

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

2020



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Overview

City Office REIT, Inc. (“City Office”, “our”, “we” or “our company”) is an internally managed real estate company focused on acquiring, owning and operating high-quality office properties located in metropolitan areas in the Southern and Western United States. As of September 30, 2020, we own 65 office buildings with a total of approximately 5.8 million square feet of net rentable area in the metropolitan areas of Dallas, Denver, Orlando, Phoenix, Portland, San Diego, Seattle and Tampa. We utilize a strategic, sustainable and data-driven approach when acquiring and operating our properties and strive to incorporate industry best practices for Environmental, Social and Governance (ESG) considerations. This report outlines the core components of our ESG values, operations and goals.



Our ESG Mission

City Office employs a progressive mentality to consistently strive for sustainable, long term results for its stakeholders and for the environment. Our mission is to create a positive and lasting impact through sustainable business practices across our growing portfolio. We believe our core business is to create a healthy and functional environment for our tenants. To deliver these results for our company and for our stockholders, we believe it is essential to focus on the well-being of our buildings, properties, tenants, communities and employees. We are proud of our ESG efforts to date and are committed to actively seeking new opportunities to better ourselves and the communities in which we operate.

Our ESG Goals

- Operate efficiently to reduce resource consumption
- Responsibly manage our waste and emissions
- Increase sustainability tracking, benchmarking and reporting within our portfolio
- Promote the health and wellbeing of our tenants and employees
- Foster diversity, equality and inclusion
- Continue to operate in a transparent, ethical and stockholder-friendly manner
- Promote long-term value creation through strong corporate governance
- Strengthen overall ESG performance over time

Environmental Stewardship

Overview

We aim to embrace environmental stewardship in our business practices. For the environment and our tenants, we value sustainable building operations and we strive to integrate our mission and our core values into each aspect of our building operations and management. We believe we have a responsibility to minimize the energy, water, waste and emissions impacts of our properties. We build best practices into our environmental platform and have focused our efforts to reduce our environmental footprint.

We believe transparency and accountability are an important part of environmental sustainability. As we continue to grow our portfolio, we will continue to enhance property-level tracking systems to monitor operating efficiencies and capital expenditures made towards lowering our environmental impact and increasing sustainable building operations. Through the use of data, we believe that we can identify and implement meaningful initiatives, policies and procedures in our portfolio.

Our Commitments

- Optimize the efficiency of our energy and water consumption
- Implement measures to manage waste and emissions
- Increase our use of renewable energy resources
- Increase climate risk awareness
- Regularly measure our buildings' sustainability performance
- Pursue third-party sustainable building certifications where applicable
- Conduct health, safety and environmental assessments and remediate identified risks

Energy and Sustainable Building Operations

While we have systems in place to increase our energy efficiency, our goal is to continue to improve these systems and to audit our buildings' performance regularly. Examples of current energy efficiency systems and procedures we have in place include:

- Building Management Systems (BMS) to ensure energy is reduced during non-office hours
- Replacement, upgrades and maintenance of HVAC systems to increase efficiency and reduce utility usage
- Addition of variable frequency drives (VFDs) to pumps and fans
- Upgrades to LED lightbulbs in our buildings and on our properties; regular lighting maintenance
- Evaluation of task lighting as an alternative where feasible
- Window coverings to reduce heating and cooling needs
- Nighttime audits to investigate systems running after hours
- Encourage tenants to activate sleep settings on computers and office equipment when inactive
- Ensure areas in front of vents are clear of furniture and materials that could block proper circulation

One specific example of sustainable energy solutions is the installed solar panels at our Mission City property in San Diego. The solar installation is made up of 1,368 solar panels mounted on a custom-engineered long span steel frame parking canopy. The DC system size is 465 kW and produces an estimated 715,000 kilowatt hours annually.

City Office's environmental stewardship strategy aligns with the framework used by certain third-party sustainable building certifications. ENERGY STAR is the government-backed symbol for energy efficiency, providing simple, credible and unbiased information that consumers and businesses rely on to make well-informed decisions. Each year, we aim to maintain and increase the number of ENERGY STAR rated buildings in our portfolio. As of September 30, 2020, approximately 60% of the buildings in our portfolio are ENERGY STAR rated. We also seek to advance additional third party certifications, such as BOMA 360 and LEED, which some of our properties have achieved. To further these efforts, we utilize our on-site property managers and engineers, as well as third party sources, to conduct reviews of energy efficiencies in each of our buildings and seek areas of improvement.

