PARAMOUNT
GROUP

2024 IFRS S2 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 and IFRS S2

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.

In 2023, the Financial Stability Board announced that the work of the TCFD has been completed and asked the International Financial Reporting Standards (IFRS) Foundation to take over the monitoring of progress on companies' climate-related disclosures from the TCFD. The IFRS Foundation also announced the publication of the inaugural International Sustainability Standards Board (ISSB) Standards—IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and IFRS S2 "Climate-related Disclosures." The objective of IFRS S2 is for entities like Paramount to disclose information about its climate-related risks and opportunities. The IFRS S2 disclosures are focused on climate-related risks and opportunities that may affect an entity's cash flow, access to finance, or cost of capital over the short-, medium-, or long-term.

IFRS S2 requirements are structured around four categories that represent core elements of how organizations operate – governance, strategy, risk management, and metrics and targets.

Paramount, TCFD, and IFRS S2

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 corporate responsibility standards and in 2024, 100% of Paramount's REIT portfolio achieved LEED, ENERGY STAR, and Fitwel certification.

At Paramount, we also refer to the IFRS S2 framework to incorporate climate-related risks and opportunities into our risk management and strategic planning processes. Paramount recognizes the importance of IFRS S2 and has disclosed climate change as an emerging risk in both our Annual and Sustainability Reports since 2019. We disclose our greenhouse gas (GHG) emissions, reduction targets, and strategies for achieving them in our annual responses to CDP's Climate Change Questionnaire and GRESB, formerly known as the Global Real Estate Sustainability Benchmark.

In this IFRS S2 report, we disclose how climate change and the transition to a low-carbon economy can potentially affect our business over the short-, medium-, and long-term.

Governance

Board Oversight of Climate-Related Risks and Opportunities

(S2.6.a)

The Board believes that a complementary balance of knowledge, experience, and capability will best serve the Company and its stockholders. The Board Skills and Experience summary in Paramount's 2025 Proxy Statement summarizes the types of experience, qualifications, attributes, and skills the Board believes to be desirable because of their particular relevance to the Company's business and structure.

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. The Sustainability Committee reports to the Audit Committee on a regular basis.

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 considered 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. Our Board is also involved in evaluating the impact on investor sentiment and market reputation and balancing the need to comply with evolving regulations with the flexibility to adapt to future changes in climate policies. Updates on the progress towards Paramount's corporate responsibility compensation targets, with a focus on environmental and social aspects, are presented to the Board as well.

Management's Role in Managing Climate-Related Risks and Opportunities

(S2.6.b)

The Executive Committee, chaired by Paramount's CEO, is responsible for leading corporate responsibility initiatives. Paramount's CEO 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 Sodali & Co and Sustainable Investment Group (SIG) as external third-party sustainability consultants to support 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 corporate responsibility strategy as needed, and to integrate corporate responsibility goals into our business strategy. Paramount's General Counsel chairs the Sustainability Committee and has climate-related issues and objectives among his responsibilities. The Sustainability Committee also has management-level representation across various departments of the organization, including Finance, Legal, Leasing, Human Resources, Asset Management, Operations and Property Management.

The Committee plays an important role in our environmental and social strategy, including improving the sustainability 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. The Sustainability Committee reports to the Executive Committee on an ongoing basis.

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 compensation structure for the management of climate-related issues. During annual performance reviews of Paramount Group's Senior Management, Engineering, and Property Management teams, accomplishments including building performance, sustainability, and social achievements are considered. To further integrate corporate responsibility into Paramount's business strategy, the Compensation Committee incorporates key corporate responsibility indicators into Executive Management variable pay awards, which is detailed on Adobe pages 63-64 of the 2025 Proxy Statement. These encourage, for example, the achievement of additional green building certifications and evaluating climate risk.

Strategy

Climate-Related Risks and Opportunities

(S2.10.a, S2.10.b, S2.10.c, S2.10.d)

Understanding Paramount's climate-related risks and opportunities bolsters the resilience of our organization. Our approach to reporting in alignment with IFRS has identified several categories of climate-related risks and opportunities that may affect our cash flows, access to finance, or cost of capital over the short-, medium-, or long-term.

Climate-related risks and opportunities in the following sections and in the tables below are identified over the short-, medium-, and long-term. Paramount defines short-, medium-, and long-term risks as 0-5 years, 6-15 years, and 16-35+ years, respectively, which aligns with our capital planning cycles. 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.

