

**SMARTCENTRES®**  
REAL ESTATE INVESTMENT TRUST

**SMARTLIVING**



# ESG REPORT.

2022-23

# CONTENTS

Message from the Executive Chairman and CEO	3
About Us	4
Business Highlights	5
ESG Highlights	8
Approach to ESG	9
Materiality Assessment	11

## 01 Environment

Green Buildings/Energy Management	13
Water and Waste Management	14
GHG Emissions	14
BOMA Best Awards	15

## 02 Social

Our People: Human Capital Management	17
Health and Wellness	19
Our Tenants	20
Our Communities	21

## 03 Governance

Board Oversight/Management Accountability For ESG	24
Board Composition and Diversity	24
Integration Of ESG Into Compensation	25
Unitholder Engagement	25
Business Ethics	26
Privacy and Cybersecurity	27
Risk Management	27

## About This Report

As Canadians' needs have evolved, so has the vision of SmartCentres. We are transforming our shopping centres into city centres, developing holistic master plans for every property in our portfolio. As community-builders, we have always embedded Environmental, Social and Governance (ESG) values into our organization.

This report is the story of how we approached and delivered on ESG issues for the calendar year 2022, while also highlighting initiatives that are ongoing through 2023 and beyond. Our commitment to ESG is informed by a materiality assessment that identified the key factors that apply most directly to our business and that are of interest to our stakeholders.

Financial data are reported in Canadian dollars. The report includes activities undertaken by SmartCentres REIT, including all subsidiaries and business units.

## Forward-Looking Statements

This report and accompanying website information contain forward-looking statements including statements concerning our strategies, objectives, plan and estimates and similar statements regarding potential future events. Such statements reflect SmartCentres beliefs as of the reporting period herein and were based on information currently available at such time. Although the forward-looking information contained herein and elsewhere was based upon what management believed to be reasonable assumptions, there can be no assurance that actual results will be consistent with the forward-looking information.

To contact us, visit [SmartCentres.com](https://www.smartcentres.com)

# MESSAGE FROM THE EXECUTIVE CHAIRMAN AND CEO



At SmartCentres, we take the long view. For over 30 years we have been building better, more affordable communities across Canada through enhancing access to convenient, value-oriented retail options. From the beginning that meant creating lasting value for the towns and cities in which we operate, for our tenants, our neighbours and for our Unitholders. It meant always doing the right thing.

More recently, “doing the right thing” has been encapsulated in the term ESG (Environmental, Social and Governance), a concept that has been sweeping the corporate world. For us, ESG is a lot of what we have been doing all along.

It is woven into the fabric of our organization, in how we oversee our business, interact with our tenants and engage our employees and communities. Of course it also means careful consideration for the environment.

Constantly seeking to improve, we commissioned a materiality assessment to identify ESG factors that should be prioritized. That undertaking supports our three year action plan in which we are developing and implementing our ESG strategy.

I invite you to look carefully at our portfolio, where you will see that ESG principles are applied throughout. They help shape our approach to building design, energy utilization, social interaction with tenants and their customers (an element that was highlighted during the pandemic, during which time we maintained an industry-leading occupancy rate). The principles apply to our core mission, to facilitate cost savings and convenience to communities, all with the goal of helping Canadians live better lives.

This report documents some of our key initiatives and accomplishments in 2022, along with a look

forward. We know that we all must do our part to address the climate crisis and SmartCentres takes this responsibility seriously. The overwhelming majority of our buildings (94%) have been recognized with a BOMA (Building Owners and Managers Association) BEST Silver Certification for excellence in energy and environmental management.

We launched initiatives to install electric vehicle charging stations at many of our properties, helping to build the necessary infrastructure to support the burgeoning growth of electric vehicles.

We believe in taking care of our people. That means supporting our tenants through challenging times, as we saw most vividly during the pandemic. For our employees it means creating a workplace that is inclusive, diverse and equitable, a place where people feel they can grow and build careers.

Our SmartLiving initiative is our contribution to building more livable, sustainable cities, transforming shopping centres to city centres. It brings people affordable homes that are close to work, transit, retail and places to play and live—a concept that is good not only for people, but the planet.

We have always believed that doing the right things for every community, improving the standard of living and taking care of people is not only our responsibility, but good for business, and we are excited to share our story.

A handwritten signature in black ink that reads "Mitchell Goldhar".

