



**Environmental, Social  
& Governance Report**



# ABOUT THIS REPORT

SmartCentres is pleased to present its 2023 Environmental, Social and Governance Report (“ESG Report”). This is the third annual ESG Report issued by SmartCentres REIT. As such, it reflects the considerable progress, actions, and performance taken on Environmental, Social and Governance (“ESG”) topics by SmartCentres, its subsidiaries and business units for the calendar year ended December 31, 2023.

The mandate of the ESG Sub Committee of the Audit Committee of the Board includes oversight of the ESG program, and as such, this Report was reviewed and approved for disclosure by the ESG Sub Committee.

The intended audiences of this report are tenants, residents, employees (“Associates”), investors, research analysts, our partners, and the municipalities and governments where we operate.

We continue on our journey to align with the Taskforce for Climate-related Disclosures (TCFD) recommendations to ensure we are ready for expected mandatory, standardized future ESG reporting requirements. For more information on our TCFD alignment, see [Risk Management](#).

Included in this report are indicators from the Sustainability Accounting Standards Board (SASB) Real Estate, and Home Builder’s Standards. For further information, refer to the [Supplemental Disclosures](#).

Within tables, there may be some discrepancy due to rounding practices.

Unless otherwise indicated, all currency is in Canadian dollars.

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## Contact Us

We welcome questions or feedback on information provided in this report. Please contact [sustainability@smartcentres.com](mailto:sustainability@smartcentres.com) or visit our website at [smartcentres.com](http://smartcentres.com) for more information.

## Reporting Scope and Boundaries

This report addresses material ESG topics for SmartCentres, as defined by investor standards and our stakeholder outreach. ESG metrics represent data collected for all properties owned by SmartCentres during the reporting year.

Where metrics are presented by gross leasable area (“GLA”) at “100% share”, the total GLA of individual properties is applied, and where presented at “ownership share”, GLA included is the portion of the total GLA represented by SmartCentres ownership interest in the property.

Environmental metrics have been generated by SmartCentres’ utility data management system, including GHG emission estimates, electricity, heating fuel, water, and waste consumption.

This report follows the operational control approach for Greenhouse Gas (GHG) reporting, as defined by the “Greenhouse Gas Protocol”. Operational control being defined as an organization (within this report, SmartCentres) having the authority to introduce and implement operating policies at the operation.

Environmental performance data, including energy usage, water consumption, waste output and greenhouse gas emissions (“GHG”) was verified externally by RiskCheck to a limited level of assurance, in accordance with ISO 140643:2019.

All data and initiatives presented in this report (unless otherwise indicated) were conducted or completed during the reporting period of January 1, 2023 – December 31, 2023.

## 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.



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# MESSAGE FROM THE EXECUTIVE CHAIRMAN AND CEO



At SmartCentres, we take the long view. For over 30 years our guiding principles have been delivering value and convenience to the communities where we operate. Creating lasting value for the towns and cities in which we operate, for our tenants, our neighbours and for our Unitholders.

Environment, social and governance (“ESG”) is woven into the fabric of our organization. It is a part of how we oversee our business, interact with our tenants, and engage our employees and communities.

Building on the materiality assessment we conducted in 2021, we continue to accelerate our ESG implementation plan. This report documents many of our key initiatives and accomplishments, along with forward looking commitments for how we will continue to embed our ESG strategy into our business.

We know that we all must do our part to address the climate crisis and SmartCentres takes this responsibility seriously. Last year, we launched initiatives to evaluate how low carbon technologies, like district energy, geothermal and solar initiatives could support our business as part of the transition to the low carbon economy. We also increased our understanding of our environmental impact by increasing our tenant data collection for energy and GHG emissions. We completed studies to identify how climate-related risk will impact our business and in 2024, launched projects to quantify GHG emissions that result from our developments. We will use what we have learned to understand how best to be cost efficient in meeting the challenges associated with climate change.

Ultimately, our business focuses on people and the communities they live in, taking care of them in the short and long term remains a priority. As an organization, we continue to action the recommendations identified in our employee survey, improve our employee support through health and well-being programs, and create a workplace that is inclusive, diverse and equitable, and fosters a sense of belonging. Our SmartLiving initiative contributes to building more livable and holistic communities. By transforming shopping centres to city centres, we are bringing transit-oriented affordable homes to local communities, making a better lifestyle attainable to Canadians.

