <p>We currently lease our headquarters located at 15 Enterprise, Suite 200, Aliso Viejo, CA 92656 from an unaffiliated third-party.</p>	<p><a href="#">2022 10-K Filing</a>, (Our Company p. 3 and <i>Corporate Office</i> p. 8)</p> <p><a href="#">2023 Corporate Sustainability Report</a>, (p. 5)</p>
2-2	Entities included in the organization’s sustainability reporting	As of December 31, 2022, we had interests in 15 hotels comprised of 7,726 rooms, located in 6 states and Washington D.C.	<a href="#">2022 10-K Filing</a> , (Our Company p. 3)
2-3	Reporting period, frequency and contact point	<p>The reporting period is the calendar year 2022. Our reporting in alignment with GRI standards is expected to continue on an annual basis.</p> <p>Direct all questions or comments to <a href="mailto:esg@sunstonehotels.com">esg@sunstonehotels.com</a></p>	<p>GRI Content Index</p> <p><a href="#">2023 Corporate Sustainability Report</a>, (p. 4)</p>
2-4	Restatements of information	No portfolio restatements during the reporting period	GRI Content Index
2-5	External assurance	No external assurance in 2022.	GRI Content Index



Number	Description	Response/Disclosure	References
2-6	Activities, value chain, and other business relationships	We are the owner of Long-Term Relevant Real Estate® (“LTRR®”) in the lodging industry, specifically hotels in urban and resort destination locations that benefit from significant barriers to entry by competitors and diverse economic drivers. Our mission is to be the premier stewards of capital in the lodging industry, providing superior returns to our stockholders by investing in hotels where we can add value through capital investment, hotel repositioning and asset management. In addition, we seek to capitalize on our portfolio’s embedded value and balance sheet strength to actively recycle past investments into new growth and value creation opportunities in order to deliver strong stockholder returns and superior per share net asset value growth. Our strategy is to create long-term stakeholder value through the acquisition, active ownership and disposition of hotels considered to be LTRR®. Our goal is to maintain appropriate leverage and financial flexibility to position the Company to create value throughout all phases of the operating and financial cycles.	<a href="#">2022 10-K Filing</a> , (Our Company p. 3 and <i>Business Strategy</i> p. 5)
2-7	Employees	As of December 31, 2022, we had 40 employees. None of our employees are represented by a labor union or covered by a collective bargaining agreement.  All persons employed in the day-to-day operations of the hotels are employees of the management companies we engaged to operate such hotels.	<a href="#">2022 10-K Filing</a> , (Human Capital Resources p. 7-8)  <a href="#">ESG Performance Tables</a>
<b>Governance</b>			
2-9	Governance structure and composition	The Company is committed to the values of transparency, stockholder friendly corporate governance, and the highest ethical standards. Our Board of Directors ("Board") believe that these values provide the framework to support the Company in creating long-term stockholder value. Our detailed governance framework can be found in the Corporate Governance section of our website.	<a href="#">2023 Proxy Statement</a> , (p. 4-5, 29)
2-10	Nomination and selection of the highest governance body	The Nominating and Corporate Governance Committee (“NCG”) is a standing Board committee. The NCG Committee selects the nominees, which selections are then ratified by the Board of Directors. The committee also oversees risk management as it relates to our Environmental, Social and Governance program including climate change, resource scarcity, public disclosure strategy, Diversity, Equity, Inclusion & Belonging, board refreshment, and human rights.	<a href="#">2023 Proxy Statement</a> , (p. 13, 29, 31, 32)
2-11	Chair of the highest governance body	Douglas M. Pasquale is the independent Chairman of the Board.  Bryan A. Giglia is the CEO of Sunstone.	<a href="#">2023 Proxy Statement</a> , (p. 29)
2-12	Role of the highest governance body in overseeing the management of impacts	The business and affairs of Sunstone are managed under the direction of our Board of Directors. Our Board of Directors has responsibility for establishing broad corporate policies and for the overall performance of Sunstone, rather than for day-to-day operations.	<a href="#">2023 Proxy Statement</a> , (p. 13)