**Mitchell Goldhar**  
Executive Chair and CEO

# ABOUT US

SmartCentres was founded with a simple vision: make a better lifestyle accessible to all Canadians. We have since expanded to every Canadian province, but have never lost sight of why we do what we do. As Canadians’ needs evolve, our offering continues to expand, we remain true to our purpose and core values, all while leveraging our land development expertise.

Our experienced and entrepreneurial in-house development team is now focused on our publicly announced \$16 billion transformation plan, “Project 512”. We are developing holistic master-plans for every property in our portfolio inclusive of rental apartments, condos, towns, seniors’ residences, self-storage, offices, retail, hotels and industrial.

With our SmartLiving expansion into residential, we are not just building homes, we are redefining communities. These holistic communities are walkable, transit-connected neighbourhoods, with generous open spaces and parks, diverse housing types, employment opportunities, local activations and amenities.



## OUR JOURNEY: FROM SHOPPING CENTRES TO CITY CENTRES





## BUSINESS HIGHLIGHTS

SmartCentres' portfolio includes an ownership interest in 174 properties comprising retail shopping centres, mixed-use properties, and development lands.

**34.9M** **SQ.FT.**  
of leasable  
space

**\$11.8B** total  
assets

**189** properties  
across  
Canada

**98.2%**  
industry-leading  
committed occupancy

**1,382,000 SQ. FT.**  
**OF NEW LEASES EXECUTED**

**273**  
intensification  
projects

**\$16B**  
in value of  
intensification  
program

**3,500**  
acres of land



## BUSINESS HIGHLIGHT

# SMARTVMC

## Vaughan Metropolitan Centre

Our most ambitious project is at the heart of the Vaughan Metropolitan Centre, a new transit-centred development that is bringing a downtown feel to a suburban community. Our SmartLiving division created a master plan for the development, a mixed-use complete community that focuses on sustainability, livability and prosperity.

With several towers already completed or under construction, in 2022 we launched the latest of pre-sale phase of Park Place. It features two towers of 48 and 56 storeys, with 1,100 residential units and more than 10,000 square feet of retail space.

All of SmartVMC's buildings are designed to meet high environmental standards, including minimizing energy use. Residents are within steps of several transit lines, led by the TTC's Vaughan Metropolitan Centre subway station, dramatically reducing the need for travel by car and cutting greenhouse gas emissions. SmartVMC is pedestrian friendly, with a YMCA, a library, daycare and a 9 acre park at the centre.



## BUSINESS HIGHLIGHT

# 1900 EGLINTON

## Eglinton East & Warden Avenue

Located within the Golden Mile, which consists of large and small retail, and currently subject to a Secondary Plan Study to facilitate residential growth. The project includes a number of affordable housing units and is strategically located on the Eglinton Crosstown LRT in support of reduced vehicle parking and traffic.



Illustration is artist's impression. E. & O.E.



Illustration is artist's impression. E. & O.E.

## BUSINESS HIGHLIGHT

# TORONTO WESTSIDE

## Eglinton West & Caledonia Road

This transformation project along Eglinton West at Caledonia, with multi-modal transit (GO-line and Eglinton Crosstown LRT) will incorporate residential, retail and a variety of services. Reduced parking and traffic encourages a more sustainable mode of transportation for neighbouring residents.

# ESG HIGHLIGHTS

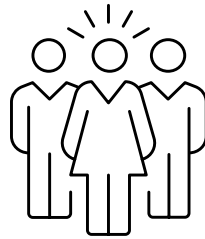
**94%** of retail sites with BOMA BEST Silver



**173** Electric vehicle charging stations at properties

**50+**

Fundraising / Charitable events held throughout the year.



**37.5%** of Board directors are women

## INDUSTRY ASSOCIATIONS

- RealPac
- Building Industry and Land Development Association (BILD)
- Urban Development Institute (UDI)
- International Council of Shopping Centers (ICSC)
- RIMS
- GRESB



Continued alignment with ESG Materiality Assessment



Enhanced wellness programs to include mental health for employees



ESG Integrated into Trust-level Performance Metrics



Provided space to hospital networks for 10+ vaccination centres and related distribution



# APPROACH TO ESG

## ESG and sustainability considerations are woven into the fabric of SmartCentres.

SmartCentres' retail centres were founded with the economic realities of the average Canadian household in mind; bringing value and convenience-oriented retail to the Canadian market. Canadians want transit-connected homes with urban amenities. As such, SmartCentres is evolving from 'Shopping Centres to City Centres' and SmartLiving has emerged with a \$16 billion transformation plan to enhance Canadian communities.

