

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

February 2020





SMARTCENTRES®
REAL ESTATE INVESTMENT TRUST

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Corporate Social Responsibility

Recognizing the importance of sustainability and environmental, social and governance ("ESG") factors to ensure both a healthy long-term Canadian environment as well as responsible investing, SmartCentres has initiated several sustainability initiatives that address the environment, the economy and society.

To sustain our success, we take a long-term view on everything from employment to environment, then embed this progressive thinking across all levels of the business. We have set an objective to be leaders in our industry on sustainability. To do so, we are establishing sustainability-related KPIs and by working with our many partners on joint initiatives. We believe our progressive approach to sustainability gives us a competitive advantage.

We want to be the best real estate entity in Canada in the eyes of our tenants and their respective customers, our communities, our partners and our employees. We believe it starts with creating jobs and opportunities, engaging our communities, promoting fairness, diversity, health, safety and security, efficient use of natural resources (energy management, waste management, water and responsible supply change management) and striving for sustainable design and continued innovation of our properties.

SmartCentres has initiated several sustainability initiatives that address the environment, the economy and society. We are in the preliminary stages of measuring our performance and are introducing processes to quantify our impact going forward. SmartCentres is also a member of Partners in Project Green (PPG) (www.partnersinprojectgreen.com/), a program run by the Toronto Region and Conservation Area. Through our membership, we are able to take advantage of the subject matter expertise and programming available through their energy, waste, water and transportation programs and research and to learn how to more effectively report on our program through their new sustainability reporting initiatives.

Board Oversight

Board oversight of SmartCentres' approach to corporate social responsibility is embedded at the board level, through consideration of environmental and social impacts, approaches and opportunities in the SmartCentres' strategic plan and related risks, when approving the strategic plan and key initiatives. Environmental and social considerations on potential investment projects are considered in reports submitted to the Investment Committee of the Board. Material environmental risks, are considered by the Audit Committee when it considers and reviews SmartCentres' Enterprise Risk Management Plan.

Environmental Stewardship

SmartCentres continually looks for new methods of reducing our environmental footprint. Efforts to reduce energy use, improve water efficiency, develop stormwater management solutions and improve our waste management are core to our business. We take different approaches, depending on the asset class (e.g. for existing shopping centres as well as for our new initiatives, including office, condos, purpose-built rental, seniors' residences and self-storage). At our existing retail sites, our focus is on continuous improvement, inclusive of energy and water management initiatives. In general, our unenclosed model minimizes construction costs and energy use. We use BOMA BEST, a national green building certification program launched by BOMA Canada in 2005, as a guide to evaluate our commercial properties and we work collaboratively with our tenants to improve our carbon footprint.



Eglinton Crosstown LRT

As we redevelop sites, we are designing pedestrian-friendly sites, with generous open spaces and bike lanes. These people-oriented communities are built and operated with a focus on resiliency, inclusive of the site's infrastructure, occupant health and safety and resource efficiency. As municipal transit plans evolve, we prioritize intensification of sites in close proximity to higher order transit. For example, the new Eglinton Crosstown LRT will improve the transit connectivity of three of our properties in the Greater Toronto Area, with LRT stops being built directly on, or adjacent to, our properties.

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 compliance with legal

requirements and industry standards, as well as to identify 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. In addition, the nature of our centres is such that our tenants, such as Walmart, are typically responsible for their respective premises, and accordingly invest significant resources to improve the sustainability and reduce the carbon footprint of their premises.

In 2017, the KPMG Tower at SmartCentres Place in the VMC was awarded the Office Development of the Year Real Estate Excellence (REX) Award by the Greater Toronto Chapter of the Commercial Real Estate Development Association (NAIOP). NAIOP states the criteria for the REX Awards focus on results (quality and performance), skills (teamwork, collaboration, innovation and creativity) and values (community and environmental awareness). Developed by SmartCentres and Penguin, the KPMG Tower is the first Class-A, LEED Gold office building in the SmartVMC.