Water, Emissions and Waste

We believe that water is a valuable and limited resource and that implementing water conservation procedures is an obligation we have to our communities and our planet. Increases in water and sewer costs, as well as state and local government regulations, have created additional reasons to be proactive in addressing our water usage. Our strategy for managing water use includes a combination of benchmarking usage, upgrading to low-flow and high-efficiency fixtures and equipment where possible and monitoring for trends.

Similarly, managing our greenhouse gas emissions is a critical element of preserving the health of our environment and communities. Climate change is anticipated to impact many aspects of the planet, including global temperatures, water supply, food security and spread of disease, among many others. Reducing our energy consumption and incorporating green energy are critical components of reducing our emissions. Similarly, catering to efficient transportation options such as electric vehicles and bicycles is important to us. We recognize it is our responsibility to do our part in reducing our emissions footprint.

Landfilled waste contributes to greenhouse gas emissions, impacts the environment and wastes resources. Reducing the amount of waste sent to landfill from our operations allows us to do our part to reduce emissions. We seek to manage our waste by focusing on education and outreach and by providing opportunities for our employees, tenants and visitors to recycle.

In each of these areas, we seek to measure the impact of procedures we already have in place and to develop key performance indicators and benchmarking practices to enhance our environmental reporting.

Social Responsibility

Overview

We believe that corporate social responsibility goes hand-in-hand with business growth and maximizing returns for our investors. Social responsibility furthers our mission to be an upstanding corporate citizen within the real estate community. We take pride in our work culture at City Office and strive to create an environment where people feel valued. Our reputation for acting with integrity and transparency is essential to the successful execution of our business goals.

Our Commitments

- Foster a culture of diversity, inclusion and equality
- Invest in employee development
- Maintain a horizontal work culture
- Encourage a safe, active and healthy office environment
- Give back to our communities

Diversity and Equality

Equal employment opportunity has been, and will continue to be, a fundamental principle at City Office, where employment is based upon personal capabilities and qualifications without discrimination. We do not tolerate discrimination against any person on the basis of race, color, religious creed, sex, age, gender, national origin, ancestry, present or past history of mental disability, learning disability, physical disability, marital status, pregnancy, genetic information, sexual orientation or any other protected characteristic as established by law, in recruiting, hiring, compensation, benefits, termination or other terms or conditions of employment. See the Governance section of this report for further details on our Board Diversity Policy.

Horizontal Work Culture

We encourage a horizontal culture with a high level of engagement and communication between directors, officers and employees of our company. We provide competitive salaries and benefit packages to our employees, including physical and mental health programs, family assistance, sick leave and flex benefit options. We reward initiative and success and structure compensation to align with the overall goals of our stockholders. We also believe that our collaborative approach to regular feedback channels and annual performance reviews allows everyone the opportunity to work toward common goals within our company.

Invest in Employee Development

We recognize that having a safe, fun and rewarding work environment allows us to attract and retain the highest caliber personnel. We also encourage professional growth, which is why we invest in employee development and ensure that onboarding and ongoing training are pillars of our workplace. We achieve this through ongoing training and continuing education opportunities for every employee within the company. We regularly hold “lunch & learn” sessions on various topics to further encourage employee growth and development.

Safe, Active and Healthy Environment

We offer modern, open and amenitized office space to our employees, which creates a positive and collaborative work environment. To promote health and wellness within our offices, we offer a fresh fruit and vegetable program along with a variety of healthy food products to our employees. We also provide an annual employee fitness allowance, which allows all employees to be reimbursed for gym memberships, sports lessons or similar fitness-oriented expenses. To encourage intra-company team building, we hold team events regularly throughout the year and participate in community events, such as the annual Sun Run in Vancouver.

Employee Satisfaction Survey

In 2020 we instituted an annual Employee Satisfaction Survey. The goal of the survey is to provide an anonymous forum for employees to provide feedback on various aspects of their employment experience at City Office. In 2020, 100% of employees participated in the survey. All of our employees indicated that City Office has a positive company culture, that they feel valued at work and that they are likely to recommend our company as a great place to work. We used the feedback from the 2020 survey to meaningfully enhance our commitment to employee development, benefits and fitness. We will continue to use that valuable feedback and future survey results to evaluate positive improvements that can be implemented.

