



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

January 14, 2019

Via regular mail and email maryk.thoman@hosthotels.com
Bill.Kelso@hosthotels.com

Ms. Elizabeth A. Abdo
Executive Vice President, General Counsel & Secretary
Host Hotels & Resorts, Inc.
6903 Rockledge Drive, Suite 1500
Bethesda, MD 20817

RE: Office of the Treasurer for the Bright Start College Savings Trust

Dear Ms. Abdo,

In my capacity as Treasurer for the State of Illinois and Trustee of the Bright Start College Savings Trust (the "Trust"), I write to give notice that the Trust is withdrawing its shareholder proposal that it had intended to present at the 2019 annual meeting of shareholders (the "Annual Meeting") in view of the company's commitments specified below:

- Host Hotels & Resorts commits to include a section on Human Capital Management ("HCM") in the 2019 version of the Corporate Responsibility Report.
- Host Hotels & Resorts commits to regularly meet with the shareholder proponents in 2019 to discuss the content of the report. The proponents intend to raise and discuss material sustainability risks that could have a financial impact on long-term performance and shareholder value, as well as other relevant reporting topics, including consideration of people who work in the Company's hotels as part of HCM reporting.

The Trust appreciates the steps the Company is taking on this important issue and looks forward to collaborating on the report.

Sincerely,

Michael Frerichs
Illinois State Treasurer

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SUSTAINABILITY REPORT 2019 – Host Hotels & Resorts

RESOLVED

Shareholders request that Host Hotels & Resorts issue an Annual Sustainability Report describing the company's policies, oversight structures, business strategies, performance, and improvement targets on material environmental, social, and governance (ESG) risks and opportunities. The report should be made available to shareholders within a reasonable timeframe, prepared at reasonable cost, omitting proprietary information.

SUPPORTING STATEMENT

Transparent, substantive reporting on material ESG issues better positions companies to manage and mitigate emerging business risks and opportunities, especially on controversial issues such as data security and human capital management. In a marketplace characterized by rapidly changing laws and heightened public expectations for corporate accountability, not only does sustainability reporting provide a mechanism to clearly identify and address operational, legal, regulatory, and brand value risks, it signals that Board Directors and company executives are acutely focused on material ESG risks and opportunities that could have a financial impact on long-term performance and shareholder value.

Currently, Host Hotels & Resorts does not provide meaningful sustainability disclosure. In light of the recent data breach, and considering the long-term material significance of ESG risks and opportunities, we believe it is a critically important time for Host Hotels to begin fulsome, forward-looking ESG disclosure.

The report should address relevant policies, oversight structures, management practices, metrics, and goals on relevant risk exposures, including those related to, but not limited to, data security, worker safety, corporate culture, and human capital management practices. At a minimum, we recommend that the report include a company-wide review of policies, goals, governance structures, and stakeholder engagement strategies related to ESG issues, including a materiality assessment. The Global Reporting Initiative, and the Sustainability Accounting Standards Board provide resources on ESG and materiality.

The link between strong sustainability management and value creation is increasingly evident. A 2015 Deutsche Bank review of approximately 2,200 individual studies on sustainable investing found a large majority reported a positive relationship between ESG risk management and corporate financial performance. In addition, a survey conducted by Ernst & Young found that 89% of global institutional investors agree that an acute focus on ESG issues can generate sustainable returns over time.

Further, more than 1,700 institutional investors managing over \$70 trillion have joined the Principles for Responsible Investment, thereby publicly committing to support comprehensive corporate ESG disclosure and incorporate these factors into investment decisions.

According to the Governance & Accountability Institute, corporate sustainability reporting is now a mainstream business practice, undertaken by 85% of companies in the S&P 500 in 2017. KPMG recently concluded that sustainability reporting is now standard practice for large-cap and mid-cap companies globally, with three-quarters of companies engaging in reporting.

We urge you to vote FOR this proposal.