PARAMOUNT GROUP

2022 TCFD Report

About Us

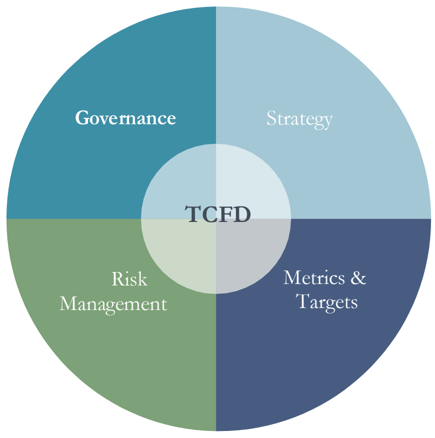
Corporate Overview

Headquartered in New York City, Paramount Group, Inc. is a fully integrated real estate investment trust that owns, operates, manages, acquires, and redevelops high-quality, Class A office properties located in select central business district submarkets of New York City and San Francisco. Paramount is focused on maximizing the value of its portfolio by leveraging the sought-after locations of its assets and its proven property management capabilities to attract and retain high-quality tenants.

About TCFD

The Task Force on Climate-Related Financial Disclosures (TCFD) was created by the Financial Stability Board in December of 2015 to improve and increase reporting on climate-related financial information.[i]

Effective climate-related disclosures aim to enable more informed investment, credit, and insurance-underwriting decisions and, in turn, enable stakeholders to understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. The TCFD published its original climate-related financial disclosure recommendations in 2017 and updates these recommendations on an annual basis.[ii] These recommendations are designed to help companies provide better information to support informed capital allocation.



The TCFD was established to develop recommendations for more effective climate-related disclosures and to enable stakeholders to understand an organization's climate change exposure. TCFD recommendations are structured around four categories that represent core elements of how organizations operate – governance, strategy, risk management, and metrics and targets.[iii]

Paramount and TCFD

We are an industry leader in sustainability initiatives that have helped us to manage operating costs, attract and retain premium tenants, and ultimately enhance portfolio value. We operate our portfolio in alignment with the highest ESG standards and in 2022, 100% of Paramount's Office REIT portfolio achieved LEED, ENERGY STAR, and Fitwel certification.[iv]

At Paramount, we also leverage the TCFD framework to incorporate climate-related risks and opportunities into our risk management and strategic planning processes.

Paramount has recognized the importance of TCFD since its launch in 2015 and has disclosed climate change as an emerging risk in both our annual and sustainability reports since 2019. We disclose information on our greenhouse gas (GHG) emissions and our emission reduction targets, and how we plan to achieve these targets in annual responses to the CDP's Climate Change Questionnaire and the Global Real Estate Sustainability Benchmark (GRESB).[v]

In this TCFD report, we disclose how we expect climate change and the transition to a low-carbon economy to impact our business in the near- to long-term future. We will continue to evolve and enhance our management and disclosure of climate-related risks in alignment with TCFD's framework. As the TCFD framework continues to grow, Paramount will stay attuned to the disclosure requirements.

I. GOVERNANCE

Board Oversight of Climate-related Risks and Opportunities

Paramount's Board of Directors vested the Audit Committee with oversight over Environmental and Social matters and considers climate-related issues when reviewing financial statements and disclosures. The Audit Committee is responsible for assessing and managing climate-related risks and opportunities. The Audit Committee also maintains oversight of Paramount's Sustainability Committee.

When evaluating both the existing portfolio and new acquisitions, the intersections of climate-related issues with strategy, annual budgets, capital expenditures, acquisitions, and divestitures are taken into account initially by the Executive Committee and then reviewed, as needed, by our Board of Directors, or the Investment & Finance Committee, a subcommittee of the Board of Directors.

Paramount's General Counsel chairs the Sustainability Committee and has climate-related issues and objectives among his responsibilities. Paramount's Sustainability Committee was created to implement Paramount's ESG goals and ensure they are fully integrated into our business strategy. The Sustainability Committee also has management-level representation across all departments of the organization, including Finance, Legal, Leasing, Human Resources, Asset Management, and Property Management.

Management's Role in Assessing and Managing Climate-related Risks and Opportunities

The Executive Committee, chaired by Paramount's Chairman, CEO, & President, is responsible for leading ESG initiatives. Paramount's Chairman, CEO, & President is also the most senior decision-maker at Paramount regarding climate-related risks and opportunities. Climate-related issues and objectives are a core responsibility of our Senior Vice President of Energy and Sustainability. Paramount also engages HXE Partners and Sustainable Investment Group (SIG) as external third-party sustainability consultants, whose roles include supporting Paramount in its consideration and management of climate-related issues and objectives.

Paramount also established a Sustainability Committee in 2019 to ensure we are continuously monitoring and adapting our ESG strategy as needed. The Sustainability Committee is comprised of senior leaders from across our organization, including representatives from the Operations, Asset Management, Finance, Legal, and Human Resources Teams. The Committee plays a significant role in our ESG strategy, including improving the environmental performance of all assets, increasing the health and well-being of employees and tenants, and reporting on Paramount's initiatives. Paramount's Sustainability Committee meets monthly to discuss the latest sustainability trends in the industry, current portfolio performance, and next steps for ESG growth. The Sustainability Committee reports to the Executive Committee and the Audit Committee on an ongoing basis. The Sustainability Committee also advises the Audit Committee and Board of Directors on sustainability strategy, emerging regulatory and compliance issues, stakeholder engagement, and climate risks and opportunities on a periodic basis that can be as frequent as quarterly.

Sustainability Committee Responsibilities

- Improve the environmental performance of all assets
- Increase the health, well-being, and social awareness of employees and tenants
- Provide spaces that promote physical and mental well-being for all building occupants
- Report on Paramount's achievements toward best-in-class governance and transparency efforts, including coordinating stakeholder engagement

As an additional layer of our sustainability strategy, Paramount has incorporated pay incentives into our pay structure for the management of climate-related issues. During annual performance reviews of Paramount Group's Senior Management, Engineering, and Property Management teams, ESG accomplishments including building performance, sustainability, and social achievements, are considered. To further integrate ESG into Paramount's business strategy, the Compensation Committee incorporates key ESG-centric performance indicators into Executive Management variable pay awards. These encourage, for example, improvements in various ESG ratings and the achievement of additional green building certifications.

In addition to the ESG-centric performance indicators outlined above, the Compensation Committee has also incorporated climate-related goals surrounding Paramount's alignment with TCFD into the variable pay awards of Executive Management. In support of our ongoing TCFD-alignment goal, we plan to continue disclosing information on our management of climate-related risks and opportunities for years to come. The 2022 ESG Goals that were factored into Executive Management variable pay awards, including the final achievement against those goals, are listed in Paramount's 2023 Proxy Statement, pages 56-57.

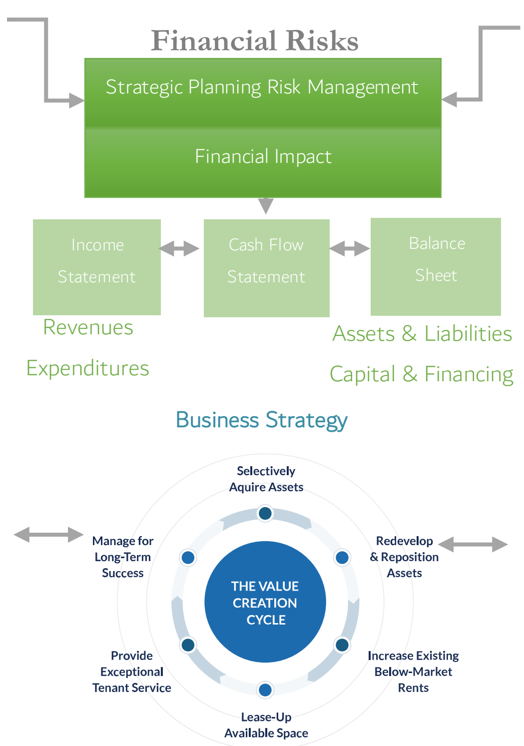
Additionally, Paramount's annual CDP disclosures detail our governance strategies related to climate. The CDP Climate Change questionnaire questions follow the TCFD framework and Paramount's CDP response questions can be found here: C1.1a, C1.1b, C1.1d, C1.2, and C1.2a.[vi]

II. STRATEGY

Climate-related Risks and Opportunities Identified Over the Short, Medium, and Long-Term

Understanding Paramount's climate-related risks and opportunities is essential to effective management of the business and our strategic objective to enable sustainable economic growth. The TCFD framework identifies several categories of climate-related risks and opportunities that may result in financial impacts on revenues, expenditures, assets and liabilities, and capital and financing.