The heart of SmartVMC will feature a 9-acre Central Park designed by world renowned landscape architect, Claude Cormier, which allows for the harmonious cohabitation of pedestrians, cyclists and motorists. Envisioned as the backbone of the new development, the scenic park provides ample space for the community to live, grow and prosper for many generations to come. It is adjacent to a TTC subway and York Region Regional Bus Terminal transit hub and a 70,000-square foot Transit Square designed for people gathering and events. To date, the site includes two office towers built to LEED® gold standards and a social infrastructure cornerstone, inclusive of a YMCA community centre, a municipal library and a daycare, scheduled to open in late 2020.



9-acre Central Park

We are also proud to announce that 5 of our properties have become BOMA BEST certified, spanning across the cities of Oshawa, Sarnia, Mississauga, Halifax, and Guelph. We are continuing to work towards rolling out BOMA BEST Standards throughout our portfolio.

In an effort to reduce greenhouse gas emissions, all Associates are also part of the SmartCommute program, where Associates are encouraged to use smarter ways to travel, whether it be through public transportation or carpooling with other Associates.

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.

SmartCentres is actively converting parking lot lighting to LED fixtures. As of July 2019:

- 40% of all pylon signs were converted to LED lighting (90/225 pylons). The balance is scheduled to be converted in 2020.

- 30% of parking lots were converted to LED lighting (47/157 pylons). The balance will be converted over the next 2 years – anticipated completion in 2021.
In addition, sensors have been installed in all parking lots to monitor and automate lighting controls.

SmartCentres has installed white roofs to reduce heat buildup.

- 30% of all SmartCentres rooftops are finished with a white membrane.

SmartCentres also leverages short-term opportunities to reduce energy consumption.

- When SmartCentres takes possession of a vacant unit, a formal process is in place to adjust the HVAC to reduce energy consumption.

All SmartCentres office towers have been built to meet LEED standards.

- Our 360,000 square foot KPMG Tower, located at 100 New Park Place in the VMC (Vaughan, Ontario) is LEED Gold and Energy Star Certified.
- Our 250,000 square foot PwC/YMCA Tower, located at 200 Apple Mill Road in the VMC (Vaughan, Ontario) was built to meet LEED Gold Standards.
- Our 88,000 square foot Stantec Tower, located at 1331 Clyde Avenue in Ottawa, Ontario was built to meet LEED Silver Standards.
- Dedicated office tenant equipment and utilities are all sub-metered. The data is shared with tenants, who in turn monitor and regulate their utility consumption.

Waste Management

SmartCentres encourages tenants to recycle and reduce landfill deposits by providing appropriate recycling containers at most sites. 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.

Our SmartVMC property has an on-site solid waste diversion program.

- In 2019, 24,195 metric tons have been recycled through this program, saving 109k kilowatt hours of energy and 707k litres of water.
- In 2019, 48,590 metric tons of energy has been recovered, resulting in 7,191 kilowatts of energy being sold to the grid.

Water Management

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

SmartCentres employs PowerStream Energy Services to monitor water consumption and benchmark performance to encourage responsible water management:

- In Ontario and Western Canada, where utilities do not bill tenants directly for water usage, SmartCentres monitors tenant water use individually. We share the history and charge based on actual use. This enables and encourages our tenants to reduce their water consumption.
- SmartCentres uses a radio-based water meter reading system that identifies the upper and lower limits of each tenant's usage. The system monitors hourly data over a 45-day period. It detects and reports a potential leak when the data indicates a consistent minimal flow of water.

SmartCentres is mindful of water use for landscaping:

- Our standard is to keep sod green with minimal water use.
- We landscape with drought-resisting plants.
- SmartCentres has irrigation systems on approximately 90% of our sites. The majority of these systems have rain sensors to minimize unnecessary water use.
- Systems and sod are monitored regularly and adjusted as required.

SmartCentres also leverages short-term opportunities to reduce water consumption:

- When SmartCentres takes possession of a vacant unit, a formal process is in place to turn off the water to reduce water consumption.

The KPMG Tower has a rainwater system that recycles approximately 20,000 litres of reclaimed rainwater per year.

Management of Tenant Sustainability Impacts

Given that our portfolio is predominantly comprised of unenclosed shopping centres, we recognize the importance of collaborating with our tenants to strengthen the impact of our sustainability efforts.

