

Proposal:

Shareholders request Host Hotels & Resorts (“Host”) issue an annual sustainability report with due diligence about operations at Host’s properties, including the impact on investors of hotel operators’ environmental, human rights, and labor practices. The reports should be prepared at reasonable cost, omitting proprietary information, and the first report should be available to shareholders in advance of the 2019 annual meeting.

We recommend Host ask its hotel operators to use the Global Reporting Initiative’s (“GRI”) Sustainability Reporting Standards to prepare the report(s). The Standards cover environmental impacts, human rights, and labor practices, and provide a flexible reporting system that allows omission of content irrelevant to company operations.

SUPPORTING STATEMENT:

The GRI provides the most [widely adopted](#) global standards for sustainability reporting. According to GRI, “[t]he practice of disclosing sustainability information inspires accountability, helps identify and manage risks, and enables organizations to seize new opportunities. Reporting with the [GRI Standards](#) supports companies, public and private, large and small, protect the environment and improve society, while at the same time thriving economically by improving governance and stakeholder relations, enhancing reputations and building trust.”

The UN Principals of Responsible Investment ([UNPRI](#)) has over 1750 signatories, with ~\$70 trillion in assets, including many of Host’s own investors, who publicly commit to “seek appropriate disclosure on ESG [environmental, social and governance] issues by the entities in which [they] invest” and to “incorporate ESG issues into investment analysis and decision making.” This type of diligence generates value for shareholders.

Hotel owners are reporting on the environmental footprint of hotel operations, but pay less attention to the human capital dimensions of these operations – the thousands of people providing hospitality services. Host does not presently require hotel operators to provide reporting on social or governance factors, a notable diligence gap given the centrality of guest services to Host’s business.

Host has acknowledged that, although it does not directly employ workers, it is “subject to many of the costs and risks generally associated with the hotel labor force,” and that it subject to risk when hotel operations are disrupted. (2016 Form 10-K at 27-28.) Through their taxable subsidiaries, real estate investment trusts like Host are able to collect income from operations within their properties, which go beyond income from lease payments (see 26 USC §§ 856-857).

After the Starwood merger, 78% of Host’s properties were managed or franchised by Marriott. As Host has acknowledged, “[a]ny adverse developments in Marriott’s business and affairs or financial condition... could have a material adverse effect on us.” (10-K at 27.) Marriott International’s [sustainability reporting](#), which ceased using the GRI sustainability

framework after 2014, provides much less detail to investors than Starwood Hotels' [pre-merger reporting](#), which used the GRI framework.

We urge shareholders to recommend Host provide comprehensive disclosure about its sustainability practices, including reporting from hotel operators about environmental, human rights, and labor practices, by committing to using, and requiring its operators to use, the GRI sustainability framework.