Risks	
Transition	**Market** – Changing investor and tenant behavior – Increased energy costs on buildings due to the transition of grid-supplied energy to more renewable sources – Increased energy prices due to market supply and geopolitics – The increased cost of raw materials **Regulatory and Legislative** – Carbon pricing and taxation obligations – Penalties due to natural gas restrictions – Requirements to procure renewable energy – Mandates and regulation of energy efficiency, electrification requirements, targets, and disclosures (e.g., NYC LL97, SEC reporting) – Exposure to litigation **Reputation** – Shift in investor and tenant preferences **Technology** – Substitution of existing systems and services with lower emissions options – Potential increase in energy equipment costs as buildings transition to all electric power
Physical	**Acute** – Increased precipitation, hurricanes, tropical storms, extreme heat, wildfire air quality impacts – Financial impacts due to business interruption as a result of weather events – Increase in insurance premiums – Increase in maintenance costs due to grid failures because of extreme weather events and temperatures – Increase in insurance, disaster relief, infrastructure, and construction costs **Chronic** – Changing weather patterns and sea level rise – Rising temperatures and global climate change – Degradation of air quality and other public health issues – Increased cost due to air filtration upgrades to mitigate the degradation of air quality – Change in workplace behavior and related emissions caused by the COVID-19 pandemic



Opportunities	
Cost Savings (Resource Efficiency)	– More efficient buildings and systems that comply with emerging regulations could avoid future regulatory fines – Reduced resource consumption – Lower utility bills – Use of recycling or other means of waste management
Technology (Energy Source)	– Procurement of lower-emission sources of energy – Installation of new technologies that lower emissions – Pursuit of supportive policy incentives and rebates
Reputation (Assets and Services)	– Increase in number of green building assets and certifications – Use of climate adaptation and insurance risk solutions – Tenant engagement, attraction, and retention – Improved mechanical systems and air exchange facilities could better position Paramount's assets to extreme weather events, such as wildfire
Locational Advantage (Markets)	– Leverage public-sector incentives – Access to new assets and locations requiring insurance coverage – Maintain Paramount's reputation for responsible operations by continuing to monitor and reduce GHG emissions, energy use, water, and waste – More efficient buildings that are more competitive in the long-term could yield higher value to Paramount's business – Cost advantages from lower operating costs and savings on fines over competitors
Resiliency	– Participation in renewable energy programs and adoption of energy efficiency measures – Conduct climate risk assessments annually – Reduced fines from climate regulations due to reduced source-generated carbon emissions of renewable energy delivered from the grid – Decreased energy costs and operating expenses due to full transition of grid-supplied energy to renewable sources
Regulatory and Legislative	– More energy efficient assets that comply with current regulations could avoid regulatory/compliance fines

Climate-related risks and opportunities in the following sections are identified over the short-, medium-, and long-term. Paramount defines short-, medium-, and long-term risks as 0-5 years, 5-15 years, and 15-35+ years, respectively. Transition risks are results of policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change, while physical risk results from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns.

Climate-Related Risks

As climate change occurs, there are multiple aspects of Paramount's business that will be impacted. Transition climate risks may expose Paramount to increased energy prices and capital investment costs due to regulatory shifts and grid electrification. Effects from physical climate risks might include rising sea levels, extreme weather, increased flooding, and changes in precipitation and temperature. Any of these developments could result in physical damage or a decrease in rent from, and the value of, our properties located in the areas affected by these conditions.

Transition Risks

SHORT-TERM (0-5 Years)	MEDIUM-TERM (5-15 Years)	LONG-TERM (15-35+ Years)
Regulatory and legislative: Capital investments costs to electrify building per regulations **Market:** Increased energy costs as grid electrifies	**Market:** Increased energy prices due to market supply and geopolitics **Regulatory and legislative:** Increased capital investment costs due to the regulation to electrify buildings and natural gas restrictions **Regulatory and legislative:** Possibilities of carbon taxes for buildings emitting above the permitted levels in certain localities	**Technology:** Increased energy costs on buildings due to the full transition of grid-supplied energy to renewable sources **Regulatory and legislative**: Possibilities of carbon taxes for buildings emitting above the permitted levels in certain localities

As more cities, localities, and federal entities implement stringent policy interventions to measure greenhouse gas emissions and mitigate climate change, Paramount may experience multiple impacts due to changing strategies, policies, and investments. These risks include:

- Capital investment costs to electrify buildings per regulation
- Increased energy costs as the grid decarbonizes
- Natural gas restrictions
- Possible carbon taxes for buildings emitting above-permitted levels in certain localities
- Requirements to procure renewable energy
- Costs to measure, calculate, audit, and report greenhouse gas emissions per federal rules

Physical Risks

SHORT-TERM (0-5 Years)	MEDIUM-TERM (5-15 Years)	LONG-TERM (15-35+ Years)
Chronic: Degradation of air quality and other public health issues **Chronic:** Change in workplace behavior and related emissions caused by the COVID-19 pandemic	**Acute:** Financial impacts due to business interruption as a result of weather events **Acute:** Increase in insurance premiums **Acute:** Increase in maintenance costs due to grid failures because of extreme weather events and temperatures	**Acute:** Higher building maintenance costs due to the increased extreme weather events and temperatures conditions **Acute:** Increase in insurance, disaster relief, infrastructure, and construction costs **Acute:** Flooding risk **Chronic:** Increased cost due to air filtration upgrades to mitigate the degradation of air quality

Paramount conducted a series of scenario analyses to consider our climate change vulnerabilities and the opportunities these present, which will be refreshed annually. In our latest analysis, Paramount considered both acute and chronic physical risks that could impact our business and assets. Physical risks to Paramount's assets can include extreme weather events such as rising sea levels, extreme weather, and increased flooding. Assets in low-lying coastal areas and the economies in which they reside may be susceptible to adverse effects from a rise in sea level and any associated increase in episodic storm surges. Select risks are outlined in the table above.

Climate-Related Opportunities

SHORT-TERM (0-5 Years)	MEDIUM-TERM (5-15 Years)	LONG-TERM (15-35+ Years)
Regulatory and legislative: More energy efficient assets that comply with the current regulations could avoid regulatory/compliance fines **Markets:** Maintain Paramount's reputation for responsible operations by continuing to monitor and reduce GHG emissions, energy use, water, and waste **Reputation:** Tenant attraction and retention strategy for managing climate-related risks and offering sustainable office spaces **Technology:** Implement technologies that lower emissions and energy consumption	**Resource efficiency:** Greater building efficiency that complies with emerging regulations could avoid future regulatory fines **Resource efficiency:** Due to the greater building efficiency, the overall energy consumption could decrease, yielding reduced operating costs **Markets:** More efficient buildings could be more competitive in the long term and could yield higher value to our business **Markets:** Cost advantages from lower operating costs and savings on fines over competitors due to improvement in efficiency ratings and comparatively lower carbon emissions	**Resilience:** Reduced fines from climate regulation due to the reduced source-generated carbon emissions of renewable energy delivered from the grid **Resilience:** Decreased in energy costs and operating expenses due to full transition of grid-supplied energy to renewable sources **Products and services:** Improved mechanical systems and air exchange facilities could better position Paramount's properties to extreme weather events, such as wildfire

Paramount believes that through continuous monitoring and early adoption of climate change mitigation initiatives, we can differentiate ourselves by taking advantage of opportunities in the following areas:

- **Current and Emerging Regulation**

  Paramount owns or manages assets in multiple cities. Therefore, Paramount is required to comply with numerous local regulations throughout the entire portfolio. Examples include New York City's Local Law 84 and San Francisco's Code Chapter 20, which require energy and water consumption benchmarking, and the San Francisco Climate Action Plan., which establishes a minimum energy performance and emission reduction targets for commercial buildings. Paramount consistently refers to emerging regulation, such as the U.S. SEC's proposed rule on climate-related disclosures, as a guideline when examining climate-related risks and uses such requirements as an opportunity to pursue greater building measurement and efficiency, and thus differentiating ourselves from our competitors.