SmartLiving apartments, condos, towns, and seniors' residences are designed around public squares and central parks, within pedestrian-focused, transit-connected master-planned communities; all of which are designed to contribute not only to the quality of the built environment, but also promote sustainability.

Oversight of SmartCentres' approach to ESG and sustainability is embedded at the Board of Trustees level through consideration of the above and other ESG factors, impacts, approaches and opportunities when reviewing and approving SmartCentres' strategic plan and key initiatives. All material environmental and social risks are overseen and considered by the Audit Committee when it reviews SmartCentres' Enterprise Risk Management Plan. The Audit Committee reviews those risk factors at least on an annual basis and receives updates from management on a quarterly basis.

For 2022, SmartCentres completed the first submission to the Global Real Estate Sustainability Benchmark (GRESB) framework. SmartCentres joined the more than 1,800 real estate companies assessing their ESG performance via GRESB. GRESB provides a standardized, globally recognized framework so both investors and managers can act on ESG data and insights. With the first assessment complete, SmartCentres is taking action to address the most significant ESG matters, including environment targets in 2023.





# On the path of our first Three-Year Plan

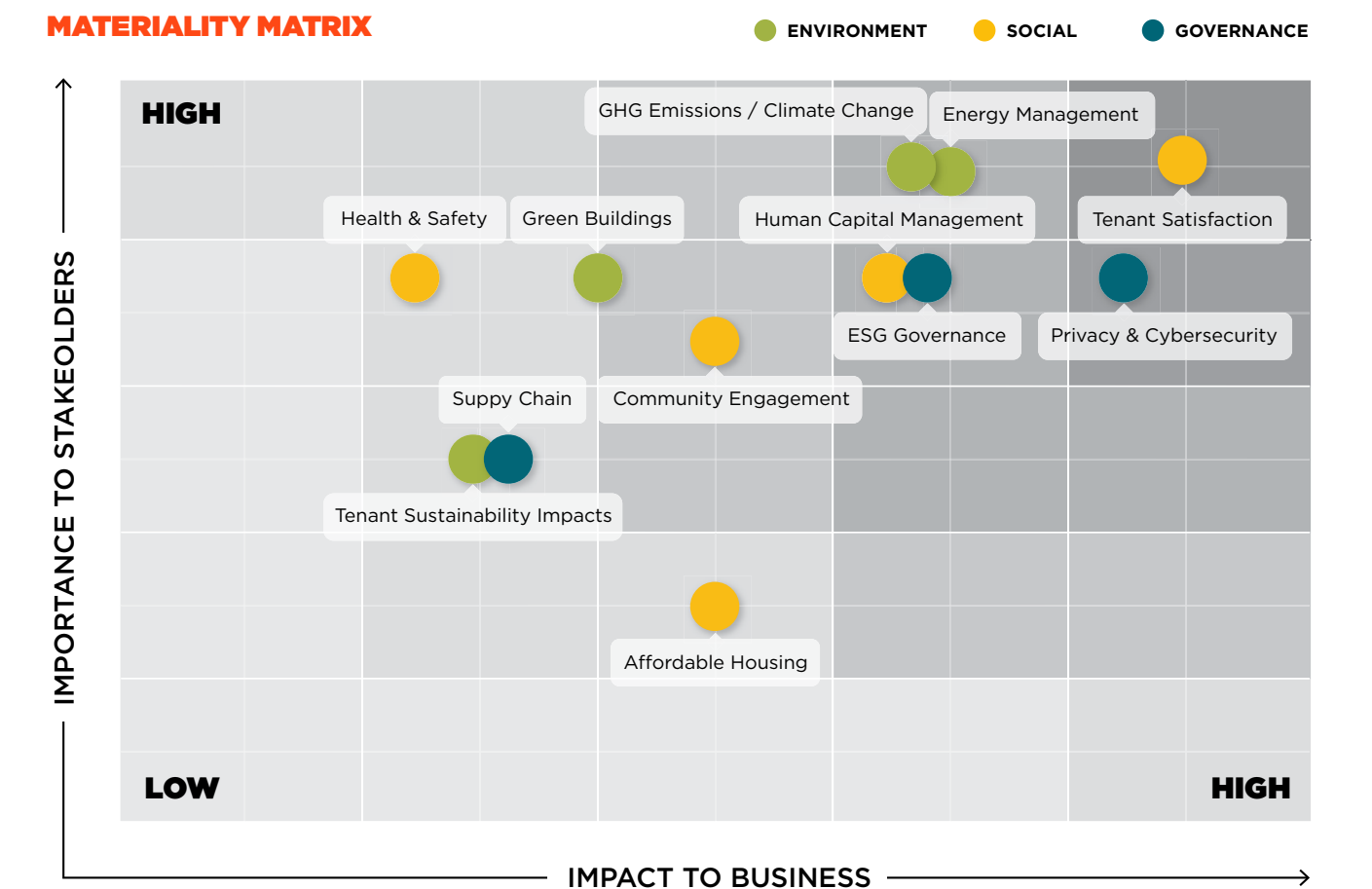
2022 saw SmartCentres complete Year 2 of the Plan. As we wrap up Year 3 in 2023 we will plan for our next three years and share with our stakeholders.

