2021 SASB Index

Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) Standards, created in 2011, provide industry-specific criteria to assist companies in disclosing financially material sustainability information to investors. SASB Standards identify the subset of Environmental, Social, and Governance (ESG) issues most relevant to financial performance in each industry. By following the guidelines set forth by SASB, Paramount demonstrates a commitment to providing accurate, timely, and standardized data. Based on SASB's Sustainable Industry Classification System (SICS), Paramount follows the "Infrastructure–Real Estate" standards to disclose sustainability information. Properties included in this report are those in which the company has 25% or larger ownership and maintains direct operational control, including those in New York City and San Francisco listed below. Data from subsidiaries, leased facilities, outsourced operations, and other entities have not been included in this report. The 2021 SASB Report has been prepared in congruency with the annual ESG Report to reflect the 2021 reporting year. Third-party assurance was provided by Sustainable Investment Group (SIG), a sustainability consulting firm unaffiliated with Paramount.

Reporting Boundary

1. 1633 Broadway
2. 1301 Avenue of the Americas
3. 1325 Avenue of the Americas
4. 31 West 52nd Street
5. 900 Third Avenue
6. 712 Fifth Avenue
7. One Market Plaza
8. Market Center
9. 300 Mission Street
10. One Front Street
11. 55 Second Street
12. 111 Sutter Street

Energy Management

Code	Accounting Metric	Unit of Measure	Total	SF	NY
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area (SF)	100%	100%	100%
IF-RE-130a.2	Total energy consumed by portfolio area with data coverage	Gigajoules (GJ)	596,073	201,431	394,642
	Percentage of total energy that is grid electricity, by property subsector	Percentage (%)	65%	63%	66%
	Percentage of total energy that is renewable, by property subsector	Percentage (%)	0%	0%	0%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Percentage (%)	-17.27%	1.69%	-24.46%
IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating, by property subsector	Percentage (%) by floor area (SF)	100%	100%	100%
	Percentage of eligible portfolio that is certified to ENERGY STAR, by property subsector	Percentage (%) by floor area (SF)	100%	100%	100%
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy Managing the energy use of Paramount's assets is integral to our ESG program as we prioritize initiatives that yield both environmental and economic benefits. Lower energy consumption translates to a smaller carbon footprint and reduced operating costs. Our team developed a comprehensive strategy to achieve a 35% portfolio wide reduction in energy consumption by 2025 from a 2015 baseline. 100% of the REIT portfolio utilizes iES MACH, a real-time energy management platform, which empowers our Engineering and Property Management Teams to respond quickly and effectively to building conditions by monitoring energy use in 5-minute intervals. We also leverage the ENERGY STAR Portfolio Manager platform to benchmark energy, emissions, water, and waste data across 100% of the portfolio and track our progress towards corporate-wide reduction targets. 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. Our energy management strategies include:
	
	• Capital Planning
	  o Climate-related risks have encouraged our team to prioritize building upgrades and operational efficiency. We develop thorough 5- and 10-year capital plans that are tied to local laws, end of useful life, tenant rollover, and lease renewals. Our team has a due diligence plan in place which ensures we optimize efficiencies on an economically feasible basis.
	
	• Commissioning
	  o Building commissioning ensures that all systems perform to specifications and provides a foundation for correctly benchmarking the baseline energy consumption of an asset. This process typically also leads to fewer mechanical issues and lower maintenance costs.
	
	• Technology
	  o Piloting new technologies assists with the transition to a lower-carbon economy. 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.
	
	• Training
	  o Increasing employee awareness of sustainability matters through ongoing training and education is key to responsible operations and growth. On the operational side, Engineering and Property Management Teams are continuously trained on energy management, building systems, and new technologies. Company-wide education on existing sustainability programs and emerging trends is also facilitated, reinforced by Executive Management who receive briefings on these topics monthly.
	
	• Underwriting
	  o 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 subgroup of the Board of Directors.

