



CORPORATE SOCIAL RESPONSIBILITY STATEMENT

1. CORPORATE GOVERNANCE COMMITMENT

SmartCentres is committed to the principles of good corporate governance and has implemented internal policies and procedures to ensure all Trustees, Management and Associates are aware of our expectations of ethical and professional conduct.

The Board of Trustees is responsible for the stewardship of SmartCentres and in discharging the responsibility, reviews, approves and provides guidance in respect to the strategic plan of the Trust and monitors implementation.

The Board approves all significant decisions that affect SmartCentres before they are implemented, supervises the implementation and reviews the results.

The Board has specifically assumed responsibility for:

- participating in the development of the strategic plan
- reviewing management assessment of business risks
- ensuring the integrity and adequacy of SmartCentres' internal controls and management information systems
- defining the roles and responsibilities of management
- reviewing and approving the business and investment objectives to be met by management
- assessing the performance of management and the performance of its subsidiaries
- reviewing and approving management's work on succession planning
- ensuring management is providing effective and adequate communication with SmartCentres' Unitholders and other stakeholders as well as the public at large
- establishing committees of the Board of Trustees, where required and defining their mandates.

The Board of Trustees has established the following committees to assist in the fulfillment of its obligations:

1.1. INVESTMENT COMMITTEE

The duties of the Investment Committee, subject to monetary limits, include:



- reviewing all proposals regarding investments
- approving proposed acquisitions and disposition of investments
- approving proposed transactions
- approving or rejecting all borrowings and the assumption or granting of any mortgage or other security interest in real property

1.2. AUDIT COMMITTEE

The duties of the Audit Committee include:

- reviewing SmartCentres' procedures for internal control with the external auditors and SmartCentres' Chief Financial Officer
- reviewing the engagement of the external auditors and recommending appointment to the Board as appropriate
- reviewing and recommending to the Trustees for approval, annual and quarterly financial statements and management's discussion and analysis of the financial condition and results of operation
- assessing SmartCentres' financial and accounting personnel
- reviewing any significant transactions outside SmartCentres' ordinary course of business and all pending litigation involving SmartCentres

1.3. CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The duties of the Corporate Governance and Compensation Committee include:

- assessing the effectiveness of the Board of Trustees and each of its committees
- considering questions of management succession
- participating in the recruitment and selection of candidates as Trustees
- considering and approving proposals by the Trustees of SmartCentres to engage outside advisors on behalf of the Board
- administering SmartCentres' long-term incentive plans
- assessing the performance of the Chief Executive Officer
- reviewing and approving the compensation of senior management and consultants of SmartCentres



- reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Trustees

1.4. ETHICAL BUSINESS CONDUCT

The Board has adopted a written Code of Conduct for the Trustees, Officers and Employees of SmartCentres. The Code of Conduct stipulates that such persons will treat each other, customers, suppliers, security holders and all other persons with goodwill, trust, and respect.

The Code of Conduct strives to create a culture in SmartCentres that values honesty, high ethical standards and compliance with laws, rules and regulations. In addition, SmartCentres has approved the following policies; human rights, equal opportunity employment, sexual harassment, workplace harassment and insider trading. The Trust also has a “whistleblower” policy that sets out procedures, which allow Trustees, Officers, Employees, Tenants and Suppliers to file reports on a confidential and anonymous basis regarding any impropriety.

2. SOCIAL COMMITMENT

2.1. EMPLOYEES Realizing potential

Delivering consistent value to investors, tenants and the public and securing long-term profitable growth is founded on releasing the potential of SmartCentres’ Associates.

SmartCentres actively supports staff development in a variety of ways including formal career development discussions and continuing education. The transfer, exchange and the creation of knowledge is closely linked to SmartCentres’ long term vision and is a driver of SmartCentres’ continued growth and success.

SmartCentres’ Core Values are based upon a number of important principles that employees are encouraged to embody as an essential part of success.