Risk Type		ID	Risk Description	Time Horizon		
				Short	Medium	Long
Transition	Market	M.R1	Increased energy costs and resiliency systems for buildings due to the transition of grid-supplied energy to more renewable sources		X	X
		M.R2	Increased energy prices due to market supply and geopolitics	X	X	X
		M.R3	The increased cost of raw materials due to climate change impacts		X	X
	Regulatory and Legislative	RL.R1	Carbon pricing and taxation obligations		X	X
		RL.R2	Penalties due to natural gas restrictions		X	X
		RL.R3	Requirements to procure renewable energy	X	X	X
		RL.R4	Mandates and regulation of energy efficiency, electrification requirements, targets, and disclosures (e.g., NYC's Local Law 97, CA SB253, and SB261)	X	X	X
	Reputation and Market	RM.R1	Changes in investor and tenant preferences	X	X	X
	Technology	T.R1	Costs required to replace existing systems and services with lower emissions or all electric options to avoid regulatory penalties	X	X	X
Physical	Acute	PA.R1	Increased precipitation, hurricanes, tropical storms, extreme heat, wildfire, and air quality impacts leading to increased insurance premiums and construction costs	X	X	X
	Chronic	PC.R1	Changing weather patterns and sea level rise requiring building infrastructure upgrades and increased insurance premiums			X
		PC.R2	Rising temperatures and global climate change lead to increases in cooling costs	X	X	X

Opportunity Type	ID	Opportunity Description	Time Horizon		
			Short	Medium	Long
Cost Savings	CS.O1	Reduced resource consumption leads to lower utility bills	X	X	X
Technology	T.O1	Installation of new technologies that lower emissions	X	X	X
	T.O2	Pursuit of supportive policy incentives and rebates	X	X	X
	T.O3	Procurement of lower-emission sources of energy	X	X	X
Reputation and Market	RM.O1	Increases in the number of green building certifications, responsible resource management, energy efficient design, environmental data tracking and transparency, and availability of renewable power leads to tenant engagement, attraction, and retention	X	X	
	RM.O2	Running an environmentally responsible business attracts and retains employees	X	X	X
Resiliency	R.O1	Reduced fines, energy costs, and operating expenses due to reduced source-generated carbon emissions of renewable energy delivered from the grid		X	X

Impact on Business, Strategy, and Financial Planning

(S2.13.a, S2.13.b, S2.14.a, S2.14.b, S2.14.c, S2.15.a, S2.15.b, S2.16.a, S2.16.b, S2.16.c, S2.16.d, S2.21.a, S2.29.b, S2.29.c, S2.29.d, S2.29.e)

The risks and opportunities included in the table above have the potential to affect Paramount's business model, strategy, and financial performance. We expand upon how each of these risks and opportunities may affect our business, as well as our strategy to manage these risks and opportunities in the section below. Depending on the risk or opportunity, our activities to manage these issues are a result of proactive capital planning and pursuing available incentives. Based on these climate risks and opportunities, we do not anticipate significant risk of material adjustment within the next annual reporting period to the carrying amounts of assets or liabilities reported in our financial statements. Where available, quantitative financial impact metrics have been provided in the sections below; otherwise, qualitative discussion on financial impacts are included instead.

Climate-related Risks and Business Impacts

Market Risk 1 (M.R1)

Given the transition of grid-supply energy to more renewable sources due to legislated commitments, we anticipate increases in energy costs needed to power our building systems. Utility companies must make upfront investments in new renewable energy sources as well as upgrades to the grid to accommodate additional renewable sources, costs that are passed through to consumers. Additionally, with

increased reliance on renewable energy systems that may only be intermittently available, we expect that utility companies will need to invest in storage systems, costs that are also typically passed through to consumers. One way in which we monitor and track these changes is through assessing cost premiums associated with purchasing newly constructed, location-specific RECs and comparing those against general REC pricing. Our recent assessment showed that in comparison to standard U.S. market Green-e certified RECs, PCC1 RECs in the San Francisco market and Tier 4 RECs in the New York City market are estimated to be about twenty and twenty-eight times higher in price, respectively. We monitor pricing to understand how renewables may impact costs for energy generation and regulatory compliance in the markets in which we operate.

In support of enhancing the resiliency of the grid, Paramount is enrolled in Demand Response plans with our utility providers to mitigate risks associated with grid failures, supported by programming our BMS with global curtailment options. Paramount has also included policies in its Emergency Response Plans to address grid failures, such as reducing energy on vacant floors, and installing backup generators.

Market Risk 2 (M.R2)
The impacts of climate change and geopolitical events can lead to supply disruptions and price volatility in energy markets, resulting in increased energy prices that could affect our assets and operations. We aim to reduce the risk of this impact by pursuing measures for energy efficiency, renewable energy, and resiliency, as well as monitoring energy prices and procurement options on an ongoing basis.

Market Risk 3 (M.R3)
The impacts of climate change may also increase the costs of raw materials, resulting in higher materials costs for construction of renovations, fit-outs, and development. To reduce our exposure to this risk, Paramount receives 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. We also evaluate options to source materials domestically. In addition, Paramount's Sustainable Purchasing Policy aims to reduce the demand for virgin resources or raw materials by setting performance expectations on purchasing, thereby promoting reuse and recycling, and durable materials. We strive to use salvaged material, FSC-certified wood, and low-VOC content of paints, seals, and flooring in construction and building upgrades.