- **Reputation**

  Tenants are increasingly looking to partner with owners that share their values. With a portfolio that features 100% LEED Platinum or Gold, ENERGY STAR, and Fitwel certified assets, our commitment to sustainability is unwavering. We are strongly positioned to attract and retain tenants who value sustainability both to achieve organizational objectives and to inspire their employees.

- **Cost Advantages**

  Improvement in efficiency and lower carbon emissions would lead to cost advantages over competitors. Cost advantages may include lower operating costs and savings on compliance costs for carbon and sustainability regulations.

- **Resiliency**

  We recognize climate change as a long-term risk to our business that requires effective management. Developing proactive strategies and pursuing capital improvements to mitigate and prepare for the potential impacts of climate change on Paramount's assets has become increasingly important to our stakeholders and is essential to the future sustainability of our operations. In pursuing resiliency strategies, we align with the interests of our stakeholders, which could yield increased access to capital.

- **Renewable Power**

  In addition to our resource and energy efficiency strategies, Paramount can be less reliant on fossil fuels. Paramount is taking advantage of this opportunity by purchasing renewable power to use cleaner energy sources compared to what the local utility providers currently generate through the grid. Paramount will use renewable energy to power 100% of its Office REIT portfolio electric consumption throughout 2023.

Paramount's annual CDP disclosures also help track TCFD alignment through the CDP Climate Change questionnaire questions that follow the TCFD framework. For additional information on Paramount's risk management strategies related to climate, please review our CDP response questions C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, and C3.4.[vii]

Impacts of Climate-Related Risks and Opportunities on Paramount's Businesses, Strategy, and Financial Planning

SHORT-TERM (0-5 Years)	MEDIUM-TERM (5-15 Years)	LONG-TERM (15-35+ Years)
Markets: As stakeholders prefer to work with companies that consider climate risks in their investment decisions and consumers prefer real estate products that incorporate sustainability into their company brand, we anticipate that Paramount's reputation for responsible operations will have growing, positive impacts on our overall business and will inform our strategy moving forward. **Markets**: Climate-related risks have encouraged our team to prioritize building upgrades and operational efficiency. We develop thorough 5-year capital plans that are tied to local laws, end of useful life, tenant rollover, and lease renewals	**Products and services**: As Paramount strives to increase energy and resource efficiency, there will be an impact on products, services, and supply chain as vendors that are aligned with our ESG standards will be prioritized **Resource efficiency**: We develop thorough 10-year capital plans to optimize building efficiency **Acute**: Extreme weather events might cause various property damages which will impact Paramount's operating costs and revenues	**Acute:** There will be an increase in adaptation and mitigation strategies, such as more frequent risk assessments, as Paramount bolsters resiliency to extreme weather events **Acute:** Paramount's effort in minimizing asset-level risk exposure to extreme weather events will impact our financial planning process and prioritization **Markets:** Paramount's risk evaluation, management, and resiliency strategies have better positioned our access to capital through investors

Climate-related risks and opportunities have encouraged Paramount to relegate finances towards building upgrades and operational efficiency. Paramount's capital planning decisions are tied to local laws, end of useful life, tenant rollover, and lease renewals. Paramount has a due diligence plan in place which ensures we gain the greatest number of efficiencies on an economically feasible basis.

Across Paramount's portfolio, we have developed a 5-year and 10-year investment plan based on the assessment of each building's energy-efficiency conditions to estimate all future capital needs. We identify all building energy equipment that requires retrofits or that is near its end-of-service-life and plan capital investments accordingly. For example, when a boiler is at the end of its useful life, we evaluate options for electrification when updating the equipment. We also employ third-party services to improve our properties through retro commissioning. Paramount also periodically schedules ASHRAE Level II Energy Audits to identify energy efficiency opportunities.[viii] Energy efficient capital improvements could also increase our properties' overall value and increase net operating income (NOI).

To help inform our financial planning and capital allocation, we are piloting an internal carbon shadow price. The shadow price is a theoretical dollar cost per ton of carbon emissions included in the investment analysis of projects, which helps Paramount prioritize low-carbon investments and prepare for future regulations by illuminating and internalizing the 'whole cost' of our projects to society and the planet. Please refer to pg. 10 for a detailed overview of Paramount's low-carbon transition plans.

Historical data, cost-benefit analyses, and payback periods for presented capital projects allow us to account for carbon emissions more holistically and accurately. Paramount's assets are evaluated with the cost of carbon in mind. When underwriting, Paramount evaluates flood zone proximity, carbon emissions, building systems, and compliance with applicable environmental regulations.

Stakeholders increasingly prefer to work with companies that integrate climate risks in their investment decisions; therefore, this integration may also result in increased access to capital. Evaluating climate-related risks and opportunities is also part of our responsibility to our shareholders, as this process bolsters building resiliency and illuminates risks and opportunities. Additionally, with current shifts in consumer preferences towards high-quality, sustainable assets, incorporating ESG best practices throughout the portfolio will ensure we are well positioned to meet the needs of both current and future tenants.

Impact on Products, Services, and Supply Chain

Paramount relies on an extensive network of suppliers for the procurement of materials and services. Our suppliers support all our business needs, from the operation of our existing buildings to the construction of new developments. We partner with suppliers that embrace our ESG values and adhere to our Human Rights Policy and Vendor Code of Conduct. Through responsible supply chain practices, our objective is to positively influence the environmental and social outcomes both within our business and throughout our supply chain.

Paramount's operational policies are aligned with the most stringent sustainability standards and follow the frameworks established by LEED, ENERGY STAR, and Fitwel.[ix] For example, Paramount's Sustainable Purchasing Policy sets performance expectations on purchasing to reduce the demand for virgin resources, thereby promoting the reuse and recycling and durable materials. This policy, which is advised by LEED credits, provides a framework for purchasing in the following operational areas: property management office, tenant operations, building maintenance, and construction. For more information on Paramount's supplier assessments and operational policies, please refer to our Risk Management narrative on pg. 13.

Impact on Adaptation and Mitigation Activities

Climate effects such as rising sea levels and increased flooding may cause widespread population migration to non-coastal areas. Since Paramount's assets are in two coastal cities – San Francisco and New York – we are aware that climate-related adaptation and mitigation strategies will be crucial to our business. All of our properties are evaluated for flood-based risks and undergo risk assessments on a bi-annual basis through our third-party property risk management provider, FM Global. Our Property Managers and Engineers use these quantified assessments to inform and prioritize capital investments and building updates.

Impact on R&D Investment

As a building owner, our core method of achieving emission reductions is by lowering the onsite energy consumption of our portfolio. Piloting new technologies assists with the transition to a lower-carbon economy and Paramount continuously strives for improved performance by optimizing our portfolio and deploying cutting-edge technologies. Efficient building operations are a result of optimized systems and decision-making, data management and response, operator education, and investment in innovative technologies. The availability of utility incentive programs shortens the payback period to incentivize the installation of updated building systems over the continued operation of outdated equipment.

Impact on Operations and Facilities

As part of Paramount's strategy for enhancing energy efficiency throughout our portfolio, Paramount partners with third-party subject matter experts to conduct energy audits and identify energy conservation measures (ECMs) to optimize building performance. ECMs include system replacements, HVAC upgrades, lighting retrofits, and BMS programming and controls.

Engaging tenants in energy efficiency initiatives is key to unlocking the full energy savings potential of a building. We are in constant communication with our tenants by sharing best practices and facilitating the adoption of third-party designations, including the ENERGY STAR Tenant Space recognition. Our team shares environmental performance data to support the independent targets our tenants set corporately. Through the development of green lease provisions, we utilize our lease as a tool to improve energy efficiency and create high-performing assets in partnership with our tenants.