Client Focus:

- Being client focused
- Advocating and communicating a positive image of the company, both internally and externally

**Respect:**

- Deals with people openly, honestly and fairly
- Makes the effort to understand each other's views, roles and priorities
- Recognizes others' expertise and performance, and supports their development
- Is responsive to customers' needs

Entrepreneurial:

- Has a bias to action
- Is innovative, steps beyond job description
- Takes calculated risks
- Challenges the status quo to make things better; continuous improvement

Accountability:

- Takes responsibility for actions – right or wrong
- Keeps commitments; stands by his/her word
- Learns from mistakes with a view to improve

Teamwork:

- Works collaboratively across the organization
- Aligns as a team member in the achievement of a common goal
- Contributes expertise and knowledge willingly to team

Meritocracy

Associates of the Trust are recognized and rewarded based on performance, effort, contribution and achievements through an annual performance review process.

SmartCentres' Personal Development and Review processes give employees a clear understanding of how they contribute to the Trust and have clear personal objectives aligned to the Trust's business strategies and corporate objectives.



2.2. HEALTH & SAFETY

SmartCentres aims to ensure safe and healthy working environment for all employees, tenants, external contractors and visitors. SmartCentres is in full compliance with all laws and regulations governing occupational health and safety standards that are applicable to the regions in which it operates and employs industry best practices.

2.3. COMMUNITY INVOLVEMENT

SmartCentres is committed to the well-being of the many communities in which it serves either through direct corporate involvement or through the services or facilities provided across the property portfolio.

An annual budget is approved by the Board of Trustees for distribution which includes for National charities as well as other charities with an employee, municipal, or tenant interest.

SmartCentres proudly supports the personal fund raising efforts carried out by employees for registered charities or community based organizations by contributing up to \$500 per year to an individual registered charity or towards a community based organization. In addition, SmartCentres supports tenants by facilitating local fundraising efforts and community involvement by donating the use of space in kind.

3.0 ENVIRONMENTAL COMMITMENT

SmartCentres acknowledges that there are inevitable environmental impacts associated with the daily operations of its centres and aims to minimize that impact wherever feasible. SmartCentres continuously reviews and analyzes environmental initiatives of all levels of government and industry associations for new and innovative ways to reduce its carbon and overall environmental footprint. SmartCentres is committed to making practical, long term sustainable changes that result in overall reductions in landfill waste, water and energy consumption.

3.1 ENERGY MANAGEMENT

SmartCentres employs a third party utility management company which has allowed for benchmarking and performance measures enabling management to make better informed decisions relating to energy efficient initiatives. Hydro is an area of primary



focus and one that SmartCentres can impact significantly by reducing overall consumption within the common areas of its shopping centres.

Parking Lot Lighting Retrofit

A pilot study was completed across a number of sites where magnetic ballasts were replaced with digital ballasts. The changeover resulted in an increased efficiency rating of 98% from 60% with the prior ballasts. Additionally, the increased efficiency made it possible to replace 400-watt bulbs with 250-watt bulbs without compromising on existing lighting levels. The newer 250-watt bulbs last approximately 1.5 times longer than the older 400-watt bulbs resulting in less mercury waste. Digital ballasts have a life expectancy of about nine years, that is six years longer than magnetic ballasts, thereby reducing overall environmental impact.

SmartCentres is going one step further and moving towards LED lighting, which will see 400 watt and 250-watt bulbs replaced with only 165-watt bulbs. Both LED bulbs and fixtures have a life expectancy of approximately twenty-two years, about fourteen times that of the life expectancy of the 250-watt bulbs. The LED fixture will meet the RP20 standards for parking lots and the visual light level will increase with the higher CRI.

3.2 WASTE MANAGEMENT

SmartCentres encourages tenants to recycle and reduce landfill deposits by providing appropriate recycling containers at most sites. All waste is separated at the source and percentage rates of diversion, where available are monitored for areas of opportunity. SmartCentres' national average diversion rate is approximately 32% and is expected to grow.

3.3 WATER MANAGEMENT

Water usage does not make up a significant part of the daily operations of most sites and is predominately used for the purposes of landscape irrigation. Water sensors are installed on many irrigation systems to prevent unnecessary irrigation during times of rain.