Regulatory and Legislative Risks 1-4 (RL.R1, RL.R2, RL.R3, RL.R4)
Paramount owns or manages assets in multiple cities, and we therefore are required to comply with numerous local regulations throughout the entire portfolio, including those specific to climate such as carbon pricing, electrification, renewable energy procurement, energy efficiency, data tracking, targets, and disclosures. Examples include New York City's Local Law 84 and San Francisco's Code Chapter 20, which require energy and water consumption benchmarking, and California's SB253 and SB261, which require disclosure of climate-related topics including emissions reporting. Our current approach to data tracking for regulatory preparedness is aligned with best practices, including climate reporting in alignment with IFRS S2 recommendations, GHG inventory process aligned with the GHG Protocol, and emissions data assurance aligned with ISO14064-3.

We are also subject to Local Law 97 for our New York City properties, which sets emissions thresholds for buildings. To inform our capital planning cycles and address potential fines, we analyze the projected financial impact of Local Law 97 on our New York City portfolio annually. Paramount is not projected to incur any Local Law 97 fines during the first compliance period of 2024-2029.

These current and emerging regulations may lead to penalties in the case of non-compliance. We work to comply with applicable regulations and leverage these legislative requirements as an opportunity to pursue greater building measurement and efficiency, enhance data quality and processing, and guide emissions reporting. Additionally, some potential risks that we consider include future legislation that may involve natural gas restrictions that may result in penalties or taxation obligations.

Reputation and Market Risk 1 (RM.R1)
Changing investor and tenant preferences around the management and disclosure of environmental and social issues can pose reputational risks. These topics can be subject to different levels of scrutiny under varied political landscapes, tenant priorities, and investor views. Across our organization, we aim for value alignment with our stakeholders and prioritize activities that are beneficial to our business. We continue to monitor shifts in the political landscapes in which we operate, as well as changes in tenant and investor preferences.

Technology Risk 1 (T.R1)
As part of our transition towards lower emissions systems to address regulatory requirements, we may face increased costs to upgrade existing systems with higher efficiency or all electric options. In response, we apply proactive thought to our equipment upgrades and investment decisions across the portfolio. We identify building systems that require retrofits or that are near 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. During acquisitions, we analyze building mechanical systems regarding both location and efficiency, and we consider compliance with current and future environmental regulations.

Physical Acute Risk 1 (PA.R1)
Weather events such as increased precipitation, hurricanes, tropical storms, extreme heat, or wildfires can cause property damage, which may lead to higher operating costs for maintenance, retrofits, or construction in more severe cases. This can also result in increased insurance costs for assets located in markets vulnerable to climate change. According to the Deloitte Center for Financial Services, they project that for a commercial building in the United States, the average monthly cost of insurance could increase at an 8.7% compound annual growth rate from 2023 to 2030. Due to our portfolio concentration in coastal cities, we are aware that climate-related adaptation and mitigation strategies will be important to our business. Paramount strives to limit physical risks and reduce the impacts of potentially harmful climate events by assessing preventative measures for potential climate-related risks.

Physical Chronic Risk 1 (PC.R1)
Changing weather patterns and sea level rise may result in increased insurance costs for buildings located in markets vulnerable to climate change, as well as property damage which may require building infrastructure upgrades. Investing in resilient infrastructure to limit physical risk is important to reduce the impacts of potentially harmful climate events. Climate effects such as rising sea levels and increased flooding may cause widespread population mitigation to non-coastal areas. 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 upgrades. For example, we evaluated the installation of thermal storage tanks in the basement of one of our assets as part of our electrification strategy. When making this upgrade, we decided we would also need to relocate our chillers to the eleventh floor due to potential flood risk. This action will help protect our boilers from damage and prevent repair costs in the event of potential future flooding.

Physical Chronic Risk 1 (PC.R2)
The rise in global temperatures can result in extreme heat events in some areas where our properties are located. This would lead to increased operating costs due to the increased need for cooling services. The annual amount of OpEx dedicated to utility spend for energy is 1-10% of total annual operating expenses, representing the potential financial impact that may become vulnerable to physical risks of rising temperatures and global climate change due to an increase in cooling days. Through our latest climate risk assessment using First Street Foundation's Risk Factor tool, we estimated potential increases in energy usage and the increase in number of days over 99ºF within the next 30 years for each of our assets. This analysis allows us to plan, prioritize, and bolster our portfolio's resilience against the potential of increasingly warmer temperatures by focusing on upgrading heating, ventilation, and air conditioning (HVAC) systems that are energy intensive or approaching the end of their useful life. Retrofitting or replacing these systems presents opportunities for increased efficiency, which lowers utility costs that may be needed in the event of rising temperatures. These improvements may include installing variable frequency drives and air handling units or upgrading chillers.

