










Potential Environmental CHALLENGES AND OPPORTUNITIES

Environmental factors will continue to be closely linked to the health and well-being of employees, tenants, guests, service partners, and surrounding communities, particularly in the face of climate change. To support our responsible business growth, we assess potential environmental challenges and opportunities and prioritize those areas we should address, including:

-  1. Increasing temperatures as a result of climate change, which may require additional capacity for our buildings.
-  2. Increasing costs for energy and water, which may be offset by increased efficiency and use of renewable energy.
-  3. Increasing frequency of drought conditions as a result of climate change, which could reduce availability, and increase the cost of water.
-  4. Increasing need to control waste disposal, through reductions in waste generation and increased recycling.
-  5. Technological shifts, which can be expected to create both new environmental challenges and new opportunities to promote efficiency, value and health.
-  6. Potential impacts from rising sea levels on certain of our buildings located in San Francisco, New York City, and Boston.
-  7. Increasing environmental regulations, such as carbon regulations, could have a direct or indirect impact through higher energy costs, higher raw material costs and increased tenant demand for sustainable properties. In addition, benefit may be obtained through increased government incentives for energy and water conservation.
-  8. Increasing costs and greater regulation in the supply chain could increase building material costs and possibly extend construction times resulting in building and tenant space on time delivery. Increased permitting restrictions associated with water use or renewables, could also have an impact.
-  9. Communities may become stressed due to climate change that disrupts transportation and other services which may lead to a decline in work force productivity.

These risks and opportunities may affect all areas of our business from day to day operations to long-term financial planning and strategy for future growth, development, and investment. In addition, we expect to see environmental responsibility continue to increase in importance to our tenants, our investors, and our communities. We expect to respond with transparency and accountability in our environmental reporting and performance.