Looking forward, ESG will continue to be ingrained in everything we do: from how we recruit and engage our employees, to how we engage with our tenants to support them in meeting our mutual ESG goals, and in looking at how we operate to meet changing markets demands. We look forward to working with our tenants, employees, and investors as we advance our ESG journey.

**Mitchell Goldhar**  
Executive Chairman and CEO





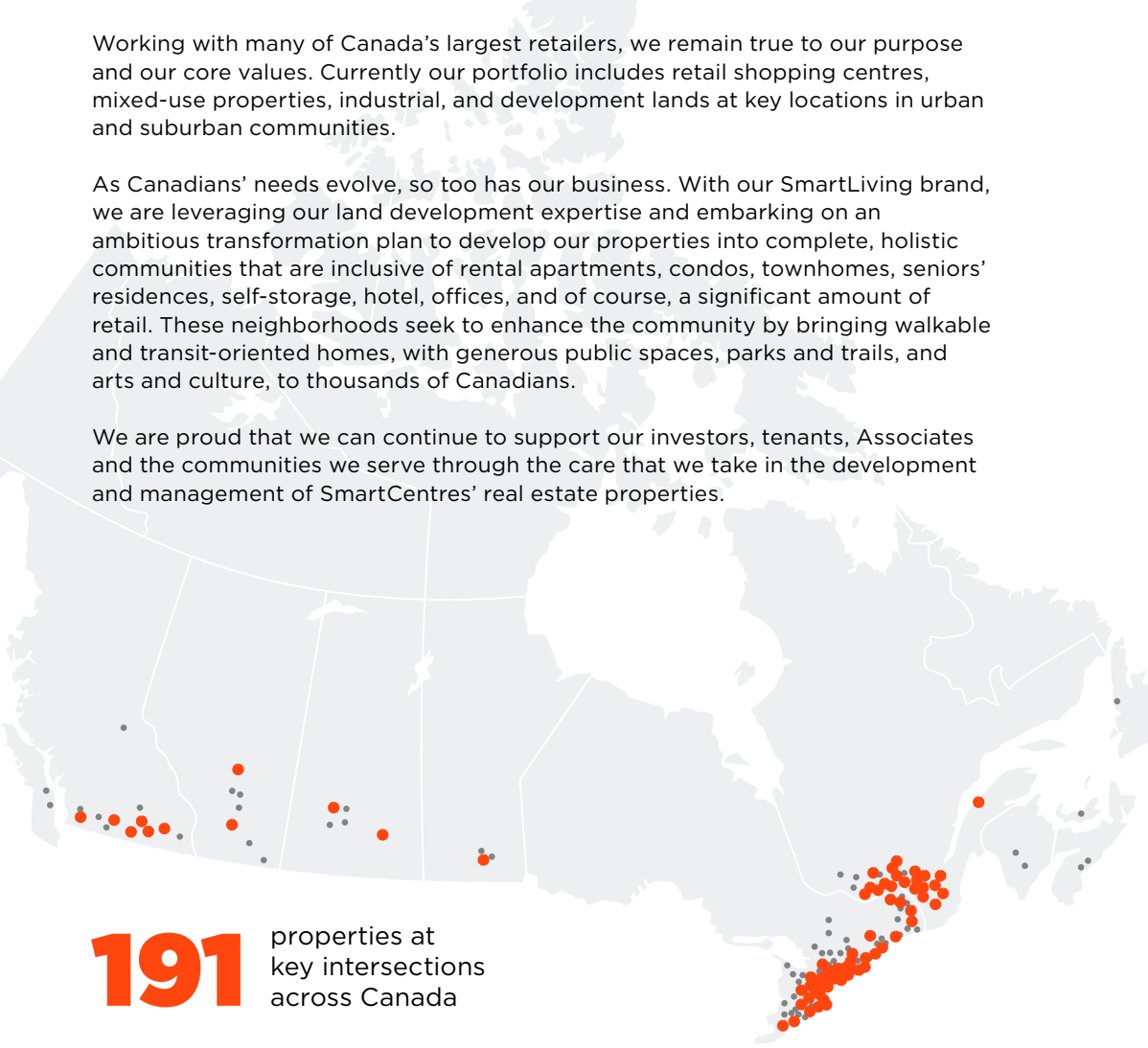
# About Us

SmartCentres was founded over 30 years ago with a vision of building better, more affordable communities across Canada through enhancing access to convenient, value-oriented retail options.