## IMPLEMENTATION ROADMAP

YEAR 1: 2021	YEAR 2: 2022	YEAR 3: 2023
<ul style="list-style-type: none"><li>• ESG Materiality Assessment</li><li>• Develop ESG Governance and Management Structures</li><li>• Establish energy data benchmark</li><li>• Develop ESG data collection and management processes</li></ul>	<ul style="list-style-type: none"><li>• Finalize ESG Strategic Plan</li><li>• Update Privacy and Cyber Security Policy</li><li>• Initiate employee satisfaction survey</li><li>• Report to GRESB</li><li>• Aim for 85% of shopping centre portfolio to be BOMA Best</li></ul>	<ul style="list-style-type: none"><li>• Develop Task Force on Climate-related Disclosure plan</li><li>• Develop portfolio-wide community engagement framework</li><li>• Greenhouse gases assessment and management plan</li><li>• Update Employee training and development program</li><li>• Energy water and waste management targets</li></ul>

# MATERIALITY ASSESSMENT

In 2021, SmartCentres conducted a Materiality Assessment, which reinforced its core ESG values of minimizing its environmental impact, promoting a diverse, skilled and highly motivated workforce, and making a positive contribution to the communities in which it operates. The assessment identified and prioritized the key environmental, social and governance factors that have the potential to drive value in our business. This helped form the basis of the ESG strategy ensuring SmartCentres is addressing all areas of concern to our stakeholders. SmartCentres’ ESG Taskforce developed a comprehensive report in 2022, which summarized our actions and achievements and set out a more focussed and streamlined strategy in order to promote robust communication and implementation of SmartCentres’ key ESG initiative. Our ESG report continues to be updated and published annually.



	CORE	ENHANCED	EMERGING
ENVIRONMENT	<ul style="list-style-type: none"> <li>Energy Management</li> <li>Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>Green Buildings</li> </ul>	<ul style="list-style-type: none"> <li>Tenant Sustainability Impacts</li> </ul>
SOCIAL	<ul style="list-style-type: none"> <li>Tenant Satisfaction</li> <li>Human Capital Management</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>Affordable Housing</li> </ul>
GOVERNANCE	<ul style="list-style-type: none"> <li>Privacy &amp; Cybersecurity</li> <li>ESG Governance</li> </ul>		<ul style="list-style-type: none"> <li>Supply Chain</li> </ul>





# ENVIRONMENT

Because our business is buildings, SmartCentres continually strives to find new methods of reducing their environmental footprint.



# GREEN BUILDINGS/ ENERGY MANAGEMENT

Efforts to reduce energy use, improve water efficiency, develop stormwater management solutions and improve waste management are core to our Energy and Waste Management Program. SmartCentres employs a third-party utility management company which provides benchmarking and performance measures, enabling management to make better informed decisions relating to energy-efficiency initiatives.

Electricity is an area of primary focus where we believe we can have meaningful impact by reducing overall consumption within the common areas of its properties.



**94%**  
of SmartCentres' retail sites are now BOMA BEST Silver certified.

BOMA BEST (from the Building Owners and Managers Association) is Canada's largest environmental and certification program for commercial buildings, recognizing excellence in energy and environmental management.

This certification involves instituting water and waste management plans, preventative maintenance programs, waste diversion programs, achieving certain standards for environmentally friendly cleaning and achieving goals related to tenant engagement with respect to these and other related programs and standards within the BOMA BEST criteria. This is all in addition to SmartCentres' properties that are already LEED certified.