Impact on Operating Costs and Revenues

The rise in global temperatures can result in extreme heat events in some areas where our properties are located, which would lead to increased operating costs due to the increased use of cooling services. Additionally, extreme weather events could cause property damage, which would lead to higher operating expenses for maintenance and retrofits. Variable weather patterns can result in increased insurance costs, especially for assets located in markets vulnerable to climate change, through increased premiums, higher deductibles, and reduced coverage. Investing in resilient infrastructure and mitigation plans to limit physical risk is important to reduce the impacts of potentially harmful climate events.

Impact on Capital Expenditures and Capital Allocation

To mitigate the impact of climate change on capital expenditures and capital allocation, preventive measures such as flood barriers and storm drainage systems for existing buildings, acquisitions, and developments will be identified and evaluated. Preventive measures that have been identified include updating our Flood Emergency Response Plan (FERP), providing temporary flood barriers for gas vents during a stormwater event, and improving the earthquake bracing on the automatic fire sprinkler system.

When making large capital investments and updates in our buildings, we look at potential climate-related risks to ensure we are taking all preventative measures possible. For example, we are evaluating the installation of thermal storage tanks in the basement of one of our assets as part of our electrification strategy. When making this update, we decided we would also need to relocate our chillers to the eleventh floor. This action will protect our boilers from equipment damage and will prevent significant equipment repair costs in the event of potential future flooding. This type of proactive thought is applied to all equipment upgrades and investment decisions across the portfolio.

Impact on Acquisitions or Divestments

Climate-related risks have encouraged our teams to direct finances towards building upgrades and operational efficiency. During acquisitions, mechanical systems are analyzed regarding both location and efficiency, and property risk exposure to floods are assessed. In addition, performance on LEED and ENERGY STAR and compliance with current and future environmental regulations are all considered during acquisitions. Paramount strives to acquire efficient and resilient properties, or those with the potential to be upgraded to meet our requirements.

Impact on Access to Capital

Paramount has many initiatives in place to evaluate and manage potential risks and is implementing resiliency strategies to mitigate climate change impacts. This has better positioned Paramount to gain access to capital through investors and reduces the chance of negative impacts on our cost of capital because of unforeseen or unmanaged climate risks.

Paramount's annual CDP disclosures also help track TCFD alignment through the CDP Climate Change questionnaire questions that follow the TCFD framework. For additional information on Paramount's risk management strategies related to climate, please review our CDP response questions C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, and C3.4.[x]

Resilience of Paramount's Strategy, Taking into Consideration Climate-related Scenarios, Including a 2ºC or Lower Scenario

For many organizations, the most significant effects of climate change are likely to emerge over the medium- to long-term, and the timing and magnitude of these effects are uncertain. This uncertainty presents challenges for companies in understanding the potential effects of climate change on their businesses, strategies, and financial performance and, in turn, for investors in evaluating these risks for the companies in which they choose to invest.

To ensure we are developing the most resilient strategy, Paramount performed a climate scenario analysis that focused on physical flooding and sea level rise risks to our assets. Paramount considered multiple scenarios when evaluating climate change vulnerabilities, starting with what will happen to our business if the earth warms 1.5° Celsius above pre-industrial levels (a "1.5° Celsius scenario") and causes a rise in sea levels. We used this scenario analysis to determine potential impacts on Paramount's assets should sea level rise occur in line with a 1.5° Celsius scenario and are updating our strategy and capital planning accordingly. In addition to our ongoing initiatives focused on damage mitigation and emergency preparedness at the asset level, we are also staying up to date with New York City and San Francisco seawall projects which could contribute to our assets' resilience. We also considered the opportunities that these scenarios could present.

Paramount continuously considers additional scenarios and transition risks that could impact our operations and corporate strategy. To analyze transition risks, Paramount leverages its GRESB Transition Risk Report. This report benchmarks Paramount's reported asset-level data against the

Carbon Risk Real Estate Monitor (CRREM) global decarbonization pathways, providing a clear picture of risk for individual assets and aggregated across regions[xi]. Paramount considers the impact of increased regulations, such as the regulation of carbon emissions demonstrated by New York City's Local Law 97. To prepare for changes in carbon regulations, Paramount began piloting an internal carbon price in 2021, which helps to identify and reduce carbon-intensive activities.

We provide a detailed overview of Paramount's low-carbon transition plan below. This plan is a key component of our portfolio-wide resiliency strategy.

Pathway to Decarbonization

Paramount's Climate Strategy and Targets

Climate change is one of the most pressing issues of our time, and Paramount recognizes our responsibility to address climate and environmental challenges through bold action. Detailed below is the comprehensive pathway our team developed to decarbonize our portfolio's footprint.

1. Interim Targets A key first step in establishing the pathway to decarbonization was setting an interim emission reduction target to drive action within a timeframe that is aligned with corporate planning and investment cycles. **Paramount is committed to reducing Scope 1 and Scope 2 greenhouse gas emissions by 35% by 2025 from a 2015 baseline.**[xii] • Scope 1: Onsite combustion of fossil fuels used for heating, hot water, and standby generators. • Scope 2: Offsite generation of steam and electricity supplied by local utilities.	**2. Onsite Energy Efficiency Improvements** As a building owner, Paramount's core method of achieving emission reductions is by lowering the onsite energy consumption of our portfolio. Efficient building operations are a result of optimized systems and decision-making, data management and response, operator education, and investment in innovative technologies. Understanding that emission reductions go hand in hand with energy reductions, we also pledged to **reduce energy consumption by 35% by 2025 from a 2015 baseline**.[xiii]
3. Electrification Our team is exploring strategies to advance electrification, which is the process of replacing fossil fuel burning equipment with electric equipment. This is intended to lower the building's long-term carbon footprint, especially as more renewable resources will be installed and deployed to power the grid.	**4. Onsite Renewable Power** Advancing onsite renewable power generation is a decarbonization strategy that we continue to evaluate. At 60 Wall Street, a 122.4 kW solar photovoltaic system is installed on the roof to decrease emissions. The system is among the largest solar array in Manhattan and is one of the highest elevated flat panel arrays in the world, topping off at 737 feet above ground.
5. Offsite Renewable Power Paramount is purchasing renewable power to offset the Scope 2 emissions that cannot be mitigated by efficiency improvements alone. Throughout 2023, 100% of the electricity used by our REIT portfolio in both New York City and San Francisco will be powered by renewable resources[xiv].	**6. Carbon Pricing** To inform Paramount's financial planning and capital allocation processes, we began the development of an internal carbon shadow price in 2022 that we will continue to refine. The shadow price is a theoretical dollar cost per ton of carbon emissions included in the investment analysis of projects.
7. Scope 3 Emissions Scope 3 emissions are all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions. A future initiative will be to create a robust inventory to measure and report on our Scope 3 emissions by following the 15 categories defined by the GHG Protocol.	**8. Net Zero** To advance this commitment, we aligned our portfolio with the ULI Net Zero Carbon Operations by 2050 Goal. This is a pledge to achieve net-zero by 2050 for Scope 1 and Scope 2 emissions. To continue the evolution of our strategy, Paramount will consider setting future science-based targets that are consistent with Paris-aligned mitigation pathways. Our team is committed to continued persistence and focus on decarbonization strategies to ultimately achieve net-zero carbon building operations. Any remaining emissions during the transition to carbon-free energy can be offset through emission reduction credit purchases.

35%
REDUCTION IN GREENHOUSE GAS EMISSIONS BY 2025 FROM A 2015 BASELINE

100%
REIT PORTFOLIO ELECTRICITY WILL BE GENERATED BY RENEWABLE RESOURCES THROUGHOUT 2023

III. RISK MANAGEMENT

Process for Identifying, Assessing, and Managing Climate-related Risks

To holistically identify, assess, and manage climate-related risks, having a clear strategy is crucial. At Paramount, our risk management strategy is integrated throughout our business operations and is supported by several risk-specific management, mitigation, and adaptation measures.