Working with many of Canada's largest retailers, we remain true to our purpose and our core values. Currently our portfolio includes retail shopping centres, mixed-use properties, industrial, and development lands at key locations in urban and suburban communities.

As Canadians' needs evolve, so too has our business. With our SmartLiving brand, we are leveraging our land development expertise and embarking on an ambitious transformation plan to develop our properties into complete, holistic communities that are inclusive of rental apartments, condos, townhomes, seniors' residences, self-storage, hotel, offices, and of course, a significant amount of retail. These neighborhoods seek to enhance the community by bringing walkable and transit-oriented homes, with generous public spaces, parks and trails, and arts and culture, to thousands of Canadians.

We are proud that we can continue to support our investors, tenants, Associates and the communities we serve through the care that we take in the development and management of SmartCentres' real estate properties.



**191** properties at key intersections across Canada

## 2023 Business Highlights

**35.0M** **SQ.FT.** of income-producing properties

**\$11.9B** total assets

**98.5%** industry-leading committed occupancy

**24%** revenue from Walmart, largest retailer in the world

**54.0M** **SQ.FT.** of future mixed-use development already zoned

**\$15B** intensification program



# OUR JOURNEY: FROM SHOPPING CENTRE TO CITY CENTRE

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.



**WALMART JOINT VENTURE WITH SMARTCENTRES**

JV partners in 100 shopping centres

**1999**



**PENGUIN PICKUP CONCEPT IS INTRODUCED**

**2014**

**SMARTCENTRES' STRATEGIC FOCUS EVOLVES TO MIXED-USE DIVERSIFICATION**

**2016**



**SMARTCENTRES PUBLISHES CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Affirms the REIT's commitment to good corporate governance principles



**SMARTCENTRES LAUNCHES SMARTLIVING**

Residential growth becomes a strategic priority

**2019**



**SMARTCENTRES PUBLISHES FIRST CORPORATE SUSTAINABILITY REPORT**

Highlighting the REIT's ESG achievements



**SMARTVMC ACQUIRES \$513M SMARTVMC WEST LANDS**

Doubling the REIT's interest in the flagship development

**2022**

**1989 - 1994**

**MITCHELL GOLDHAR HELPED BRING WALMART TO CANADA**

Ultimately developing 176 Walmart stores in Canada



**2003**

**FIRST TRANSACTION WITH CALLOWAY REIT**

(CWT assets \$100M)



**2015**

**CALLOWAY REIT & SMARTCENTRES MERGE**

Development platform moves to the REIT, *excluding Mitchell Goldhar*



**2018**

**SMARTCENTRES BEGINS FORMING DIVERSIFIED JV PARTNERSHIPS**

SmartStop | Simon Property Group | Fieldgate Homes Greenwin | CentreCourt Cogir | Jadco

**2020**

**SMARTCENTRES ANNOUNCES TRANSFORMATION PLANS**

\$16B transformation of existing properties 'From Shopping Centres to City Centres'

Condos | Apartments | Townhomes Seniors Residences | Hotels | Storage Offices | Retail | Industrial

**2023**

**SMARTCENTRES CONTINUES TO DELIVER**

Self storage portfolio reaches 1M sq. ft.

Transit City 4 & 5 Condos

The Millway Apartments





# 2023 ESG HIGHLIGHTS & ACHIEVEMENTS

## Environmental

**90%**

of retail properties achieved **BOMA Best Gold** certification

**231**

Electric vehicle charging stations across the portfolio

**46%**

tenant controlled areas energy data coverage, **improved from 4% previous year**

## Social

**51%**

of all Associates are women

**1,200**

Volunteer hours donated to local charities

**7.2 YEARS**

of average Associate tenure

## Governance

**38%**

of Board directors are women

**75%**

of Board directors are independent

**25 POINT INCREASE**

in **2023 Global Real Estate Sustainability Benchmark score** over previous 2022 submission<sup>1</sup>

<sup>1</sup> All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses, or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.



# Our Approach to ESG

**ESG continues to be ingrained in everything we do; from how we recruit and engage our Associates, to how we engage with our tenants to support them in meeting our mutual ESG goals, and in our disciplined approach to portfolio management and growth through intensification.**

At SmartCentres, we are committed to integrating ESG considerations across our organization: in our retail platform, in our developments, and within our communities to enhance value to our stakeholders, today and for future generations. We embed sustainability into all aspects of the organization through ESG-specific corporate Trust Targets, which are linked to the remuneration of all Associates.