Number	Description	Response/Disclosure	References
2-13	Delegation of responsibility for managing impacts	Our ESG Committee (“ESGC”) is responsible for evaluating potential ESG risks and opportunities that have been identified as focus items by our stakeholders, leading ESG frameworks and ESG rating agencies. Our ESGC is responsible for reviewing all ESG-related policies annually and providing quarterly updates, including climate-related issues, to the NCG and the entire Board.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 12)
2-14	Role of the highest governance body in sustainability reporting	The NCG has direct oversight of our ESG program, including all elements related to climate-change, resource scarcity, public disclosure strategy, Diversity, Equity, Inclusion and Belonging, board refreshment and human rights. The ESGC provides ESG-related updates to the NCG quarterly and the entire Board annually.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 11-12)
2-15	Conflicts of Interest	We have adopted a policy which provides that approval from NCG is required for any transaction involving the Company and any of our directors, officers or employees, or any entity in which any of our directors, officers or employees is employed or has an interest of more than 5%.	<a href="#">2023 Proxy Statement</a> , (p. 26)
2-16	Communication of Critical Concerns	Sunstone provides employees and directors with a third-party operated Ethics Line to communicate critical concerns that is sent directly to the chair of the Board and the chairpersons of each Board committee.	<a href="#">Code of Business Conduct and Ethics</a>
2-17	Collective knowledge of the highest governance body	The Proxy Statement section for Director Nominees and Proposal 1 on the nomination for directors highlights the collective knowledge and experience of the Board of Directors.	<a href="#">2023 Proxy Statement</a> , (p. 2-3, 13-21)
2-18	Evaluation of the performance of the highest governance body	The Board, acting through the NCG, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the NCG.	<a href="#">Corporate Governance Guidelines</a> <a href="#">2023 Proxy Statement</a> , (p. 4-5, 32-36)
2-19	Remuneration policies	Information on Sunstone’s remuneration policies is provided in the Compensation Discussion Analysis section of our annual proxy statement.	<a href="#">2023 Proxy Statement</a> , (p. 5)
2-20	Process to determine remuneration	The Compensation Committee is responsible for making recommendations to the Board with respect to director compensation and executive compensation. Additional information regarding Sunstone’s process for determining remuneration is provided in the Compensation Discussion and Analysis section of our annual proxy statement.	<a href="#">2023 Proxy Statement</a> , (p. 74)
2-21	Annual Total compensation ratio	Information on Sunstone’s Annual Total Compensation ratio is provided in the Pay Ratio Disclosure section of our annual proxy statement.	<a href="#">2023 Proxy Statement</a> , (p. 72)
<b>Strategy</b>			
2-22	Statement on sustainable development strategy	We take a holistic approach to our business and balance the interests of all stakeholders, including our stockholders, the environment, our employees, our capital providers, the hotel associates, guests, and the communities in which we own hotels. We are committed to ensuring ESG initiatives are part of our operating and investment strategies. We continuously seek opportunities to invest in renovations, implement initiatives intended to reduce energy, water and waste impacts, enhance the overall environment and well-being of guests and associates at our properties, and improve the local communities in which we conduct business or own hotels.	<a href="#">2023 Proxy Statement</a> , (p. 33-34)