Giving & Volunteering

We invest in the communities that we are a part of which makes giving and volunteering an important part of our company culture. We hold and participate in local food and clothing drives as well as an annual giving event every holiday season. For instance, City Office participates in a “toy drive” that distributes toys, clothes and food vouchers to over 1,000 low-income families in our community. Each year, our goal is to obtain 100% participation from our officers and employees. We aspire to increase our community involvement and to create a dedicated annual volunteer service day for our employees.

Industry Association Membership

Our directors, officers and employees participate in industry associations and attend conferences to participate in the real estate community and enhance our access to industry best practices. Below are a few examples of associations that we have participated in.



Property-Level Initiatives

Just as we uphold our core values at a corporate level, we recognize that these values must be upheld and encouraged at each of our properties. We believe the long term success of our core business is dependent upon our ability to create a healthy and functional environment for our tenants. City Office owns properties in vibrant growth markets with a diverse tenant mix, and we leverage this demographic and employment dynamic to encourage social sustainability best practices. During the acquisition of a property, we analyze ways that we can improve the quality of operations for all tenants within the building. We typically make beneficial upgrades to common amenity spaces such as adding or enhancing a fitness center, providing collaborative workspaces, maximizing outdoor gathering space, providing access to high-quality food options and revitalizing common areas. We also typically hold acquisition kick-off events and numerous social events throughout the year for our tenants, asset managers and property managers to build relationships and develop feedback channels.



COVID-19

We are committed to the health and safety of our employees, tenants and communities. We acted quickly in response to COVID-19, taking protective and preventative measures including:

- Took early action to implement health measures at our buildings
- Followed guidelines from the World Health Organization and other health and governing bodies
- Ensured all team members had everything required to work efficiently and safely from home
- Eliminated all company business travel
- Maintained regular communication with tenants at all of our properties

We continue to monitor the ongoing situation very closely and ensure that updates surrounding COVID-19 measures are communicated to our tenants and employees. We also maintain sustainable business continuity plans.

Governance

Overview

Corporate governance is a vital component of achieving our business objectives and effectively managing risk. We are committed to the policies and procedures we have in place and continue to review corporate best practices on an ongoing basis. At City Office, we promote long-term value creation and accountability to our stakeholders.

Our Commitments

- Operate with transparent and stockholder-friendly corporate governance
- Uphold the highest standard of business ethics
- Comply with laws, rules, regulations and industry best practices
- Educate our employees and third parties on the importance of our policies
- Maintain infrastructure for accountability to governance policies
- Incorporate ESG considerations into executive compensation
- Review industry corporate governance ratings and incorporate stockholder feedback

Corporate Structure and the Board

The company's business is conducted by its officers and employees, under the direction of the Chief Executive Officer and under the oversight of the Board of Directors (the "Board") to enhance the long-term value of the company for its stockholders. Our annual report on Form 10-K and annual proxy statement contains further details on many of aspects of our corporate structure and governance. Likewise, we have adopted various policies described below that enhance our governance structure, which are updated from time-to-time and available on our website at www.cityofficereit.com.

Our experienced and majority-independent Board provides guidance and oversight with respect to, among others, ESG guidelines, operations, investments, financial reporting, strategic plans, key corporate policies and decisions and enterprise risk management. Key, stockholder-friendly aspects of our Board include:

- Independent Chairman of the Board, with five independent members of the six-member Board
- Annual election of Board members by stockholders
- Independent director share ownership requirements
- Audit, Compensation, Nominating and Corporate Governance and Investment Committees all comprised of solely independent directors
- Investments reviewed by the Board, adhering to strict investment guidelines that are reviewed and updated periodically by the Board
- Open communication and effective working relationships among the Board and its committees

Our Policies

We believe it is in the best interest of our company to have policies and procedures in place that set out basic principles, guidelines and practices that each director, officer and employee of our company is required to abide by. This collection of policies serves as the backbone to creating a successful work environment based on equality, trust and respect. Each of our policies is reviewed and approved by our Board annually. Our Code of Business Conduct and Ethics and Insider Trading Policy is acknowledged in

writing by each director, officer and employee on an annual basis. City Office has policies and guidelines that address the aspects of conduct, accountability, ethics and compliance, and a summary of certain key policies is provided below:

Code of Conduct

Our Code of Business Conduct and Ethics (the “Code”) covers a wide range of business practices and procedures. It sets out basic principles to guide all directors, officers and employees of our company. Our Code outlines policies surrounding conflicts of interest, insider trading, corporate opportunities, competition and fair dealing, discrimination and harassment, health and safety, confidentiality, disclosure and reporting requirements.