Among our many energy management initiatives is the ongoing shift to LED bulbs. While all pylons were converted to LEDs over 4 years ago, we continue to transition parking lot lights to LEDs. In 2022, 4 more conversion projects were completed.





## WASTE AND WATER MANAGEMENT

Waste management and minimizing water use are areas where SmartCentres sees opportunities for reducing environmental impact.

With varying access to diversion infrastructure across Canada, we are pleased with our current **waste diversion rate** at

# 43%

We employ a variety of initiatives to keep water use to a minimum. We send tenants monthly newsletters with practical advice for improving water efficiency. Tips include looking for leaking taps and using touch free technology to reduce water consumption. We use a third-party vendor to monitor many of our sites with smart meters, which can identify uncharacteristic water consumption, allowing us to contact a tenant so they can search for leaks. In addition, SmartCentres has a mulch program to reduce water consumption on our properties.

## GHG EMISSIONS

GHG emissions were calculated using Energy Star's Portfolio Manager Technical Reference: Green House Gas Emissions.

### GHG EMISSIONS TOTAL

Scope 1 = **1,627 tCO<sub>2</sub>e**

Primarily from natural gas used to heat landlord controlled common areas.

Scope 2 = **1,879 tCO<sub>2</sub>e**

Primarily from landlord controlled electricity used to light exterior areas including parking, and common areas for storage and residential.

Total = **3,506 tCO<sub>2</sub>e**

### Alternatives to Cars

With transportation a major contributor to greenhouse gas emissions in Canada, SmartCentres is committed to being part of the solution, through developing transit-centric, walkable communities where people use their cars less.

With the significant amounts of residential density planned for our existing shopping centre portfolio, walkable communities will continue to be an important component of all future planning.



## Support for Low Carbon Mobility

Recognizing the growth of electric vehicles, SmartCentres is actively building new infrastructure to support EVs.

We received two funding contributions from the Natural Resources Canada's Zero Emission Vehicle Infrastructure Program, totaling almost \$200,000.

The funding contributions are supporting:

- Installation of 20 publicly available EV chargers at Millway Parkade, Vaughan in 2023
- Installation of 20 publicly available EV chargers in Chilliwack, New Westminster, Vaughan (New Park Place) and Surrey (Portage Parkway) by early 2025

There were 173 Level 2 and Level 3 EV Charging Stations in 15 properties across Canada averaging over 30,000 charging sessions per month by December 2022. This includes 8 Tesla Level 3 EV Charging Stations installed in Bracebridge, Ontario in 2022.



## BOMA BEST AWARDS

The BOMA BEST Awards recognize buildings and their teams for excellence in environmental management in the real estate industry. Utilizing the scoring from the BOMA BEST Program, awards are presented in the various building categories.

In the Open Air Retail Category two SmartCentres properties were recognized with BOMA BEST awards. BOMA Toronto presented an award to our Barrie North location and BOMA Quebec presented an award to our Kirkland location. Both buildings received the highest scores in their category.





# SOCIAL

People matter most for us.  
That means being an enlightened  
employer, landlord, partner and  
member of the community.



# OUR PEOPLE: HUMAN CAPITAL MANAGEMENT

SmartCentres believes in creating a workplace where everyone feels welcomed, supported and valued, a place where they know they can grow.

We offer careers in real estate with interesting and challenging work. Employees have an opportunity to work alongside the best in class real estate professionals. We also offer our employees an attractive array of benefits. On November 2022, 245 employees participated in our "Street Fair" to learn more about our SmartPerks and Benefits Program, with 20 vendors on hand to talk about their services.

Employees are offered substantial opportunities for professional development. In 2022, employees put in 1457 hours in Training & Development Programs.

We also like to have some fun with our SmartCentres Team!

- Wild Wild West Summer Barbeque
- Halloween Hullabaloo Costume Contest
- 'Tis the Season to Rock Ugly Sweater Contest

## Employee Survey

In December, 2022, HR conducted an Employee Engagement Survey, with a participation rate of 91%. The results were carefully assessed and action plans implemented, including improved family assistance programs, enhanced health spending accounts and flexible work hours.

## EMPLOYEE SNAPSHOT

**430**

**Total  
Employees**

**418**

**Full-time  
Employees**

**52%**

**Women  
Employees**

**13%**

**Employees  
Promoted**

**56%**

**of Promotions  
Were Women**



## Employee Diversity & Inclusion

As set out in the diversity policy, SmartCentres is committed to fostering an inclusive and diverse 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 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.