Number	Description	Response/Disclosure	References
2-23	Policy Commitments	<p>Sunstone’s policy commitments to human rights and responsible business conduct are outlined in the Key Policies section of this Corporate Responsibility report and can be found on our website. These policies include the Business Code of Conduct and Ethics, Environmental Policy, Human Rights and Labor Rights Policy, and Vendor and Business Partner Code of Conduct. These policies must be approved by the Nominating and Corporate Governance Committee for adoption.</p> <p>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, the prohibition of bribery or other gifts, no retaliation for raising issues or complaints, no violence in the workplace, the right to a discrimination and harassment free workplace, and a commitment to the environment and human rights.</p>	<p><a href="#">2023 Corporate Sustainability Report</a>, (p. 16)</p> <p><a href="#">Code of Business Conduct and Ethics</a></p>
2-24	Embedding policy commitments	<p>We believe that long-term, trusting business relationships are built by being honest and fair. We strive to uphold the highest professional standards in all our business operations, and we expect our third-party business partners, including our vendors and suppliers, will also adhere to these standards. 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 design and construction contracts require that third-party business partners must adhere to our Vendor and Business Partner Code of Conduct.</p> <p>The Business Code of Conduct and Ethics, Environmental Policy, Human Rights and Labor Rights Policy, and Vendor and Business Partner Code of Conduct must be approved by the NCG for adoption. The Audit Committee of the Board is responsible for reviewing our ethics program and receives quarterly updates from management.</p>	<p><a href="#">2023 Corporate Sustainability Report</a>, (p. 16)</p> <p><a href="#">Code of Business Conduct and Ethics</a></p> <p>GRI Content Index</p>
2-25	Processes to remediate negative impacts	<p>For process on remediation of negative impacts, see Sunstone’s Code of Business Conduct and Ethics and Sunstone’s Vendor and Business Partner Code of Conduct.</p>	<p><a href="#">Code of Business Conduct and Ethics</a></p> <p><a href="#">Vendor and Business Partner Code of Conduct</a></p>
2-26	Mechanisms for seeking advice and raising concerns	<p>Sunstone maintains a third-party operated Business Conduct and Ethics Hotline that is available to all Sunstone employees 24/7/365. The Ethics Hotline provides all employees with 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, 15 Enterprise, Suite 200, Aliso Viejo, CA 92656. Any grievance may be communicated anonymously if desired.</p>	<p><a href="#">Code of Business Conduct and Ethics</a></p> <p><a href="#">Vendor and Business Partner Code of Conduct</a></p>



Number	Description	Response/Disclosure	References
2-27	Compliance with laws and regulations	Information on Sunstone's compliance with laws and regulations is disclosed in our Annual Report.	<a href="#">2022 10-K Filing</a> , ( <i>Legal Proceedings</i> p.32)
2-28	Membership associations	We actively participate in several industry organizations, including the American Hotel & Lodging Association ("AHLA") and associated state chapters, 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.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 15)
<b>Stakeholder Engagement</b>			
2-29	Approach to stakeholder engagement	The table in the Stakeholder Engagement section of the Corporate Responsibility Report outlines Sunstone's approach to stakeholder engagement.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 15)
2-30	Collective bargaining agreements	The Company is subject to exposure to collective bargaining agreements at certain hotels operated by its management companies. At December 31, 2022, approximately 29.4% of workers employed by the Company's third-party managers were covered by such collective bargaining agreements.	<a href="#">2022 10-K Filing</a> , ( <i>Collective Bargaining Agreements</i> p. F-34)
<b>Material Topics</b>			
3-1	Process to determine material topics	Report content and topic boundaries are defined by determining the most relevant, material, and important information to our Company. We also consider our stakeholders' expectations, including investors, to identify and report on material topics.	GRI Content Index
3-2	List of material topics	Sunstone provides disclosures for the following select material topics: <ul style="list-style-type: none"> <li>Economic: economic performance, indirect economic impacts, and anti- corruption.</li> <li>Environmental: energy, water, waste and effluents, and GHG emissions.</li> <li>Social: employment, occupational health and safety, training and education, diversity and equal opportunity, local communities, product health and safety, and customer privacy.</li> </ul> No changes are reported during the reporting period.	GRI Content Index