An important step in our risk management process is evaluating the materiality of climate-related risks and opportunities. Paramount determines the materiality of identified climate-related risks and opportunities by interviewing key stakeholder groups on an annual basis. The top risk that was revealed in Paramount's 2022 materiality assessment was emissions, which was not only of the highest importance to stakeholders generally, but was also perceived as the risk that Paramount itself can have the most impact on the economy, environment, and our population by controlling. For Paramount's NYC assets, reducing emissions is a risk mitigation strategy against potential carbon fines that will be implemented by Local Law 97 beginning in 2025. Emissions reductions will also be one of our greatest opportunities, as this should theoretically translate into better capitalization rates for our assets and thus increase their value at the time of sale or refinancing. Other top risks identified in the 2022 materiality assessment include energy and economic performance, similarly to the 2021 materiality assessment, as well as customer health, non-discrimination, and training and education.

Enterprise Risk Management

Climate-related risks are managed under Paramount's Enterprise Risk Management (ERM) framework, administered by Senior Management under the supervision of the Audit Committee and Board of Directors. The ERM follows two approaches: (i) a bottom-up approach in evaluating risk during the building acquisition phase and (ii) a top-down approach for enterprise-level risk.

Enterprise-level risk is evaluated periodically, as often as every two years, in which a list of risks is distributed to internal employees in survey format to vote on the top five most material risks. Once a final list of the top five material risks is determined, Paramount then decides who is responsible for each risk, what internal controls are in place to mitigate each risk, and the party responsible for the oversight of a mitigation plan. This list is then shared with the Audit Committee.

As part of the overall ERM framework, Paramount includes 'Natural Disasters and Climate Change' as an operational risk in Paramount's Enterprise Risk Assessment survey. In consideration of this risk, Paramount assesses risk from natural disasters (such as earthquakes and severe weather) and analyzes multiple climate change scenarios through which our business could be impacted. In support of this risk management strategy, we have performed preliminary analyses using a third-party model to understand the direct impacts to our existing properties across different scenarios of global average temperature increase. Paramount's framework analysis considers both physical risks and transition risks in line with the recommendations by the TCFD.

	Risks	Management, Mitigation, and Adaptation Strategies
Physical	Climate	▪ Climate change scenario analysis updated annually ▪ Third-party physical climate risk assessments performed on all assets bi-annually ▪ Tenant emergency response communication and training ▪ Development of high performance, resilient buildings ▪ Plans and Procedures: Business Continuity, Emergency Response, Life Safety, Emergency Evacuation ▪ 5- and 10-year capital plans developed to implement efficiency and emissions reduction technologies ▪ Demand Response participation to mitigate risk associated with grid failures
	Weather	▪ Third-party physical risk assessments refreshed quarterly ▪ Backup generation, emergency lighting, and fire pumps installed on site ▪ Adverse weather protocols communicated to building operators ▪ Insurance coverage to protect against damage from natural hazards
	Flood	▪ Flood zone identification ▪ Critical building equipment and switchgear elevated to higher floors ▪ Proximity to flood zones incorporated in underwrites
	Drought stress	▪ Smart-meter irrigation systems ▪ Landscaping strategy includes native plants requiring less water for irrigation
	Fire	▪ Bay Area Air Quality Management-aligned operations during wildfire and high air pollutant events ▪ Carbon pre-filters to protect against wildfire smoke installed

Transition	Regulatory and legal	▪ Continuous awareness of emerging regulation as a guideline when examining climate-related risks and use of such requirements as an opportunity to pursue greater building efficiency ▪ Analysis of projected financial impacts on NYC portfolio from Local Law 97 ▪ Greenhouse gas emission forecasting across all assets to prepare for future regulations on emissions, including the SEC's proposed climate change disclosure requirements
	Market	▪ Request price forecasting from vendors quarterly ▪ Internal carbon shadow price pilot program set to inform financial planning and capital allocation
	Reputation	▪ Provide buildings to tenants that are LEED, ENERGY STAR, and Fitwel certified ▪ Continue to monitor and reduce GHG emissions, resource use, and waste

Transition Risks

In 2022, Paramount utilized the GRESB Transition Risk Report to provide insights into the assets that are most exposed to climate-related transition risk. This report is founded on the Carbon Risk Real Estate Monitor (CRREM) pathways, which are science-based regional trajectories following the Paris Climate goals. Both the portfolio and our assets are benchmarked against these CRREM decarbonization pathways.

Capital Allocation and Planning

For each property in Paramount's portfolio, we have developed a 5-year and 10-year capital plan based on the assessment of building equipment conditions to anticipate all future capital needs. Our team will identify building equipment that is near the end of its useful life and propose capital projects that would bring energy efficiency improvements. We also hire external consultants to improve our properties through retro commissioning, which ensures our building systems are performing following the current specifications. They also conduct ASHRAE Level II Energy Audits to identify energy efficiency opportunities. Capital improvements could increase our property's overall value, reduce its operating costs, and modernize the building systems. Our capital plans are reviewed annually, and planned projects are reevaluated for implementation, which could cause them to be expedited or deferred.

To help inform Paramount's financial planning and capital allocation, Paramount is piloting an internal carbon shadow price. The shadow price is a theoretical dollar cost per ton of carbon emissions included in the investment analysis of projects. Incorporating carbon pricing helps our team prioritize low carbon investments and consider the impact of these investments beyond our bottom line also to include society and the planet.

Benchmarking

Paramount tracks its asset-level and portfolio-wide performance through LEED v4.1. The energy, emissions, water, and waste data are tracked in monthly increments. Paramount also leverages the ENERGY STAR Portfolio Manager platform to benchmark energy, emissions, water, and waste data across 100% of Paramount's portfolio. Quarterly reports downloaded from Portfolio Manager both verify and track Paramount's progress towards corporate-wide reduction targets. These data tracking activities are intended to eventually align with the anticipated final rule on climate-related disclosure from the U.S. SEC. Additionally, Paramount engages a third-party to review and produce reports in order to verify our environmental data.

Current Regulations

Paramount has assets in New York City and San Francisco, resulting in unique local regulations that must be adhered to throughout Paramount's entire portfolio. New York's Local Law 84 and San Francisco Code Chapter 20 require large buildings to measure energy and water consumption through benchmarking, in line with Paramount's commitment to track resource consumption through ENERGY STAR Portfolio Manager.

In addition to actively monitoring the GHG emissions (in $MtCO_2e$) of each of our buildings, Paramount performs due diligence on the location and GHG emissions of potential new acquisitions to help ensure that we remain on track to comply with New York's Local Law 97 and San Francisco's Ordinance 200-19, Ch.30. Our San Francisco portfolio is powered by 100% renewable energy sources generated in the state of California, per San Francisco's Environment Code Chapter 30.

Because we operate in forward-looking jurisdictions where local laws are generally designed to be in line with the goals articulated by the Paris Accords, this strategy should, over time, help keep our emissions in line with those permitted by the Paris Accords. This will not only help protect our assets but also help mitigate our societal climate change impacts.

To manage the financial impacts of these potential regulatory risks, we analyzed the projected financial impact of Local Law 97 on our NYC portfolio. As part of our capital improvement plans, we are actively making upgrades to our buildings' systems to align with Local Law 97 requirements for all compliance periods. For example, at one of our properties, we are installing valves for chilled water systems and upgrading the electrical service to improve operational efficiency. At another property, we are financing window retrofits to reduce thermal transfer and improve building energy performance.

Efforts to improve our portfolio's performance have already resulted in substantial energy savings and emission reductions. At 712 Fifth Avenue, the Paramount management team was able to achieve an 11% reduction in electricity consumption in 2022 compared to the baseline year of 2019. Savings were primarily achieved by repairing perimeter dampers to minimize air infiltration and enhance temperature control. We also installed variable frequency drive equipment to control and regulate the differential pressure for both the condenser and chilled water pumping systems. This translates to a 13% reduction in carbon dioxide emissions in 2022 compared to the baseline year of 2019.

Emerging Regulations

Paramount performs greenhouse gas emission forecasting across all assets to prepare for future regulations on emissions, such as the Securities and Exchange Commission's (SEC) proposed climate change disclosure requirements.[xv] Additionally, in anticipation of this proposed rule, we are currently conducting an analysis to assess any data gaps and ensure data quality and completeness across our properties. Our current approach to disclosure is aligned with the disclosure methodology included in the proposed rule. For example, our GHG inventory process is performed in accordance with quantification methodologies of the GHG Protocol and our emissions data is assured by a third-party using methodologies outlined in ISO14064-3.