Climate-Related Opportunities and Business Impacts

Cost Savings Opportunity 1 (CS.O1)
Reducing consumption across energy, water, and waste also presents cost saving opportunities. Starting with energy, improvements in efficiency could lead to lower operating and utility costs due to reduced energy consumption. As part of Paramount's strategy for enhancing energy efficiency throughout its portfolio, Paramount partners with third-party subject matter experts to conduct energy audits and identify energy conservation measures (ECMs) over the short-, medium-, or long-term to optimize building performance. ECMs include system replacements, HVAC upgrades, lighting retrofits, and BMS programming and controls, which contribute to reduced energy consumption and subsequent utility costs for our properties.

To reduce water consumption and manage water access risks, tenant build-outs are required to follow code requirements, such as 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 and utility costs. Additionally, 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 and costs, these landscaped areas use native plants that require less water since they are adapted to the local climate.

To manage waste generation and cost, Paramount implements recycling procedures and undergoes waste audits. Every building in the Paramount portfolio has a Solid Waste Management policy implemented intended to prioritize recycling and diversion of waste from the landfill, which reduces our exposure to potential fines that can be issued in both New York City and San Francisco in instances of contaminated waste streams or non-compliant sorting. 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 landfill.

Technology Opportunity 1 (T.O1)
One strategy our team explores to lower emissions and energy costs is piloting new technologies. For each property in Paramount's portfolio, we develop 5- and 10-year capital plans based on the assessment of building equipment conditions to anticipate future capital needs. Our team will identify building equipment that is near the end of its useful life and propose capital projects that would result in energy efficiency improvements. To inform these capital plans, we hire external consultants to conduct ASHRAE Level II Energy Audits to identify energy efficiency opportunities. These capital improvements may increase property value and reduce operating costs through modernization.

Technology Opportunity 2 (T.O2)
Policy incentives and rebates can make it more financially feasible to invest in sustainability and climate resilience throughout our portfolio by lowering initial costs of building improvements or upgrades. For 2024, we received over $2M in incentives related to energy improvements across our portfolio. Taking advantage of opportunities like utility incentive programs shortens the payback period, which helps to encourage the installation of updated building systems over the continued operation of outdated equipment. As building codes and regulations become more stringent, these incentives can also help offset compliance costs to help our properties meet or exceed regulatory standards and tenant expectations.

Technology Opportunity 3 (T.O3)
In addition to our resource and energy efficiency strategies, Paramount strives to be less reliant on fossil fuels and other emissions-intensive sources of energy over the medium- and long-term. To address this opportunity, 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 a building's long-term carbon footprint, assuming that additional renewable resources will be installed and deployed to power the grid. Paramount already purchases renewable power as a cleaner alternative to the grid-generated power provided by local utility companies. Our objective is to match the amount of electricity used by our REIT portfolio in both New York City and San Francisco throughout 2025 with an equal amount of renewable energy credits.

Reputation and Market Opportunity 1 (RM.O1)
Green building certifications, responsible resource management, energy efficient design, environmental data tracking and transparency, and availability of renewable power can lead to tenant engagement, attraction, and retention. Tenants are increasingly looking to partner with owners that share their values, and we continue to recognize our opportunity to attract and retain tenants that value sustainability. With a REIT Portfolio that features 100% LEED Platinum or Gold, ENERGY STAR, and Fitwel certified assets, these initiatives help us attract and retain premium tenants and ultimately enhance portfolio value. According to Cushman & Wakefield's publication, "Green Is Good: Sustainable Office Outperforms in Class A Urban Markets", LEED-certified buildings have consistently achieved higher rents than non-LEED counterparts, averaging $4.13 per square foot or 11.1% higher rent than non-LEED certified buildings.

As part of our efforts to retain tenants through partnership initiatives, we also engage with tenants on energy efficiency initiatives. 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 reporting needs of our tenants. Additionally, 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.

Reputation and Market Opportunity 2 (RM.O2)
We also see an opportunity in attracting and retaining employees as a result of our corporate responsibility initiatives. As various stakeholders prefer to work with companies that prioritize environmental and social issues, we anticipate that Paramount's reputation for responsible operations will have positive impacts on our overall business and assist us in attracting and retaining employees. Job seekers

and employees that wish to be associated with a responsible and forward-thinking company may find Paramount more appealing as a result of our sustainable business practices and alignment with employee values. Additionally, prioritizing social responsibility initiatives can help improve employee well-being and productivity through features such as offering competitive benefits and cultivating an inclusive company culture.