Number	Description	Response/Disclosure	References
3-3	Management of material topics	<p>Our Company’s ESG Committee (“ESGC”) is comprised of employees and executives from Legal, Finance, and Risk Management/ESG and has supervision of our Corporate Responsibility programs, objectives, disclosures, policies, and procedures, including our Environmental Management System. Our ESGC is responsible for evaluating potential ESG risks and opportunities that have been identified as focus items by our stakeholders, leading ESG frameworks and ESG rating agencies. Additionally, our ESG Committee is responsible for reviewing all ESG-related policies outlined in this section annually.</p> <p>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 Company risks, ESG 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, capital investment, and investor engagement.</p>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 12-14)

# GRI: MANAGEMENT APPROACH DISCLOSURES - ECONOMIC

Number	Description	Response	References
<b>Economic Performance</b>			
201-1	Direct economic value generated and distributed	<p>In 2022, total revenues were \$912,053,000. For further details regarding economic value distributed, refer to the 2022 10-K Report.</p> <p>Our Company also donated nearly \$104,000 to more than 40 different charitable organizations in 2022.</p>	<a href="#">2022 10-K Filing</a> , (p. 35-36)
201-2	Financial implications and other risks and opportunities due to climate change	<p>Our physical climate change risks include more frequent or severe storms, hurricanes, flooding, droughts, wildfires, increased water stress, and increased variability in weather patterns, temperatures, or precipitation. Our transitional climate change risks include increased cost of (or making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events, restricted access to materials and goods, increased operating costs at our hotels, such as the cost of water or energy, and increased governmental regulations for specific reporting or equipment.</p> <p>Any of these could have an adverse effect on our hotels, operating results, and cash flows. We could become subject to significant losses and/or repair costs that may or may not be fully covered by insurance, our access to the water needed to operate our hotels may be limited, additional costs associated with regulatory burdens, and increased capital investment as we seek to mitigate, repair, and protect our hotels against such risks.</p> <p>Some of the opportunities due to climate change include investments in new and more efficient technologies, increased waste efficiency programs, and potential for increased business demand from a more climate-conscious guest.</p>	<a href="#">Task Force on Climate-Related Financial Disclosure</a>
203-1	Infrastructure investments and services supported	<p>At our headquarters in Aliso Viejo, California, we actively support local and national charitable organizations through our Community Involvement Program.</p> <p>In 2022, we donated nearly \$104,000 to more than 40 different charitable organizations.</p>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 35)
<b>Anti-Corruption</b>			
205-1	Operations assessed for risks related to corruption	<p>Sunstone regularly monitors Company operations for risks related to corruption. Through internal risk assessments, the Company has identified Financial Accounting, Financial Reporting, and Design and Construction Procurement as significant risks.</p> <p>We also include Company-wide bribery and corruption are part of our internal ERM risk assessment.</p>	GRI Content Index



Number	Description	Response	References
205-2	Communication and training on anti-corruption policies and procedures	Sunstone employees, officers, directors, and third-party business partners are expected to comply with our Code of Business Conduct and Ethics.	<a href="#">Code of Business Conduct and Ethics</a>
		Sunstone employees receive training on governance-related risks, including bribery and corruption.	GRI Content Index
205-3	Confirmed incidents of corruption and actions taken	No known incidents of corruption during the reporting cycle.	GRI Content Index