### Some of the practices SmartCentres has adopted to protect against barriers to inclusion include:

- all people managers have been trained in fair selection processes, including specific training on structured interviewing techniques;
- SmartCentres periodically reviews its performance review process, promotion practices and compensation structure for bias and hidden barriers – the most recent review of SmartCentres' compensation structure, performance review process and historical data on promotions by the Ontario Pay Equity Commission found them to be in order and free of gender bias;
- SmartCentres has a robust Talent Management program in order to identify high-potential individuals early in their careers and develop their careers. Currently, 5 of the 10 (50%) candidates in this group are women;
- there is an internal committee comprised of the executive management team that regularly reviews gender diversity at senior levels of the

organization to ensure there are no roadblocks to advancement within any function at the organization;

- several employee programs support the needs of SmartCentres' diverse population, including parental leave programs, flexible work arrangements, including a work from home policy, employee assistance program, and a company wellness program that is integrated into daily work and meets family needs;
- and internal events are organized to celebrate different cultural traditions and important dates, such as International Women's Day, National Day for Truth and Reconciliation, and charitable giving at SmartCentres includes recognition of charities focused on the needs of diverse groups.

At SmartCentres, women comprise 52% of the total workforce (224 of 430). There is currently one female executive officer and numerous women have made significant progress internally and achieved senior level positions.





# HEALTH AND WELLNESS

Along with our benefit programs, SmartCentres proactively supports the health and wellbeing of our employees through our wellness programs.

We offer parental leave programs, onsite health and wellness coordinator, meditation, walking club, flexible work arrangements, including a work from home policy and a company wellness program that includes considerations for meeting family needs.

In November we held a flu shot clinic on site. As of December 8, 2022, we began offering chiropractic services on site.

Employees are also offered opportunities to learn and develop their careers, further benefiting their mental wellness. Programs such as; Accelerated Learning, Effective Managerial Leadership, Influencing and Negotiating Workshops.

## Health and Safety

0

**Lost Time  
Accidents**

100%

**Sit/Stand Desk  
Requests Met**

75%

**of Employees  
Participated in Annual  
Flu Shot Clinic**

100%

**Work Station  
Checks for COVID  
Requirements**

100%

**of Employees and  
Their Families Have  
Access to our Employee  
Assistance Program**

# OUR TENANTS

SmartCentres is proud to be associated with tenants who represent an impressive array of some of Canada's most respected companies.

## Top 10 SmartCentres National Tenants




## Satisfaction Survey

It is crucial for SmartCentres to maintain communications with our tenants to ensure we maintain our high levels of satisfaction. We are currently conducting a detailed review of the 2022 survey. Early results tell us that we should continue our focus on enhancing customer service through enhanced communication.

In 2022 we continued with our communication of the seasonal SmartOps newsletter shared with all tenants that includes tips on maintenance and energy conservation practices.



# OUR COMMUNITIES

SmartCentres respects our neighbours and is committed to being an important contributor in all the communities in which we operate. We are proud that our employees give of their own time to help their neighbours.

## Public Health

SmartCentres was proud to support the fight to control Covid. As part of an ongoing program to support public health, SmartCentres offered vacant large box spaces free of charge to hospitals for vaccination centres and for needed storage. Seven networks in Ontario and Quebec took advantage of the offer, as did one in Western Canada. One of our vacant units hosted the largest vaccination centre in Waterloo Region.

## Helping People Changing Lives Volunteer Program

In July 2022, we created and implemented a volunteer program we call “Helping People Changing Lives” which saw 33 of our employees participated in 2022, putting in 264 volunteer hours for charities such as Big Brothers/Big Sisters, Scott Mission, Moisson Montreal (Canada’s largest foodbank), Jeunesse au Soleil, Canadian Ski Patrol, St. Clare of Assisi Church.

SmartCentres and our employees participated in a series of charity and community events:

- Ride for Brain Health
- Road Hockey to Conquer Cancer
- City of Vaughan/CP24 Christmas Wish Toy Drive
- City of Vaughan Food Drive
- Make-A-Wish® 48-hour ride (Québec). We raised approximately \$6,000 as our contribution to a hugely successful event
- York University Job Fair
- Montréal-Nord’s “Green to Beautify” Program

## Supporting the Next Generation

SmartCentres was a sponsor at York/Schulich **Developers’ Den Competition**, Canada’s longest running and most prestigious Real Estate Case Competition, now in its 12th year. The competition has MBA student teams work on a real-life development scenario and come up with a full re-development plan and pro forma for a site.