We are committed to ensuring that material ESG topics are managed through our internal corporate processes. ESG considerations are woven into how we do business and include ESG topics such as diversity, gender pay equity, cyber risk, enterprise risk management, sustainability, net zero, and climate risk considerations.



SmartVMC South Block Rendering, Vaughan ON





# ESG OVERSIGHT

SmartCentres has a longstanding commitment to conduct our business in a manner that is ethical, transparent, and accountable to our investors and other stakeholders.

Governance and oversight of SmartCentres' approach to ESG and sustainability are embedded at the Board of Trustee-level through the ESG Committee as a Sub Committee of the Audit Committee ("ESG Sub Committee"). All material environmental and social risks are overseen through consideration of ESG factors, impacts, approaches and opportunities when reviewing and approving SmartCentres' strategic plan and key initiatives.

The ESG Sub Committee provides oversight and is regularly informed of material ESG-related matters. The EVP, Portfolio Management & Investments holds Senior Executive responsibility for the management and implementation of the Trust's ESG strategy and is supported by a cross-functional ESG Taskforce.

ESG and climate-related risk and opportunities are changing how we conduct our business. We continue to increase our internal expertise and awareness of ESG issues through our onboarding training processes, formal sustainability standards training, externally facilitated workshops, and one-on-one conversations. We continue to educate our Associates on our ESG strategy and various ESG topics including cyber security, climate change and Diversity, Equity, Inclusion and Belonging, among others.