# GRI: MANAGEMENT APPROACH DISCLOSURES - ENVIRONMENTAL

Number	Description	Response	References
<b>Energy</b>			
302-1	Energy consumption within the organization	In 2022, total energy consumption was 166,663 MWh.	<a href="#">ESG Performance Tables</a>
302-3	Energy intensity	In 2022, energy intensity was 23.82 kWh per sq. ft.	<a href="#">ESG Performance Tables</a>
<b>Water and Effluents</b>			
303-3	Water withdrawal	In 2022, total groundwater withdrawal was 16,775 kilogallons.	GRI Content Index
303-5	Water consumption	In 2022, total water consumption was 297,592 kilogallons.	<a href="#">ESG Performance Tables</a>
<b>GHG Emissions</b>			
305-1	Scope 1 emissions	In 2022, scope 1 emissions were 13,244 metrics tons CO <sub>2</sub> e.	<a href="#">ESG Performance Tables</a>
305-2	Scope 2 emissions	In 2022, scope 2 emissions were 29,310 metrics tons CO <sub>2</sub> e.	<a href="#">ESG Performance Tables</a>
305-4	Greenhouse gas intensity (GHG)	In 2022, greenhouse gas intensity was 6.09 kg per sq. ft.	<a href="#">ESG Performance Tables</a>
<b>Effluents and Waste</b>			
306-2	Waste by type and disposal method	In 2022, total waste generated was 6,554 U.S. tons.  In 2022, 5,479 U.S. tons of waste was sent to landfill and 1,075 U.S. tons of waste was recycled or composted. No hazardous waste was generated.	<a href="#">ESG Performance Tables</a>

# GRI: MANAGEMENT APPROACH DISCLOSURES - SOCIAL

Number	Description	Response	References
<b>Employment</b>			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>To attract and retain top talent, we have designed our compensation and benefits programs to provide a balanced and effective reward structure, including subsidized medical, dental and vision insurance, life and disability insurance, stock incentive awards, access to a matching 401(k) retirement plan with Company Safe Harbor contribution, profit sharing plan, hybrid work arrangement, and gym membership.</p> <p>We believe that our compensation and employee benefits are competitive and allow us to attract and retain skilled employees throughout our Company. We frequently benchmark our compensation and benefits package against those in both our industry and in similar disciplines.</p>	<a href="#">2022 10-K Filing</a> , ( <i>Human Capital Resources</i> p. 7-8)
<b>Occupational Health &amp; Safety</b>			
403-6	Promotion of worker health	<p>Sunstone considers our benefits program as part of our promotion of employee health, safety, and well-being with details listed in our Corporate Responsibility Report. All full-time employees are eligible for our subsidized healthcare program including medical, dental, vision, life, and disability insurance.</p> <p>Additional health promotion benefits include access to an Employee Assistance Program, a voluntary gym membership and on-site outdoor fitness equipment, monthly newsletters to promote health and financial wellness, health snacks and beverages in the office, early Friday closes during the Summer, and Company provided electric vehicle charging.</p>	<p><a href="#">2023 Corporate Sustainability Report</a>, (p. 33)</p> <p><a href="#">2022 10-K Filing</a>, (<i>Human Capital Resources</i> p. 7-8)</p>
403-9	Work-related injuries	There were no Sunstone employee work-related injuries or fatalities in 2022.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 33)
<b>Training and Education</b>			
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 individualized training for our employees, including programs in real estate investments, accounting and reporting systems, CPA test preparation, tax, sustainability, information technology systems, and engineering. All full-time employees are eligible to participate in our Partnership Program, which provides employees an opportunity to partner with an experienced resource in the Company. Employees also receive training on governance-related risks including bribery and corruption.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 30)
404-3	Percentage of employees receiving regular performance and career development reviews	100% of 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.	<a href="#">2023 Corporate Sustainability Report</a> , (p. 30)