## URBAN PROGRAMMING

### Vaughan Metropolitan Centre Community

SmartCentres has hosted numerous community events at our flagship 105-acre master-planned community, SmartVMC. Past events included an international food truck festival, movies under the stars, engaging artistic murals, the Vaughan International Music Festival, free concerts in the square with the City of Vaughan, and Canada's largest walk-through holiday tree, which towered 34 metres at the Transit Square Park at the VMC subway station and boasted 70,000 LED lights.







# GOVERNANCE

SmartCentres is committed  
to the highest standards of  
Corporate Governance.

# BOARD OVERSIGHT/ MANAGEMENT ACCOUNTABILITY FOR ESG

The Board of Trustees have constituted an ESG sub-committee, which is a sub-committee of the Audit Committee. Two senior officers have been charged with overseeing the day-to-day progression and implementation of SmartCentres' key ESG initiatives within its strategic plan. These officers have formed an ESG Taskforce comprised of senior representatives from all functional departments within SmartCentres. The ESG Taskforce is responsible for execution of the strategic plan and reports on a regular basis to the Executive Committee and the Executive Chairman. The Executive Committee provides ESG updates to the ESG sub-committee on a quarterly basis.

## BOARD COMPOSITION AND DIVERSITY

As set out in the diversity policy, the Board should be comprised of individuals who collectively possess all of the competencies and skills necessary to enable the Board to properly perform its responsibilities. Each Board member should be highly qualified with the necessary expertise, experience, knowledge and personal qualities to enable that individual to make a significant contribution to the Board. SmartCentres also values a diversity of experiences in the composition of our Board, and our Trustees come from a variety of different business backgrounds.

The composition of the Board should also take into account SmartCentres' commitment to diversity. Gender diversity is a significant aspect of diversity and, accordingly, SmartCentres' aspiration was that women comprise at least 30% of its independent Trustees by the annual meeting of Unitholders in 2022 – a target that we exceeded. Currently, the Board has three female Trustees, representing 37.5% of the Trustees and 50% of the independent Trustees. One Trustee identifies as a member of a visible minority, representing 12.5% of the Trustees.

The Board annually assesses and reports on the diversity of Board members, including the number and percentage of female Trustees. In addition, the Corporate Governance and Compensation Committee maintains an evergreen list of potential candidates for the Board. At this time a majority of the candidates on that list are women.

During the first quarter of 2023, the Board took several steps to improve its composition and the

composition of various committees, as well as to enhance SmartCentres' corporate governance practices generally. These include the establishment of a standing Independent Committee of the Board to review all related party matters. The Board also approved the adoption of a term limit of 15 years for all newly elected Board members. The composition of the Corporate Governance and Compensation Committee of the Board was also adjusted to include only independent Trustees. In addition, amendments were made to the CEO's employment agreement to require higher minimum ownership of SmartCentres REIT units, including during a post-employment period of at least one year.

### SNAPSHOT

**37.5%** Women

**12.5%** Visible Minority





# INTEGRATION OF ESG INTO COMPENSATION

SmartCentres' executive compensation program is designed to provide commensurate reward for services rendered and appropriate incentive for the senior management team to implement both short-term and long-term strategies aimed at increasing Unitholder value and creating economic value for SmartCentres. SmartCentres' executive compensation strategy is therefore significantly weighted towards pay-for-performance components.

Throughout 2022, SmartCentres monitored and reviewed the metrics, targets, and weightings to ensure they remained appropriate and focused on key priorities to ensure SmartCentres' performance was maintained in the current market environment. ESG considerations are part of the assessment process, are factored into all employee bonuses and constitutes 10% of the REIT's overall targets.

# UNITHOLDER ENGAGEMENT

In 2022 and 2023, the board met and sought feedback from our top institutional unitholders to gather feedback on matters of interest. When reasonable and warranted, we incorporate unitholder concerns into our future decision-making processes and plan to maintain an ongoing dialogue with our unitholders.



Illustration is artist's impression. E. & O.E.



## BUSINESS ETHICS

The Board has adopted a written code of conduct for the Trustees and a written code of conduct for officers and employees of SmartCentres and its subsidiaries.

The Board monitors compliance by having the Trustees and the officers and employees of SmartCentres and its subsidiaries annually certify that they have read and complied with the Trustee Code of Conduct or Code of Conduct for Employees, as applicable.