Supply Chain and Procurement

Paramount's team implements an effective risk management process to identify potential risks across the supply chains that support both our own operations and the operations of our suppliers. This process applies to Paramount's Critical Tier 1 Suppliers. Critical Tier 1 Suppliers are defined as those that provide services to our organization valued at $400,000 or above, plus those that provide essential services that, if interrupted, would immediately impact our operations.

Critical Tier 1 Suppliers are required to review and acknowledge their compliance with Paramount's Vendor Code of Conduct. We expect each of our suppliers to notify us if there is a violation of the Code which might adversely affect Paramount. Critical Tier 1 Suppliers are also required to complete a survey to evaluate their ESG practices. Suppliers that have been previously assessed are asked to disclose any material changes to their ESG program that may have occurred since the last engagement. Critical Tier 1 Suppliers will be evaluated on an annual basis. For suppliers that do not adhere to the Code or meet our ESG requirements, corrective action plans can be issued and contracted future work will be reassessed.

Paramount also collects quarterly price forecasting results from vendors to make our supply chain more resilient against price fluctuations. If vendors forecast near-term price increases, we may authorize the earlier acquisition of materials to avoid the increases. Additionally, Paramount aims to further bolster resilience by evaluating options to source materials domestically.

To promote the use of green building materials and manage reputational risk, Paramount has a Sustainable Purchasing Policy that offers guidelines on selecting environmentally sourced products as listed below:

- **Ongoing consumables:** 60% of purchases are expected to meet sustainability criteria
- **Durable goods:** furniture & electric-powered equipment: 40% of purchases are expected to meet sustainability criteria
- **Facility alterations & additions:** 50% of purchases are expected to meet sustainability criteria
- **Reduced mercury in lamps:** 100% of lamp purchases average 70 picograms mg per lumen-hour or less
- **Food:** 25% of purchases are expected to meet sustainability criteria

Paramount strives to provide the highest quality products, and as such, all of Paramount's Office REIT properties are LEED Platinum or Gold certified,[xvi] as well as ENERGY STAR certified. As part of these certifications, Paramount is committed to:

- Using environmentally friendly, non-toxic, or least-toxic products for cleaning, landscaping, and pest management
- Using water efficient fixtures
- Using recycled wood content, salvaged material, FSC certified wood, and low-VOC content of paints, sealants, and flooring in construction and building upgrades
- Reducing energy use by turning off equipment and lights when spaces are unoccupied

Physical Risks

To assess the acute and chronic physical risks resulting from climate change on Paramount's portfolio, we initiated a climate change scenario analysis. This analysis was informed by the Representative Concentration Pathway (RCP) greenhouse gas concentration trajectory adopted by the

Intergovernmental Panel on Climate Change (IPCC).[xvii]

As part of Paramount's 2022 climate change scenario analysis, we reviewed the potential impacts of sea level rise associated with 1.5° and 3° Celsius warming scenarios on our New York and San Francisco portfolios. The findings of this analysis show that our properties are likely to remain above sea level through 2100. In the absence of mitigating actions, our San Francisco properties have greater exposure to risks related to sea level rise in a 3° Celsius warming scenario. One example of further management of these risks include additional assessments to understand where our mechanical systems are located within our buildings. We found that mechanical systems across our assets are generally in areas not located in basements or on lower floors, so they are more resilient to flood events. Additionally, using the U.S. Federal Emergency Management Agency (FEMA) "special flood hazard area" (SFHA) designation, we found that none of Paramount's portfolio is located in a SFHA zone.

Additional risks that were considered in Paramount's analysis include temperature increase, urban heat island effect, wildfire risk projections, and water stress. Our analysis of baseline water stress in regions where our assets are located showed that none of the assets in our portfolio are in regions of High or Extremely High baseline water stress. Regardless, Paramount continues to be aware of our buildings' water usage and assesses opportunities for improvement.

This exercise equips our team with the information needed to proactively assess climate risk, identify resilience measures, and guide decision-making processes. We are committed to refreshing this analysis annually to protect both the value and the condition of our assets.

In addition to our 2022 climate change scenario analysis, Paramount partners with FM Global, a third-party property risk management company, to evaluate all assets on a biannual basis. This service provides us with a quantified assessment of risks and recommendations to enhance the resiliency of our assets. Our Property Managers and Engineers use these quantified assessments to inform and prioritize capital investments and building upgrades. When disclosing climate-related risks and opportunities, this scenario analysis is helpful as it evaluates a range of hypothetical outcomes under a given set of assumptions and constraints, as recommended by the TCFD. Beginning in 2022, physical risk reports produced by FM Global were shared with our team and will be revised quarterly. These reports project exposure to near-term, event-driven climate risks including wildfire, freeze, wind, collapse, flood, hail, and lightning, and are key to informing our mitigation strategy.

Resource Efficiency

Paramount implements stringent recycling procedures and undergoes waste audits to reduce waste in our buildings and more effectively manage our resources. In our 2022 materiality assessment, emissions, energy, water, and waste management were also reported among the risks with the highest importance to our stakeholders. Every building in the Paramount portfolio has a Solid Waste Management policy implemented intended to prioritize recycling and diversion of waste from the landfill. For certain new development projects, construction waste reduction targets are established on a project-by-project basis. These targets often align with LEED's threshold of 75% diversion of construction and demolition waste from the landfill.

To address and manage water access risks, especially in California, most of our properties have minimal landscaping. For those properties that are landscaped, we rely on smart meters to regulate the amount of water used for irrigation. To further reduce irrigation needs, these landscaped areas use native plants that require less water since they are adapted to the local climate. Additionally, Paramount's build-out specifications require the installation of low-flow fixtures to reduce water consumption. Existing toilets, urinals, faucets, and showers across the portfolio are also upgraded with low-flow fixtures to further reduce water consumption.

Emergency Response Plans

Emergency Response Plans have been developed for Paramount's assets, which include tracking weather data in all locations with Paramount assets. Paramount monitors this weather data and sends detailed correspondence to relevant properties before a weather event occurs, outlining emergency response protocols to mitigate potential damage. For example, before a Northern California wildfire, Paramount installed carbon pre-filters across its San Francisco assets to protect against wildfire smoke. Paramount also has subscriptions to local emergency weather alerts, which are used to ensure we are alerted of foreseen weather events so that we can implement our plan of action and distribute information downstream. In the event of flooding or hurricanes, Emergency Response Plans have been updated so that building occupants and our assets will be protected in the event of an acute physical event. Paramount also reviews chronic physical risk assessments annually to ensure that the most up-to-date protocols are in place at our assets and integrated into our operations.

Additionally, we provide training to our tenants so that they are adequately trained to act in the event of an emergency. Our tenants undergo annual fire drills and emergency action plan drills. Tenant wardens receive additional warden-specific emergency action plan training annually. At each property, tenants are provided building-specific training videos in addition to live training.

Grid Resiliency

Grid resiliency is a key focus of Paramount's climate resiliency strategy. Paramount is enrolled in Demand Response plans with our utility providers to mitigate risks associated with grid failures. In addition, Paramount included policies in our Emergency Response Plans to address grid failures, such as reducing energy to vacant floors and programming our BMS with global curtailment options. Backup generators have been installed at all Paramount properties in the event of a grid failure. Paramount reviews chronic physical assessments annually to ensure the most up-to-date protocols are in place.