SmartVMC Future State Rendering,  
Vaughan ON



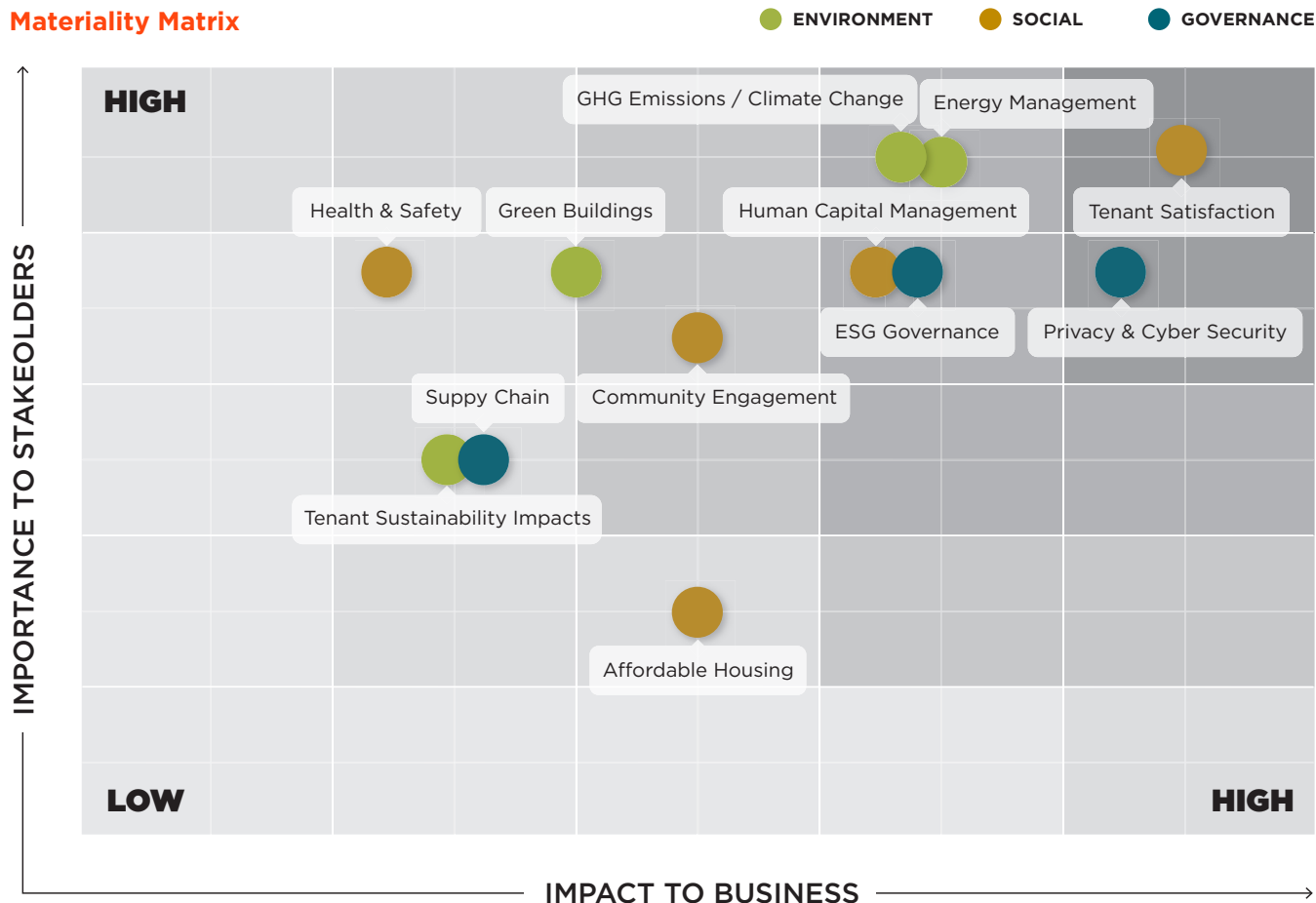
# ESG STRATEGY

In 2021, SmartCentres conducted a Materiality Assessment, which helped form its three-year ESG Strategy and 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 we operate.

The Assessment identified and prioritized the key environmental, social and governance factors that have the potential to drive value in our business, including green building certifications, tenant engagement, and cyber security considerations.

Our three-year ESG strategy is guided by our ESG Sub Committee and is being implemented through a cross-functional ESG Taskforce with representation from all departments: HR, Construction, IT, Engineering, Land Development, Operations, Leasing, Legal, Sustainability, Marketing, Accounting and Risk Management.