SmartCentres has a team dedicated to continuous property management process improvements and site enhancements, with a focus on fostering tenant sustainability:

- SmartCentres is piloting initiatives towards BOMA BEST Certification.
- In 2019, we introduced “SmartOps”, a monthly educational tenant newsletter with the overarching purpose of working together to reduce our carbon footprint.



SmartCentres is installing electric vehicle charging stations, to facilitate our customers’ ability to be environmentally responsible:

- To date, Tesla charging stations have been installed on 8 SmartCentres properties.
- On average, each station includes 16 chargers. A total of 129 chargers have been installed to date.

In early 2019, the SmartCentres home office was relocated to our VMC property, encouraging sustainable commuting:

- Our new office is in the heart of a transit hub, adjacent to a TTC subway station (connecting south to downtown Toronto), the regional bus terminal (connecting within York Region and beyond) and the Highway 7 Rapidway (connecting east to Markham).
- We also introduced a ride-sharing program for Associates to leverage during the day, as needed.

Community Engagement and Corporate Citizenship

SmartCentres is committed to the well-being of the many communities in which it serves by taking community and quality of life considerations into its projects, as well as through direct corporate involvement or through the services or facilities provided across the property portfolio.



SmartVMC also encompasses the Vaughan Metropolitan Centre Mobility Hub, which has earned the Ontario Traffic Council's Project of the Year Award, which recognizes excellence in the field of transportation planning, and is given to projects that exemplify innovation, support sustainability, and contribute to quality of life.

Our PwC-YMCA Tower, the latest office development in our portfolio, has also been Fitwel Certified to promote a healthier and more sustainable workplace environment.



One of the core values of SmartCentres is to bring value to our communities across Canada, through the development of our retail, residential, and office property portfolios. In January of 2020, Transit Square at SmartVMC was "centre ice" to the Rogers Hometown Hockey Tour, where families gathered for a great weekend of hockey-related activities, met NHL Alumni, and enjoyed great festive fun.

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

SmartCentres proudly supports the personal fundraising efforts carried out by employees for registered charities or community-based organizations by contributing annual amounts to individual registered charities and towards community-based organizations. In addition, SmartCentres supports tenants by facilitating local fundraising efforts and community involvement by donating the use of space in kind.

During the holiday season, SmartCentres associates also collected toys to donate to the City of Vaughan Toy Drive in support of the CP24 CHUM Christmas Wish program, as well as non-perishable food items for the Vaughan Holiday Food Bank.

Throughout the year, our associates also actively participate in many charitable activities, such as raising \$7,267 for the Movember Foundation to tackle health issues faced by men, as well as WWF's CN Tower Climb for Nature and the Oasis ZooRun, the CP24 CHUM Christmas Wish program with the City of Vaughan, and the Vaughan Food Drive.

Employee Well-being

We are committed to strengthening our reputation as a strong and admired company and deepening our relationships with our customers, investors, communities and partners. We recognize that this commitment begins with our employees. We regularly carry out surveys amongst all our employees and we organize an all-company conference every other year where industry-leading speakers are invited to provide industry context and team-building activities ensue. We promote professional and personal growth by offering a variety of professional development courses and career development programs. We offer all our employees the benefits of a work-integrated wellness program. This is led by a professional wellness consultant and offers such activities as Tai Chi, yoga, mindfulness meditation stretch breaks, on-site chiropractic physiotherapist, private health consultation and nutritional advice.

Diversity and Inclusion

SmartCentres values the benefits diversity and inclusion can bring to all levels of the organization in promoting better corporate governance and decision-making. For SmartCentres, diversity includes, but is not limited to, expertise, experience, knowledge, education, gender, age, ethnicity and geographical background. SmartCentres' written diversity policy, which has been in place since 2015 and is reviewed annually by the Corporate Governance and Compensation Committee, sets out SmartCentres' commitment to diversity.