Board Diversity Policy

Our company values the benefits that diversity can bring to our Board. A diverse Board promotes the inclusion of different opinions, perspectives, skills, experiences, backgrounds and orientations. This enhances our understanding of opportunities, issues and risks and provides for increased capacity for oversight of our company and its governance. Diversity on the Board enables a more balanced, wide-ranging discussion in the boardroom and also demonstrates our commitment to diversity at all levels within our company.

Whistleblower Policy

City Office is committed to fair, accurate and transparent accounting of its financial matters and expects all employees of the company to act in accordance with the highest ethical standards in the performance of their duties and obligations. Our company also requires full compliance with all applicable laws and regulations, including but not limited to, securities and commodities laws and regulations, accounting standards, accounting controls and audit practices and prohibits violations of applicable laws relating to fraud.

City Office relies on all directors, officers, employees and agents to conduct themselves in accordance with the requirements and spirit of this policy without fear of retaliation. If any member of our company feels there is an individual, or group of individuals, in violation of the law or our policies and procedures, the policy outlines the confidentiality protocol of submitting a complaint through a third-party service. Upon receipt of a complaint, the Chairperson of the Audit Committee will confirm the complaint pertains to a violation and an investigation will be conducted as quickly as possible.

Insider Trading Policy

All directors, officers and employees of our company and its subsidiaries (together, the “Covered Persons”) are required to abide by our insider trading policy. The policy provides procedures to limit the disclosure of material nonpublic information and gives guidance to the Covered Persons regarding their individual obligations related to insider trading.

City Office is committed to protecting its confidential information. The ethical and business principles that are the foundation of the insider trading policy may be broader than the stringent requirements of federal securities laws. The confidence and trust placed in the Covered Persons by City Office and its stockholders are of great value and should be preserved and protected.

Looking Forward

We are committed to being responsible corporate citizens and running a sustainable company with an eye toward the future. We plan to benefit all of our stakeholders today and over the long term by taking care of our portfolio and reducing our overall impact on the environment. We intend to work toward meeting our goals and commitments by improving the sustainability of our operations through prudent environmental, social and governance practices and initiatives.

This report was reviewed by the Board as of November 2020. City Office reserves the right to revise, update and supplement these guidelines at any time and from time-to-time to address new initiatives and align with best practices in the industry.

Forward-looking Statements

This report contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain statements contained in these guidelines, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements within the meaning of the federal securities laws and as such are based upon City Office’s current beliefs as to the outcome and timing of future events. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “approximately,” “anticipate,” “assume,” “believe,” “budget,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “future,” “hypothetical,” “intend,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will” or other similar words or expressions. There can be no assurance that actual forward- looking statements, including projected capital resources, projected profitability and portfolio performance, estimates or developments affecting City Office will be those anticipated by the City Office. Examples of forward-looking statements include those pertaining to expectations regarding our financial performance, national or local economic growth, City Office’s expectations regarding tenant occupancy, projected capital improvements, expected sources of financing, expectations as to the likelihood and timing of closing of acquisitions, dispositions or other transactions or any attributes thereof, the expected operating performance of City Office’s current properties, anticipated near-term acquisitions and descriptions relating to these expectations, and changes in local, regional, national and international economic conditions, including as a result of the ongoing COVID-19 pandemic. Forward-looking statements presented in these guidelines are based on management’s beliefs and assumptions made by, and information currently available to, management.

The forward-looking statements contained in these guidelines are based on historical performance and management’s current plans, estimates and expectations in light of information currently available to us and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to the factors, risks and uncertainties described above, changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors described in our news releases and filings with the SEC, including but not limited to those described in our Annual Report on Form 10-K for the year ended December 31, 2019 under the heading “Risk Factors” and in our subsequent reports filed with the SEC, many of which are beyond our control. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove to be incorrect, our actual results may vary in material respects from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Any forward-looking statement made by us in these guidelines speaks only as of the date that these guidelines were adopted. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. City Office does not guarantee that the assumptions underlying such forward-looking statements contained in these guidelines are free from errors. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.