Resiliency Opportunity 1 (R.O1)
As the grid potentially decarbonizes and utilizes more renewable energy, Paramount's carbon footprint would subsequently decrease, resulting in reduced fines from emissions-related regulations. Additionally, we look to pursue electrification and the procurement of renewable energy sources to enhance resiliency. We also continue to evaluate onsite renewable power generation as an additional renewable strategy. At 60 Wall Street, we installed a 122-kW solar photovoltaic system mounted on the roof to decrease energy consumption and associated greenhouse emissions. The system is one of the highest elevated flat panel arrays installed globally, topping off at 737 feet above ground.

Climate Resilience
(S2.22.a, S2.22.b)

We recognize climate change as a potential 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 important 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.

To advance a resilient strategy, Paramount performed a regional climate scenario analysis in 2024 that focused on physical flooding and sea level rise risks to our assets. Paramount considered two scenarios when evaluating climate change impacts from sea level rise and heat—RCP2.6 (scenario aligned with Paris agreement targets) and RCP8.5 ("business as usual" scenario). We used this scenario analysis to determine potential impacts on Paramount's assets should sea level and average temperature increases occur in line with both scenarios. We also reviewed the potential impacts of different physical risks associated with 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 RCP8.5 warming scenario. We also expanded our scenario analysis in 2023 and 2024 to include First Street Foundation's Risk Factor tool, which uses a moderate scenario (SSP2-4.5) from the World Climate Research Programme's 6th Coupled Model Intercomparison Project (CMIP6). With Risk Factor, we assessed exposure to flooding, fire, wind, air quality, and heat risks for each asset and are committed to refreshing this analysis annually. We are continuing to use this information to inform our resiliency strategy.

Risk Management

Enterprise Risk Management

(S2.25.a, S2.25.c, S2.24)

Paramount's Enterprise Risk Management framework is administered by Senior Management under the supervision of the Audit Committee and Board of Directors and follows two approaches—a bottom-up approach in evaluating risk during the building acquisition phase, and a top-down approach for enterprise-level risk.

Enterprise-level risk is typically evaluated every two years and involves an Enterprise Risk Assessment where senior leaders evaluate the current risk landscape across the operational, financial, and strategic areas of the company. A weighted average score for each risk is calculated to determine the top risks. Paramount's team then evaluates the internal controls that are in place to mitigate each risk and determines the department responsible for oversight. The results are presented to Management and the Audit Committee.

A comprehensive list of risk factors that we believe are material to our investors is published annually in Paramount's Annual Report on Form 10-K. As part of the overall ERM framework, Paramount includes "Environmental & Climate Change" as an operational risk in Paramount's Enterprise Risk Assessment.

Process for Identifying, Assessing, Prioritizing, and Monitoring Climate-Related Risks and Opportunities

(S2.25.a.i, S2.25.a.iii, S2.25.a.v, S2.25.a.vi, S2.25.b)

To holistically identify, assess, and manage climate-related risks, having a clear strategy is key. 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 climate-related risks and opportunities, including their nature, likelihood, and magnitude. Paramount's processes for identification, assessment, prioritization, and monitoring of risks and opportunities continue to be business-focused and have not meaningfully changed in comparison to the previous reporting period.

Paramount uses a comprehensive checklist to assess environmental risks for potential new investments. This checklist covers seven thematic areas, requesting both qualitative and quantitative data about the borrower and asset. Our goal is to identify opportunities for capital structuring, operational improvements, and asset repositioning, thereby proactively reducing investment risk both before and after acquisition.

To assess regulatory-related risks, Paramount performs greenhouse gas emission forecasting across its portfolio to prepare for regulations on emissions and climate-related disclosures, such as California's SB253 and SB261. In preparation for these rules, we conducted an analysis to assess any data gaps and are working to improve data quality and completeness across our properties.

To identify and assess supply chain-related risks, Paramount's team identifies their Critical Tier 1 Suppliers (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). On an annual basis, we require new Critical Tier 1 Suppliers to review and acknowledge their compliance with Paramount's Vendor Code of Conduct and complete a survey to evaluate their environmental and social practices; for existing suppliers, we require they disclose any material changes to their programs that may have occurred since the last engagement.

To assess the acute and chronic physical risks resulting from climate change on Paramount's portfolio, we conduct a climate change scenario analysis. Paramount also assesses water stress and flood risks. 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 as established by WRI's Aqueduct Water Risk Atlas. To address flood risks, we also conduct 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 buildings are in a SFHA zone.

Paramount hires FM Global, a third-party property insurance company, to evaluate all assets on a semiannual 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 assessments to inform and prioritize capital investments and building upgrades. To specifically address climate risk, physical risk reports produced by FM Global are shared with our team and are updated quarterly. FM Global's methodology evaluates the exposure of real estate assets to property loss and business interruption due to climate-related events including wildfire, freeze, wind, collapse, flood, hail, and lightning. These reports also distinguish between inherent risk and actionable risk and provide recommendations for initiatives that minimize actionable risk.