Cadence for Identifying, Assessing, and Managing Climate-related Risks

Annual

- Analyze asset level exposure to physical climate hazards through climate scenario analysis
- Assess Critical Tier 1 Suppliers on ESG performance
- Refresh materiality assessment

Bi-annual

- Conduct building evaluations through third-party physical risk assessments

Quarterly

- Request price forecasting from vendors

Monthly

- Evaluate building ESG performance with Executive Management

Ongoing

- Identify proximity to flood zones in underwrites
- Update analyses on emerging transition risks, including legislative developments
- Monitor energy prices and procurement options
- Initiate stakeholder engagement
- Re-evaluate risk to natural disasters and climate change

For additional information, review Paramount's CDP response questions C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, and C3.4.[xviii]

IV. METRICS AND TARGETS

Metrics Used by Paramount to Assess Climate-Related Risks and Opportunities

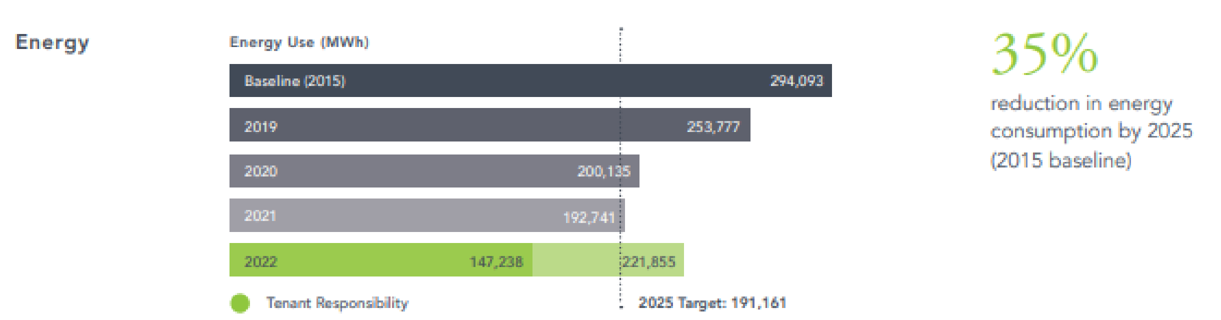
Paramount has set ambitious reduction targets for energy, emissions, water, and waste that we are on track to achieve by 2025. These targets encourage innovation, garner Executive Management and Board-level attention, and galvanize reduction efforts across the entire organization. We hold ourselves accountable to these goals and are unwavering in our commitment to minimize the portfolio's environmental footprint. Our team is committed to continued persistence and focus on decarbonization strategies to ultimately achieve net-zero carbon building operations. To advance this commitment, we aligned our portfolio with the ULI Net Zero Carbon Operations by 2050 Goal. This is a pledge to achieve net-zero by 2050 for Scope 1 and Scope 2 emissions.

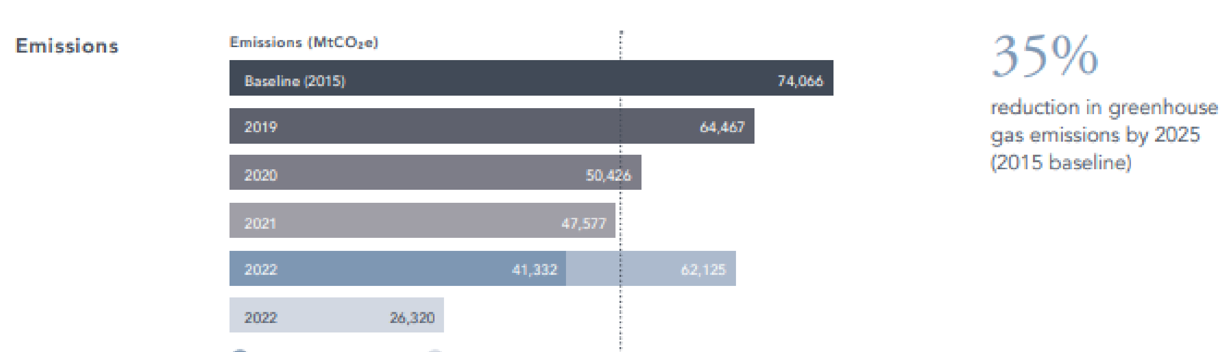
At Paramount, we are committed to sharing environmental performance data publicly through issuing annual ESG reports. We track our progress against these targets at the organizational level and report performance compared to these targets at the asset level to Paramount's Executive Management Team quarterly. To further integrate responsible climate management practices throughout our organization, the Compensation Committee incorporates key ESG goals into Executive Management variable pay awards. A key first step in establishing the pathway to decarbonization was setting an interim emission reduction target to drive action within a timeframe that is aligned with corporate planning and investment cycles. Paramount is committed to reducing Scope 1 and Scope 2 greenhouse gas emissions by 35% by 2025 from a 2015 baseline.

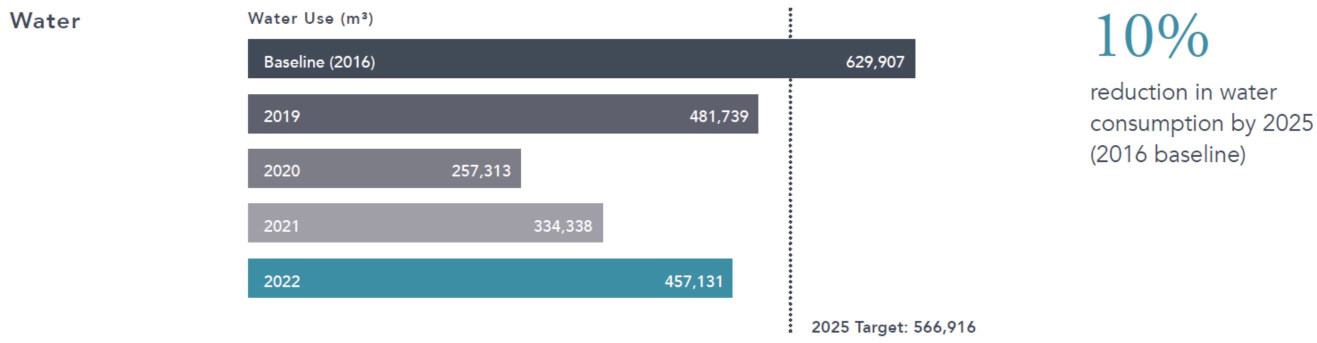
Scope 3 emissions are all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions. A future initiative will be to create a robust inventory to measure and report on our Scope 3 emissions by following the 15 categories defined by the GHG Protocol. Following this undertaking, Paramount will be positioned to potentially set Paris-aligned science-based targets.

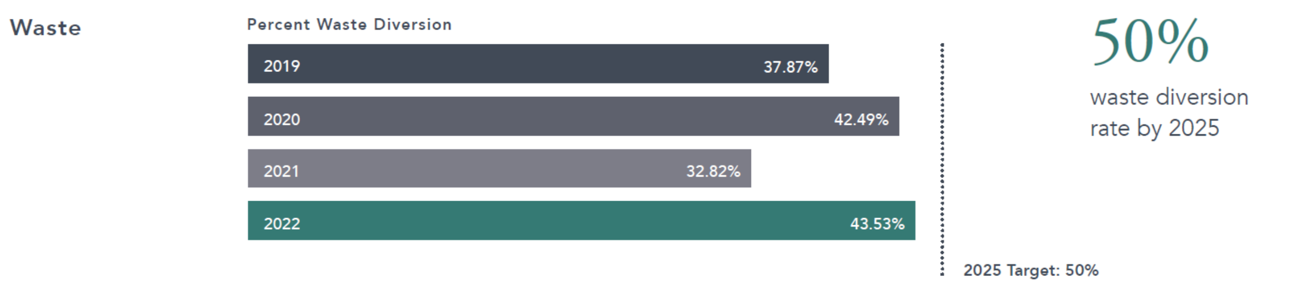
Disclosure of Scope 1 and 2 Greenhouse Gas Emissions

Paramount understands that climate-related risks are non-diversifiable and affect nearly all industries. In alignment with the Task Force on Climate-Related Financial Disclosures, we believe that Scope 1 and Scope 2 emissions are material for all organizations. As such, Paramount's Scope 1 and 2 emissions are disclosed independent of a materiality assessment.









*Note: Reported metrics and performance cover Paramount's Office REIT Portfolio.