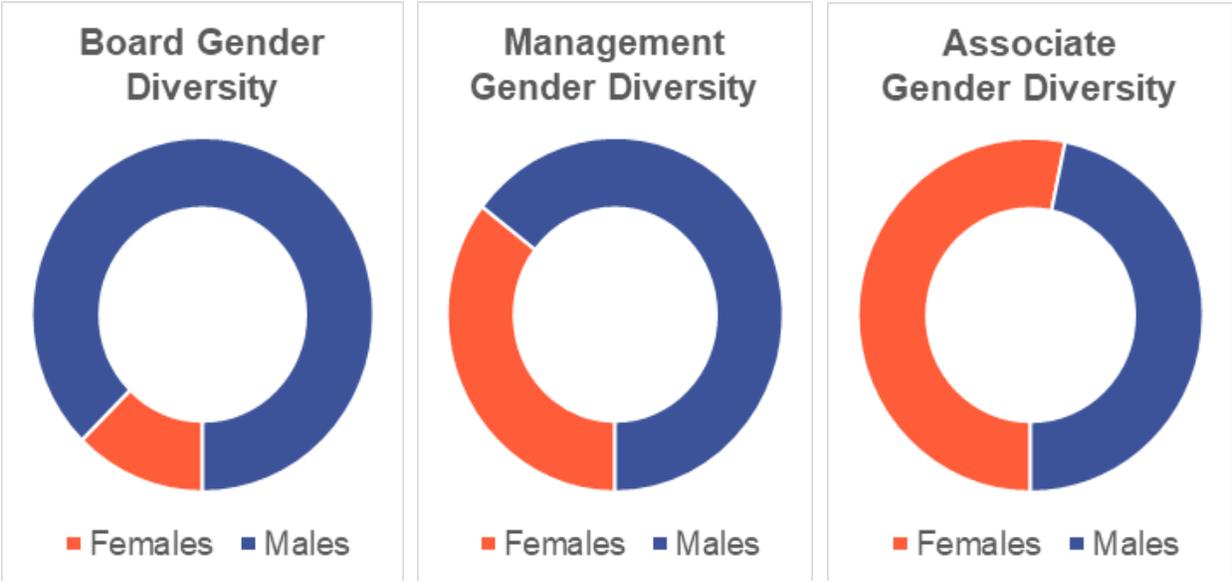
The Board's responsibility for the stewardship of SmartCentres includes taking its commitment to diversity into account when making decisions. Gender diversity is a significant aspect of diversity and, accordingly, SmartCentres aspires that by the annual meeting of Unitholders in 2022 women will comprise at least 30% of the independent Trustees. SmartCentres' diversity policy sets out specific requirements with a view to identifying and recruiting female candidates for service on the Board.

SmartCentres is also committed to fostering an inclusive workplace culture based on merit and free of conscious and unconscious bias. SmartCentres is committed to the diversity of its management team, and gender diversity is a significant aspect of diversity. The Board and the Corporate Governance and Compensation Committee annually assess the diversity of the Board and efforts taken by SmartCentres to adhere to its diversity policy at the management level, respectively.

Having a merit-based system of advancement is a core principle at SmartCentres and the identification and selection of candidates for executive officer and other management positions is based on merit, having due regard to all relevant

criteria, including expertise, experience, knowledge, education, personal qualities and SmartCentres' diversity policy. The Corporate Governance and Compensation Committee monitors the proportion of female executive officers and the proportion of women at other management levels within SmartCentres. Management reports to the Corporate Governance and Compensation Committee on initiatives that are designed to support an inclusive culture that provides opportunities to all high-potential employees, free of conscious or unconscious bias.

SmartCentres has developed a multi-year accessibility plan along with accessibility policies and is committed to providing equitable access and high-quality facilities and/or services by meeting the needs of our diverse and valued workforce and customers. Through compliance with the Accessibility for Ontarians with Disabilities Act, SmartCentres will endeavour to provide all individuals with equal access to our facilities and/or services while allowing individuals with a disability to maintain their independence, dignity, and integration.



For more information about our plan, please visit: <https://www.smartcentres.com/accessibility/>

Our Ongoing Commitment

We are proud of our accomplishments in corporate social responsibility, but we understand that we can always do more, and we are committed to continuous improvement in this regard.