Water Management

Code	Accounting Metric	Unit of Measure	Total	SF	NY
IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area (SF)	100%	100%	100%
	Percentage of floor area in regions with High or Extremely High Baseline Water Stress, each by property Subsector	Percentage (%) by floor area (SF)	0%	0%	0%
IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage, by property subsector	Thousand cubic meters (m^3)	334,338	59,300	275,038
	Percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Percentage (%)	0%	0%	0%
IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Percentage (%)	29.93%	1.63%	38.23%

IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks
	
	Water management risks include potential local water stress and water quantity and quality disruptions. To mitigate water management risks and reduce water consumption, Paramount is committed to achieving a 10% reduction in water usage by 2025 and has reduced water consumption 46% in 2021 from a 2016 baseline. Our water efficiency strategies include:
	
	• Low-Flow Fixtures
	  ○ Paramount's build-out specifications require the installation of low-flow fixtures. Existing toilets, urinals, faucets, and showers across the portfolio are also upgraded with low-flow fixtures to further reduce water consumption.
	• Data Tracking & Transparency
	  ○ Water usage is tracked using the ENERGY STAR Portfolio Manager benchmarking platform for 100% of the portfolio. In accordance with New York City and San Francisco benchmarking ordinances, water consumption is disclosed annually. Paramount's water performance is also shared with tenants through our reporting efforts.
	• Water Submeters
	  ○ Water submeters are installed throughout the buildings to monitor consumption, identify opportunities for increased efficiency, and target leaks from specific systems.				

	• Irrigation ○ 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.

Management of Tenant Sustainability Impacts

Code	Accounting Metric	Unit of Measure	Total	SF	NY
IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements by property subsector	Percentage (%) by floor area (SF)	92%	100%	85%
	Associated leased floor area	Percentage (%) by floor area (SF)	3.06%	4.12%	2.39%
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption, by property subsector	Percentage (%) by floor area (SF)	61.90%	41.67%	74.42%
	Percentage of tenants that are separately metered or submetered for water withdrawals, by property subsector	Percentage (%) by floor area (SF)	7.90%	0%	12.79%

IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impact of tenants
	
	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 also shares environmental performance data to support the independent targets our tenants set corporately.
	
	• Green Leasing
	  ○ Developing green lease provisions is an assurance that landlord-tenant objectives are aligned from the outset of the relationship. By utilizing the lease as a tool to improve energy efficiency, we create a high-performing assets in partnership with our tenants.
	• Tenant Build-out Guidelines
	  ○ Our Construction Team developed build-out specifications to ensure new and existing tenants design and execute office spaces that advance Paramount's sustainability objectives. These specifications are aligned with LEED, ENERGY STAR, and building codes, lower operating expenses, and improve overall building energy performance.				

Climate Change Adaption

Code	Accounting Metric	Unit of Measure	Total	SF	NY
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Square Feet (SF)	0	0	0
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risk We recognize climate change as a long-term risk to our business that demands effective management. Developing proactive strategies to mitigate 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. Climate change is integrated into Paramount's overall risk management framework, which is administered by senior management under the supervision of the Audit Committee of our Board of Directors. • Climate Change Scenario Analysis o 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). Our team applied three scenarios to assess the future risk to our portfolio – the IPCC RCP 2.6, the IPCC RCP 4.5, and the IPCC RCP 8.5. These pathways describe different climate futures, all of which vary depending on the volume of greenhouse gases emitted in the years to come. o The IPCC RCP 2.6 is aligned with a 2°C global emission scenario, and the 4.5 and 8.5 trajectories represent an intermediate and a worst-case scenario. This analysis 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 from potential hazards including sea level rise, extreme weather, flooding, and changes in precipitation and temperature. • Climate Strategies o Climate change scenario analysis updated annually o Tenant emergency response communication and training o Third-party physical climate risk assessments performed on all assets bi-annually o Development of high performance, resilient buildings o 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 Strategies ○ 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 • Water Strategies ○ Flood zone identification ○ Critical building equipment and switchgears elevated to higher floors ○ Location of critical building equipment and proximity to flood zones incorporated in underwrites • Wildfire Strategies ○ Bay Area Air Quality Management-aligned operations during wildfire and high air pollutant events ○ Carbon pre-filters installed across select San Francisco assets to protect against wildfire smoke