Number	Description	Response	References
<b>Diversity and Equal Opportunity</b>			
405	Management approach disclosure	<p>Sunstone aims to foster a Company culture of belonging, where all employees are comfortable being 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, inclusion, and belonging 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. The Company has a DEI&amp;B Committee comprised of individuals from Senior Management, Human Resources, and Risk Management/ESG who are responsible for advancing our DEI&amp;B commitment.</p> <p>The Company conducts mandatory training workshops bi-annually and held two in 2022. In addition, the Company increased female and underrepresented community representation on our Board in 2021 and will continue to increase representation from underrepresented communities in our workplace and on our Board.</p>	<p><a href="#">2023 Corporate Sustainability Report</a>, (p. 31-32)</p> <p><a href="#">Human Rights &amp; Labor Rights Policy</a></p>
405-1	Diversity of governance bodies and employees	<p>We are committed to maintaining a work culture that treats all employees fairly and with respect, promotes inclusivity and provides equal opportunities for advancement based on merit. We intend to continue using a combination of targeted recruiting, talent development and internal promotion strategies to expand the diversity of our employee base across all roles and functions.</p> <p>As of December 31, 2022 Sunstone's Board of Directors is comprised of 7 members. See a demographic breakdown of the Board below.</p> <p>Gender: 57% male and 43% female.  Ethnicity: 14% of the Board is racially/ethnically diverse.  Age: 100% of the Board is over 50 years old.</p> <p>As of December 31, 2022, we had 40 employees. See a demographic breakdown of employees below.</p> <p>Gender: 63% male and 38% female.  Ethnicity: 70% White, 15% Asian, 10% Hispanic or Latino, 0% Black or African American, and 5% Other.  Age: 15% under 30 years old, 45% 30-50 years old, and 40% over 50 years old.</p>	<p><a href="#">Board of Directors</a></p> <p><a href="#">2022 10-K Filing</a>, (<i>Human Capital Resources</i> p. 7-8)</p> <p><a href="#">ESG Performance Tables</a></p>

Number	Description	Response	References
<b>Human Rights Assessment</b>			
412	Management approach disclosure	Our Nominating and Corporate Governance Committee oversees risk management as it relates to our ESG program, including climate change, public disclosure strategy, resource scarcity, DEI&B, board refreshment, and human rights.	<a href="#">2022 10-K Filing</a> , (Corporate Responsibility p. 8) <a href="#">2023 Proxy Statement</a> , (p. 27)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>The majority of our hotels are operated under nationally recognized brands such as Marriott, Hilton, Montage, Four Seasons, and Hyatt. These brands and management companies developed and provided human rights training and policies to hotel associates. Our independent hotel operators deployed human rights training and policies within their management companies.</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"> <li>• 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.</li> <li>• Ensure mandatory anti-sexual harassment policies are in place in multiple languages.</li> <li>• Provide ongoing training and education for associates on identifying and reporting sexual harassment.</li> <li>• Provide US hotel associates with associate safety devices to help them feel safe on the job.</li> <li>• Broaden vital partnerships with wide-ranging national organizations that target sexual violence and assault and trafficking and promote workplace safety.</li> </ul>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 31-32) <a href="#">Human Rights &amp; Labor Rights Policy</a>
<b>Local Communities</b>			
413	Management approach disclosure	<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, volunteer opportunities and donation drives. Sunstone employees are actively engaged in our Community Involvement Program and participate in food drives and holiday gift-giving drives for youth and families in our community. Since 2015, Sunstone has donated over \$661,000 to charitable organizations.</p> <p>We also aim to support local communities where our hotels are located and encourage all hotels to take active roles in their local communities and explore opportunities to partner with local organizations and businesses, particularly those that are minority, women, or veteran owned.</p>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 35-36)

Number	Description	Response	References
413-1	Operations with local community engagement, impact assessments, and development programs	<p>At our headquarters in Aliso Viejo, California, we actively support local and national charitable organizations through our Community Involvement Program and Matching Gifts Program. In 2022, Sunstone donated nearly \$104,000 to more than 40 different charitable organizations and over 350 pounds of food to orange county-based charity Families Forward. Sunstone employees and Board directors are eligible to donate to qualifying organizations through our Matching Gifts Program. In 2022, the Company adopted a Volunteer Time-Off Policy which provides fulltime corporate employees up to eight hours of paid work time per year towards volunteerism for qualifying charitable organizations.</p> <p>Our hotels also actively engage with their local communities through their community service and donation programs including the program at Wailea Beach Resort (Wailea, HI) where guests can participate in the creation of a quilt that gets donated to local elders.</p>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 35-36)
<b>Public Policy</b>			
415-1	Political Contributions	<p>Sunstone's Code of Business Conduct and Ethics outlines our Political Contributions Policy. 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> <p>Information regarding our 2022 political contributions can be found in our annual proxy report.</p>	<a href="#">Code of Business Conduct and Ethics</a>  <a href="#">2023 Proxy Statement</a> , (p. 26)
<b>Customer Health and Safety</b>			
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>Our hotels engage third-party to perform fire life safety checks.</p>	<a href="#">2023 Corporate Sustainability Report</a> , (p. 33-34)