The Audit Committee has also adopted a “whistleblower” policy that sets out procedures which allow Trustees, directors, officers and employees of SmartCentres and its subsidiaries to file reports on a confidential and anonymous basis with the appropriate arm’s length third parties regarding any concerns about accounting, internal accounting controls or auditing matters.

Over the years, we have developed a comprehensive set of policies that govern corporate ethics and culture at SmartCentres. The Board reviews and updates these on a regular basis. All Trustees, company officers, and employees are required to sign an annual attestation that they understand and will comply with these policies.

### Our ESG-related policies:

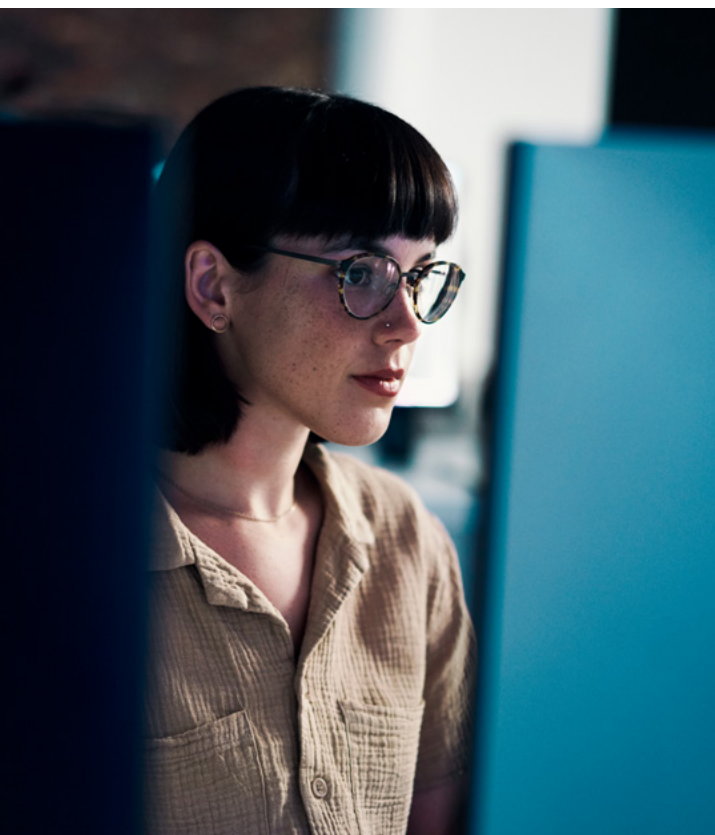
- Board Charters
- [Declaration of Trust](#)
- [Code of Business Conduct for Trustees](#)
- [Code of Business Conduct for Employees](#)
- [Conflict of Interest](#)
- [Insider Trading](#)
- [Majority Voting Policy](#)
- [Offering and Accepting Gifts](#)
- [Whistleblower Policy](#)
- [Corporate Social Responsibility Statement](#)
- [Diversity Policy](#)
- [Accessibility Policies and Multi-Year Accessibility Plans](#)
- [Privacy and Protection of Personal Information](#)



# PRIVACY AND CYBERSECURITY

SmartCentres is keenly aware of the ongoing challenges of maintaining cybersecurity and protecting privacy. As such, we regularly update our privacy and cybersecurity policies and are committed to ongoing scrutiny and improvements as needed.

We continue to work on improving our Centre for Internet Security (CIS) score by; investing in preventive and detective technologies, improving the security knowledge within our people, proactively finding and resolving privacy risks and building our incident response capabilities.



# RISK MANAGEMENT

To formalize its risk management from a widened ESG perspective, SmartCentres conducted a portfolio-wide review of its open-air shopping centres, at the asset level. With third party support and opinions, key risks were designated and assessed in areas including natural and environmental hazards, building safety and materials, energy use, water use, waste management, socioeconomic integration, and transportation. This review will be the basis of further in-depth risk monitoring and mitigation.

The Board has the responsibility to understand the principal risks of the business in which the Trust is engaged, to achieve a proper balance between risks incurred and the potential return to unitholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Trust.

SmartCentres has a robust internal audit practice which helps identify key risks - financial and otherwise - and tests the effectiveness of internal controls.



**SMARTCENTRES<sup>®</sup>**  
REAL ESTATE INVESTMENT TRUST

[SMARTCENTRES.COM](http://SMARTCENTRES.COM)