Intensity Metrics for Energy Use and Greenhouse Gas Emissions

	Unit	2019	2020	2021	2022
Energy Use	MWh/ft^2	0.0224	0.0177	0.0170	0.0196
GHG Emissions	$MtCO_2e/ft^2$	0.00570	0.00446	0.00420	0.00549

TCFD INDEX

Pillar / Recommendation	Key Points
Governance: Disclose the organization's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Oversight of near- and long-term business strategy is done by Paramount's Board of Directors.
	The Audit Committee oversees Environmental and Social matters, while the Nominating & Corporate Governance Committee oversees the Governance matters.
	Paramount's Sustainability Committee sits under the Audit Committee and oversees the implementation of Paramount's ESG goals and ensures they are fully integrated into the business strategy. Please refer to Paramount's CDP response questions C1.1a, C1.1b, C1.1d, C1.2, and C1.2a.
Describe management's role in assessing and managing climate-related risks and opportunities	Paramount's Executive Committee, which is chaired by the Chairman and CEO, is responsible for leading ESG initiatives. The Sustainability Committee reports to the Executive Committee and the Audit Committee on an ongoing basis and also advises the Audit Committee and Board of Directors on sustainability strategy, emerging regulatory and compliance issues, stakeholder engagement, and climate risks and opportunities.
	The Sustainability Committee reports to the Executive Committee and the Audit Committee on an ongoing basis. Please refer to Paramount's CDP response questions C1.1a, C1.1b, C1.1d, C1.2, and C1.2a.
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term	Opportunities: cost savings (resource efficiency), technology (energy source), reputational (assets and services), locational advantage (markets), resiliency, regulatory and legal
	Risks: transitional: market, reputational, technology, regulatory and legal; physical: acute, chronic
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Management of climate-related risks and opportunities is integrated across business, strategy, financial planning, products, services, supply chain, adaptation and mitigation activities, R&D investment, operations and facilities, capital investments, and acquisitions or divestment. In the short term, Paramount looks to continue to establish its reputation for responsible operations and lower emissions and pursue upgrades to reduce our climate-related physical risk. Over the next five to fifteen years, Paramount anticipates focusing on ESG standards alignment with our supply chain, continuing to develop 10-year capital plans, and managing outcomes from extreme weather events. Over the long-term, as Paramount bolsters resiliency and continues to minimize its asset-level exposure to climate-related events, we anticipate positive impacts on our finances and our access to capital through investors.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Paramount performed a climate scenario analysis that focused on physical risks to our assets. The scenario analysis is used to determine potential impacts on Paramount's assets should sea level rise occur. Paramount also considered the opportunities that these scenarios could present. Paramount's annual CDP disclosures also help track TCFD alignment through the CDP Climate Change questionnaire questions that follow the TCFD framework. For additional information on Paramount's risk management strategies related to climate, please review our CDP response questions C2.1, C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, and C3.4
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risk	Climate-related risks are managed under Paramount's Enterprise Risk Management (ERM) framework. Paramount assesses risk from natural disasters and analyzes multiple climate change scenarios through which our business could be impacted. For each property in our portfolio, Paramount develops a 5-year and 10-year capital plan based on an assessment of building equipment conditions to anticipate all future capital needs. To help inform Paramount's financial planning and capital allocation, Paramount is piloting an internal carbon shadow price. Incorporating carbon pricing helps our team prioritize low carbon investments and consider the impact of these investments beyond our bottom line to also include society and the planet. Paramount interviews key stakeholders annually to confirm the materiality of identified climate-related risks and opportunities. The top risks and opportunities that were revealed in Paramount's latest materiality assessment include emissions, energy, customer health, non-discrimination, and training and education. Paramount includes climate change as part of the overall risk management framework which is administered by Senior Management under the supervision of the Audit Committee of the Board of Directors. For additional information, review Paramount's CDP response questions C2.1a, C2.1b, C2.2, C2.2a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, and C3.4
Describe the organization's processes for managing climate-related risks	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Categories of metrics: GHG Emissions, Energy, Water, and Waste
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please refer to Paramount's 2022 ESG Report, pp. 8-9 ("Targets & Performance") for Energy Consumption, GHG Emissions, Water Consumption, and Waste Diversion Percentage[xix]. Please note that Paramount's Scope 1 and 2 GHG emissions are disclosed independent of a materiality assessment. Paramount's reported GHG data has been externally assured using ISO 14064-3. A future initiative will be to create a robust inventory to measure and report on Paramount's Scope 3 emissions by following the 15 categories defined by the GHG Protocol. Following this undertaking, Paramount will be positioned to potentially set Paris-aligned science-based targets.

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Paramount established historical baselines for emissions, energy, water, and waste which has shaped the actions that we take to catalyze the year-over-year progress towards those goals. Paramount is committed to reducing Scope 1 and Scope 2 emission greenhouse gas emissions 35% by 2025 from a 2015 baseline (absolute target), energy consumption 35% by 2025 from a 2015 baseline (absolute target), water consumption 10% by 2025 from a 2016 baseline (absolute target), and achieve a 50% waste diversion rate by 2025 (intensity-based target). In addition, Paramount has aligned our portfolio with the ULI Net Zero Carbon Operations by 2050 Goal[xx]. This is a pledge to achieve net-zero by 2050 for Scope 1 and Scope 2 emissions.

END NOTES

[i] See the TCFD Recommendations: https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf
[ii] See the most recent TCFD version, V4: https://assets.bbhub.io/company/sites/60/2021/07/2021-Metrics_Targets_Guidance-1.pdf
[iii] See the TCFD Recommendations: https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf
[iv] See introductory information about LEED, ENERGY STAR, and Fitwel: https://www.usgbc.org/about/mission-vision . https://www.energystar.gov/about?s=mega , https://www.fitwel.org/certification/
[v] See introductory information about CDP and GRESB: https://www.cdp.net/en/info/about-us/what-we-do , https://gresb.com/nl-en/about-us/
[vi] Read about CDP and the TCFD's alignment: https://www.cdp.net/en/guidance/how-cdp-is-aligned-to-the-tcfd
[vii] CDP Technical Note on the TCFD: https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/001/429/original/CDP-TCFD-technical-note.pdf?1512736184
[viii]ASHRAE Technical FAQ: https://www.ashrae.org/File%20Library/Technical%20Resources/Technical%20FAQs/TC-07.06-FAQ-95.pdf
[ix] See introductory information about LEED, ENERGY STAR, and Fitwel: https://www.usgbc.org/about/mission-vision . https://www.energystar.gov/about?s=mega , https://www.fitwel.org/certification/
[x] CDP Technical Note on the TCFD: https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/001/429/original/CDP-TCFD-technical-note.pdf?1512736184
[xi] See introductory information about GRESB's Transition Risk Tool: https://www.gresb.com/nl-en/products/transition-risk-tool/
[xii] See Paramount's 2022 ESG Report, pg. 9: https://api-paramount-group.reol.com/pdf?id=c614b7852b4f444933408ca179b1acfa4b1cf216&file_name=paramount_2022_esg_report.pdf
[xiii] See Paramount's 2022 ESG Report, pg. 9: https://api-paramount-group.reol.com/pdf?id=c614b7852b4f444933408ca179b1acfa4b1cf216&file_name=paramount_2022_esg_report.pdf
[xiv] See Paramount's 2022 ESG Report, pg. 19: https://api-paramount-group.reol.com/pdf?id=c614b7852b4f444933408ca179b1acfa4b1cf216&file_name=paramount_2022_esg_report.pdf
[xv] See SEC Press Release on Environmental Disclosure: https://www.sec.gov/news/press-release/2022-46
[xvi] See information about LEED Platinum and Gold certifications: https://www.usgbc.org/leed
[xvii] See introductory information on the IPCC and RPCs: https://www.ipcc-data.org/guidelines/pages/glossary/glossary_r.html
[xviii] CDP Technical Note on the TCFD: https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/001/429/original/CDP-TCFD-technical-note.pdf?1512736184
[xix] See Paramount's 2022 ESG Report, pp. 8-9: https://api-paramount-group.reol.com/pdf?id=c614b7852b4f444933408ca179b1acfa4b1cf216&file_name=paramount_2022_esg_report.pdf
[xx] See introductory information about the ULI Net Zero Carbon Operations by 2050 Goal: https://annualreport2021.uli.org/story/uli-greenprint-sets-net-zero-carbon-operations-by-2050-goal/