Number	Description	Response	References
<b>Customer Privacy</b>			
<b>418</b>	Management approach disclosure	<p>We and our third-party managers and franchisors rely on information technology networks and systems, including the internet, to access, process, transmit and store electronic customer and financial information. The systems operated by our third-party managers and franchisors require the collection and retention of large volumes of our hotel guests' personally identifiable information, including credit card numbers. Our third-party managers and franchisors may store and process such proprietary and customer information on systems located at our hotels and other hotels that they operate and manage, their corporate locations and at third-party owned facilities, including, for example, in a third-party hosted cloud environment. In addition to the systems operated by our third-party managers and franchisors, we have our own corporate technologies and systems to support our corporate business.</p> <p>Our third-party 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.</p>	<a href="#">2022 10-K Filing</a> , (System security risks... p. 16 of 10-K)
<b>418-1</b>	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.	GRI Content Index

# APPENDIX D: ESG PERFORMANCE DATA TABLES

## COMPANY PROFILE

	2022 <sup>12</sup>	2021 <sup>13</sup>	2020 <sup>14</sup>	2019 <sup>15</sup>	2015 <sup>16</sup>
Total Number of Properties	15	17	17	20	29
Total Number of Rooms	7726	8,544	9,008	10,610	13,845

## ECONOMIC

	2022	2021	2020	2019	2015
Revenue (in millions)	\$912.1	\$509.2	\$267.9	\$1,115.2	\$1,249.2
Adjusted EBITDA (in millions)	\$249.8	\$67.2	(\$88.1)	\$320.2	\$351.3
Revenue Per Available Room (RevPAR)	\$208.38	\$113.64	\$46.02	\$196.08	\$162.42
Occupancy Rate	66.7%	44.7%	22.5%	83.7%	82.3%

## SOCIAL AND GOVERNANCE<sup>17</sup>

	2022	2021	2020	2019	2015
<b>Employees</b>					
Total Number of Employees	40	42	40	47	50
Employee Turnover (%)	19%	10%	18%	6.5%	0%

<b>Employee Gender Metrics</b>					
Male (%)	63%	60%	60%	55%	58%
Female (%)	38%	40%	40%	45%	42%
Non-Binary (%)	0%	0%	0%	0%	0%

<sup>12</sup> Represents the Company's ownership results for the 15 hotels owned by the Company as of December 31, 2022. Revenue Per Available Room and Occupancy Rate as of December 31, 2022 exclude Hyatt Centric Chicago Magnificent Mile, Embassy Suites Chicago, and Hilton Garden Inn Chicago as they were classified as held for sale and subsequently sold in early 2022.

<sup>13</sup> Represents the Company's ownership results for the 17 hotels owned by the Company as of December 31, 2021.

<sup>14</sup> Represents the Company's ownership results for all 17 hotels owned by the Company as of December 31, 2020.

<sup>15</sup> Represents the Company's ownership results for all 20 hotels owned by the Company as of December 31, 2019.

<sup>16</sup> Represents the Company's ownership results for all 29 hotels owned by the Company as of December 31, 2015.

<sup>17</sup> Social metrics are representative of Sunstone Company employees only.