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 environmental and social performance
- Review capital plans, where projects are reevaluated for implementation and can be expedited or deferred

Semiannually

- Conduct building evaluations through third-party physical risk assessments

Quarterly

- Acquire price forecasting from vendors
- Receive third-party physical risk assessments

Monthly

- Evaluate building sustainability performance with Executive Management

Ongoing

- Identify proximity to flood zones during underwriting
- 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
- Work with external consultants to improve our properties through retro-commissioning and ASHRAE Level II Energy Audits

In addition to climate risk identification, Paramount also identifies climate-related opportunities for resource efficiency, technology, resiliency investments, and reputational enhancements. Prioritization of identified climate-related opportunities involves developing criteria based on factors such as financial performance, payback periods, and alignment with strategic goals. Paramount continuously tracks and reviews progress on these climate-related opportunities using key performance indicators and stakeholder feedback.

Use of Scenario Analysis in Risk and Opportunity Identification

(S2.25.a.ii, S2.25.b)

We use First Street Foundation's Risk Factor tool to conduct our annual climate change scenario analysis. This tool analyzes the potential impact of various climate hazards— flooding, fire, wind, air quality, and heat—on each of our assets. The Risk Factor models use a middle of the road scenario (SSP2-4.5) from the World Climate Research Programme's 6th Coupled Model Intercomparison Project (CMIP6) and assign a risk score from 1 (low) to 10 (high). The results provide important information to our Executive Management Committee about the portfolio's key climate-related risks. As part of Paramount's 2024 climate change scenario analysis, we also reviewed the potential impacts of sea level rise associated with the RCP2.6 and RCP8.5 warming scenarios on our New York and San Francisco portfolios.

Our climate-related scenario analyses are also used to strategically identify and capitalize on climate-related opportunities. These results help us to understand the potential changes to our business landscape, which allow us to identify, assess, and prioritize climate-related opportunities.

Metrics and Targets

Climate-Related Metrics

(S2.29.a.i, S2.29.a.iv, S2.29.a.v, S2.32)

Greenhouse Gas Emissions (Gross)	2024 ($MtCO_2e$)
Scope 1 GHG emissions	3,785.76
Scope 2 GHG emissions (market-based)	16,802.85
Scope 2 GHG emissions (location-based)	57,898.75
Total Scope 1 and 2 GHG emissions (location-based)	61,684.51
Total Scope 1 and 2 GHG emissions (market-based)	20,588.61

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

Additional industry-based metrics beyond those included in this report can be found in Paramount's 2024 SASB Index.

Measurement of GHG Emissions

(S2.29.a.ii, S2.29.a.iii, S2.29.a.v, S2.29.a.vi, S2.36.)

The methodology and tools used for Paramount's GHG inventory are outlined below. 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. In our GHG inventory, Scope 1 emissions, or direct emissions, are generated by the onsite combustion of fossil fuels used for heating, hot water, and standby generators. Scope 2 emissions, or indirect emissions, are generated by the offsite generation of steam and electricity supplied by local utilities.

Paramount purchases renewable power to offset the Scope 2 emissions that cannot be mitigated by efficiency improvements alone. Our objective is to match the amount of electricity used by our REIT portfolio in both New York City and San Francisco with an equal amount of renewable energy credits. As discussed for Market Risk 1, newly constructed, location-specific RECs in these markets can have substantial cost premiums compared to Green-e certified RECs. RECs purchased for our New York City REIT portfolio are Green-e certified through ERCOT, and RECs purchased for our San Fransico REIT portfolio RECs are be sourced from within the Western Energy Coordinating Council (WECC) region and retired in the Western Renewable Energy Generation Information System (WREGIS). Paramount does not purchase carbon offsets nor credits.

Scope 3 emissions are indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions. In 2024, Paramount completed our second comprehensive GHG inventory for Scope 3 emissions. Following the GHG Protocol Scope 3 Standard, our team assessed the fifteen categories within this framework and determined that the ten categories below could be relevant to our business:

1. Category 1 – Purchased Goods and Services
2. Category 2 – Capital Goods
3. Category 3 – Fuel- and Energy-Related Activities
4. Category 4 – Upstream Transportation and Distribution
5. Category 5 – Waste Generated in Business Operations
6. Category 6 – Business Travel
7. Category 7 – Employee Commuting
8. Category 11 – Use of Sold Products
9. Category 13 – Downstream Leased Assets
10. Category 15 – Investments

Our team also determined that Paramount's reporting boundary would follow the GHG Protocol's operational control consolidation approach. Applying this approach, we accounted for all Scope 3 emissions from assets where we have the authority to implement policies or operational upgrades to reduce GHG emissions. These categories and the reporting boundary may be subject to change depending on regulatory and protocol updates. Understanding the Scope 3 indirect emissions throughout our value chain is important for both a decarbonized future and reporting readiness.

In 2024, the historical emission factors for steam, natural gas, and fuel oil applied to usage data from 2015 to 2023 were recalculated to account for CH_4 and N_2O emissions. Specific emissions factors used and additional details on methodology are in the "About This Report" section of the 2024 Corporate Responsibility Report.

Paramount leverages the ENERGY STAR Portfolio Manager platform to benchmark emissions data across 100% of Paramount's REIT portfolio. Reports downloaded from Portfolio Manager both verify and track Paramount's progress towards corporate-wide reduction targets, including Paramount's interim and net-zero emissions targets; however, there is no assurance that these goals can be achieved on the timeline indicated or at all.

Carbon Tax

(S2.29.f)

For New York City assets, Paramount applies the carbon tax determined under New York City's Local Law 97 to operational and capital decisions. This price is $268.00 USD per metric ton of CO_2e.

New York City's Local Law 97 sets limits on greenhouse gas emissions for large buildings starting in 2024 with the ultimate goal to reduce emissions by 80% below 2005 levels by 2050. The law requires building owners to report their emissions data to the city, which will be used to track progress and ensure compliance. Building owners who do not comply with the law may face fines, which increase over time. There are GHG emission caps for each building that are determined by multiplying the occupancy group space use types (determined by ENERGY STAR) by the square footage of each building. This process is repeated for each building type represented within the gross floor area. For each reporting year, the limits will be compared against the actual GHG emissions of the prior year and a fine of $268 will be assessed for each metric ton of CO_2e over the limit.

For our internal analysis, the carbon tax is applied to two scenarios – one where the grid stays the same ("business as usual") and the other where New York State achieves a 70% renewable grid by 2030 ("best case scenario"). We also assume static consumption from the

reporting year. The price of carbon remains static as well since it is static in the law.

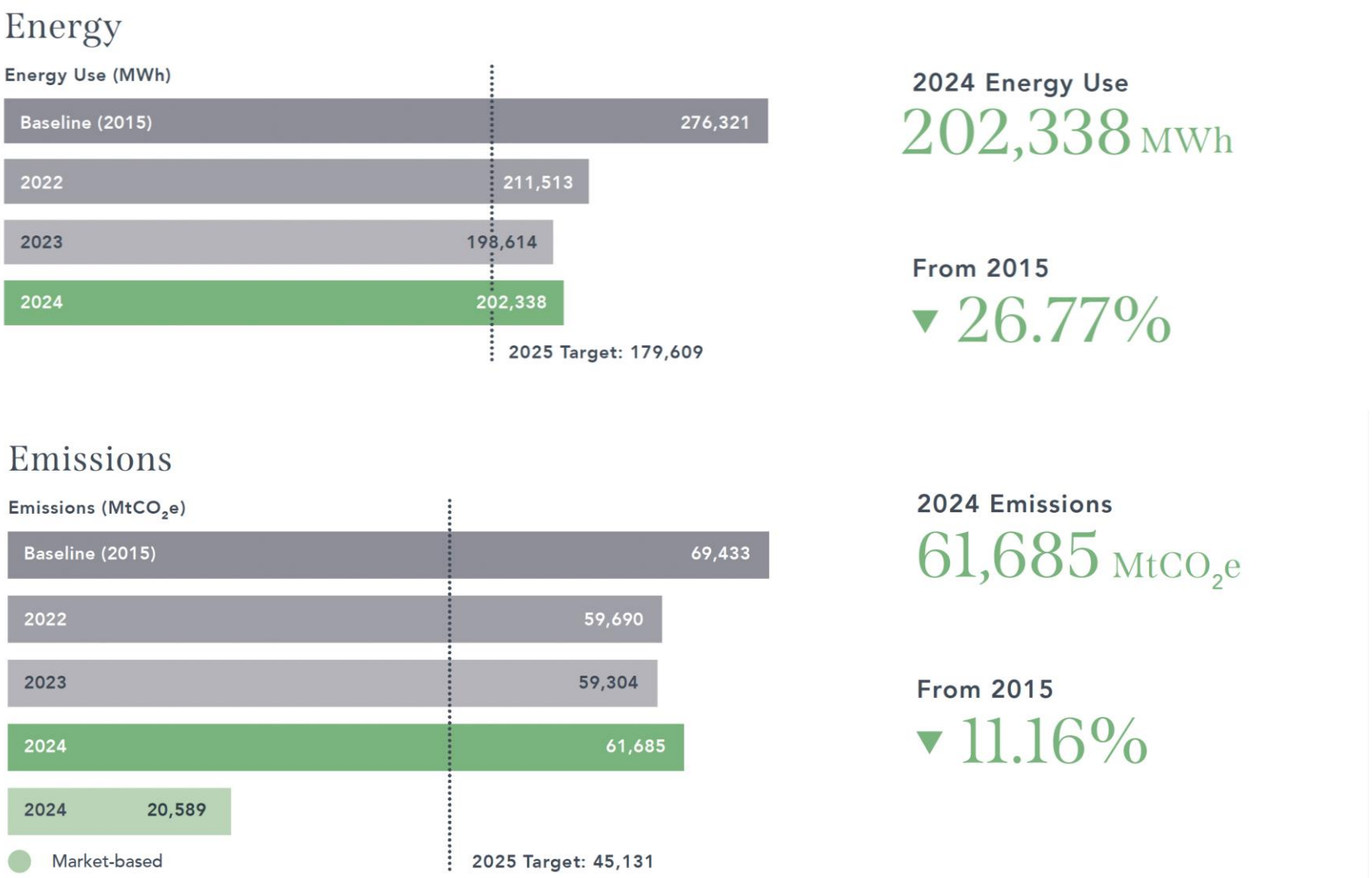
Our team refreshes the potential financial impacts of this law using the carbon tax when we have updated consumption data. We monitor our buildings to evaluate how they will perform compared to the allotted carbon allowance, and for those buildings that are projected to exceed the allowance, we look at operational and capital improvements that can be implemented to reduce emissions. We also work with third-party engineering firms to develop decarbonization plans that identify further reduction opportunities. Our ultimate objective is to minimize the potential fines from this regulation.