	2022	2021	2020	2019	2015
<b>Employee Diversity Metrics<sup>18</sup></b>					
Asian (%)	15%	8%	8%	9%	8%
Black or African American (%)	0%	0%	0%	0%	0%
Hispanic or Latino (%)	10%	7%	7%	9%	4%
Other (%)	5%	5%	5%	5%	2%
White (%)	70%	76%	80%	79%	86%
<b>Employee Age Metrics</b>					
Under 30 years old (%)	15%	12%	8%	11%	12%
30 – 50 years old (%)	45%	48%	50%	57%	56%
Over 50 years old (%)	40%	40%	42%	32%	32%
<b>Board of Directors</b>					
Total Number of Board Members	7	7	8	8	8
<b>Board of Directors Gender Metrics</b>					
Male Board Members (%)	57%	57%	88%	88%	88%
Female Board Members (%)	43%	43%	12%	12%	12%
<b>Company Donations and Community Service</b>					
Total Amount of Charitable Donations (USD)	\$104,000	\$109,316	\$62,718	\$125,235	\$63,917

<sup>18</sup> Employee Diversity Metrics were restated in 2021 due to greater data availability.



**ENVIRONMENTAL<sup>19</sup>**

	2022	2021	2020	2019	2015
Floor Area Coverage for Intensity Metrics	6,997,285	7,868,675	8,120,071	9,346,668	9,088,591
Occupied Rooms for Intensity Metrics	1,797,258	1,356,150	741,435	3,238,823	3,141,497

	2022	2021	2020	2019	2015
<b>Energy</b>					
Total Energy Consumption (MWh)	166,663	149,641	123,656	217,020	223,935
Grid Electricity (MWh)	93,801	61,191	51,391	97,308	89,721
Fuel Usage (MWh)	72,137	88,450	72,265	119,712	134,214
Energy Consumption per square foot (kWh)	23.82	19.02	15.23	23.22	24.64
On-site Renewable Energy (MWh) <sup>20</sup>	725	N/A	N/A	N/A	N/A

<b>Greenhouse Gas Emissions (CO<sub>2</sub>e)</b>					
Total Greenhouse Gas Emissions (metric tons)	42,554	40,638	35,166	59,359	69,048
Total Scope 1 Emissions (metric tons)	13,244	11,125	9,388	17,817	16,392
Total Scope 2 Emissions (metric tons)	29,310	29,513	25,778	41,542	52,656
Carbon Emissions per square foot (kilograms)	6.09	5.16	4.33	6.35	7.6

<b>Water<sup>21</sup></b>					
Total Water Consumption (kgal)	297,592	286,669	246,009	485,183	519,664
Water Consumption per occupied room (gal)	165.58	211.38	331.80	149.8	165.42

<b>Waste<sup>22</sup></b>					
Total Waste Generated (US Tons) <sup>23</sup>	6,554	3,255	3,185	11,286	11,412
Waste Generated per occupied room (lbs)	7.29	5.55	9.59	6.97	7.27
Total Waste Landfilled (US Tons and %)	5,479 (83.6%)	2,609 (80.1%)	2,346 (73.6%)	7,625 (67.6%)	7,960 (69.8%)
Landfilled Waste per occupied room (lbs) <sup>24</sup>	6.10	4.95	7.06	4.71	5.06
Waste Diversion Rate (%)	16.4%	10.7%	20.0%	23.2%	18.8%

<sup>19</sup> Environmental metrics only include data associated with hotels owned for the entirety of the reporting year.

<sup>20</sup> 2022 was the first year that on-site renewables were tracked and reported.

<sup>21</sup> Portfolio water consumption is limited to potable water consumption

<sup>22</sup> Portfolio waste data for 2020, 2021, and 2022 is based on actual waste for 85%, 91%, and 93% of our portfolio, respectively.

<sup>23</sup> Includes both non-hazardous and hazardous waste. Hazardous waste makes up less than 0.1% of total waste generated for 2015-2021.

<sup>24</sup> Excludes currently trackable recycled and composted waste.