Climate-related Remuneration
(S2.29.g)

Paramount incorporates pay incentives into our compensation structure for the management of climate-related issues. During annual performance reviews of Paramount Group's Senior Management, Engineering, and Property Management teams, sustainability accomplishments are considered. The Compensation Committee also incorporates key corporate responsibility performance indicators into Executive Management variable pay awards. These encourage, for example, the achievement of additional green building certifications and evaluating climate risk.

Among the indicators outlined above, the Compensation Committee has incorporated climate-related goals surrounding Paramount's alignment with TCFD and performance with CDP into the variable pay awards of Executive Management. The 2024 Goals that were factored into Executive Management variable pay awards, including the final achievement against those goals, are listed in Paramount's 2025 Proxy Statement, pages 58-64.

Climate-Related Targets
(S2.33, S2.34, S2.35, S2.36.a, S2.36.b, S2.36.c, S2.36.d)



In 2018, Paramount set reduction targets for energy, emissions, water, and waste that we aim to achieve by 2025. Paramount includes greenhouse gas emissions associated with electric, steam, natural gas, and fuel oil consumption in its emissions target. Well-defined targets determine a clear road map for Paramount's environmental efforts, ensuring our team is unified in our goals and works towards achieving them with focus. We hold ourselves accountable to these goals and are committed to the strategies that result in better environmental outcomes.

At Paramount, we are committed to sharing environmental performance data publicly through issuing annual 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. Additionally, we incentivize progress on our climate management practices throughout our organization by incorporating key sustainability goals into the variable pay awards of Executive Management.

Interim and Net-zero Targets
To advance our decarbonization strategy, we have committed to align our portfolio with the ULI Net Zero Carbon Operations by 2050 Goal. This is a pledge to achieve absolute net-zero by 2050 for Scope 1 and Scope 2 emissions; however, there is no assurance that this goal can be achieved on the timeline indicated or at all. An objective we are currently considering is submitting an emissions reduction target for validation to SBTi; however, there is no assurance this will be pursued to completion.

As we work towards this ambitious goal, we have also set interim emission reduction targets to drive action within a timeframe that is aligned with corporate planning and investment cycles. Paramount is committed to an absolute reduction of Scope 1 and Scope 2 greenhouse gas emissions by 35% by 2025 from a 2015 baseline.

Paramount's climate-related targets cover Paramount's owned and operated properties. Fund investments are excluded. Any properties with under a 25% ownership where we do not have operational control are excluded, including 745 Fifth Avenue, 60 Wall Street, and 1600 Broadway. In the first quarter of 2024, Market Center and 111 Sutter were reclassified as "non-core" assets in Paramount's financial filings, and have subsequently removed from the company's reporting boundary.

Both our interim and net-zero targets are gross greenhouse gas emissions targets as Paramount does not deduct emissions from initiatives such as renewable energy credit (REC) purchases. Neither of our climate-related targets were derived using a sectoral decarbonization approach nor validated by a third-party.

In 2024, emissions decreased 11.2% compared to the 2015 baseline. Using 2024 data, an additional decrease of 26.8% is needed to meet our interim emissions reduction target.