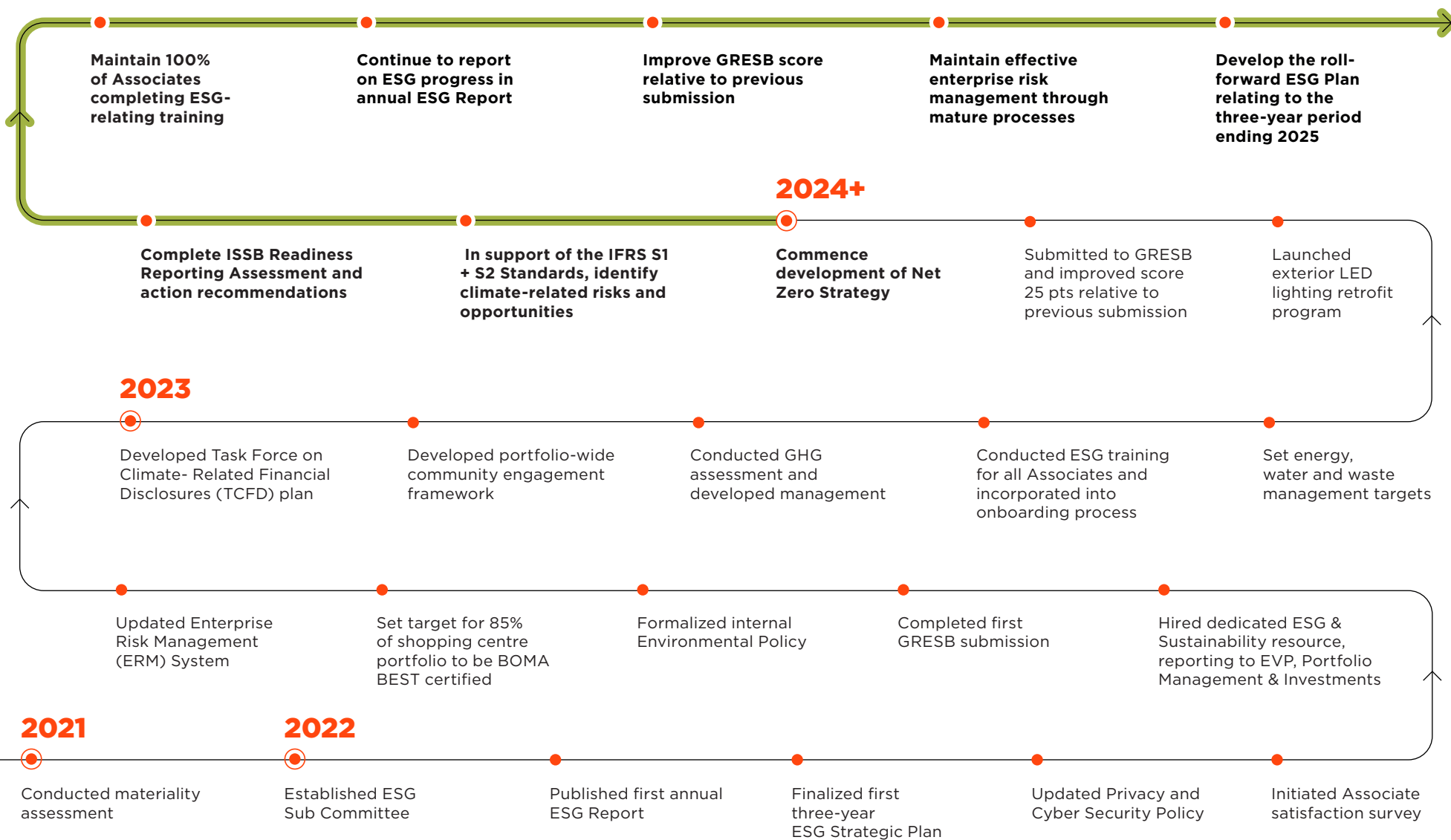
Materiality Matrix





# ESG JOURNEY

We maintain a three-year rolling plan and update our ESG strategy on an annual basis. Outlined below are the highlights and achievements of our ESG journey.



# OUR 2024 TARGETS





# Environmental

SmartCentres continually strives to reduce our environmental footprint.



SmartVMC South Block Rendering,  
Vaughan ON





# OUR APPROACH

## Operations

**At SmartCentres, we are committed to protecting the environment.**

To support the reduction of GHG emissions at our sites, we have set and reached targets for green building certifications, LED lighting conversions, and EV charging.

We measure our energy and water consumption, monitor waste diversion and use environmental data to track and improve the efficiency of our properties.

By working with our tenants, property management teams and our partners, we have increased our landlord controlled and tenant controlled data coverage. In alignment with market best practices, we are enhancing our ESG data management processes through the adoption of a controls-based approach. We continue to formalize our internal data management processes to ensure that we are accurately tracking, disclosing, and managing our environmental footprint.

We continue to evaluate how best we can work with our tenants to meet our mutual energy and GHG emission reduction targets by supporting initiatives including energy efficiency, fuel switching, on-site solar energy or geothermal systems.

At VMC, we have two LEED Gold buildings that are designed to meet high sustainability standards, including efficient energy use, waste management and water management. Residents are within steps of transit lines, including the TTC's Vaughan Metropolitan Centre subway station, reducing the need for travel by car and cutting greenhouse gas emissions. SmartVMC is pedestrian friendly, with a YMCA, a library, daycare and a future 9-acre park at the centre.

We continue to evaluate how the applicability of sustainable financing options like sustainability linked loans and green bonds for low carbon technologies like district energy and geothermal could benefit our business.



SmartCentres Whitby, ON



SmartVMC, Vaughan ON



# CLIMATE CHANGE

**At SmartCentres, we are committed to doing our part to reduce our contributions to climate change. Reducing our GHG emissions across our portfolio is important to our tenants, our customers and our investors.**

We continue to reduce our GHG emissions by implementing lower carbon technologies such as efficient rooftop HVAC units and by working with our tenants to coordinate planned improvements.

In 2022, we determined the baseline Scope 1 and 2 GHG emissions of our existing properties, which were largely retail locations, under our operational control. Based on this assessment, the largest contributor to emissions within our control was from exterior lighting. To reduce these emissions, we continue to action an LED retrofit program and we have completed LED lighting upgrades at 46% of the GFA at our retail locations.

We are working with our tenants to identify how we can work together to ensure we have a robust data collection, management and sharing process to support our mutual goals. Our tenants have strong public commitments to meet net zero. Specifically, over half of our retail GLA is committed to net zero by 2050 or sooner.

**55%** of retail/tenant portfolio committed to net zero by 2050

We continue to make progress on quantifying our Scope 3 emissions that result from our tenant controlled spaces. We have engaged external support to quantify our material Scope 3 emissions, and identify how we can best support our tenants to meet their net zero commitments.

The journey to reducing our GHG emissions from our operations and development activities are continuing to mature for SmartCentres as we look to expand our understanding of climate related emissions associated with our tenant controlled spaces, and emissions associated with the embodied carbon from our growing development pipeline.

Looking forward, we will continue to work with our tenants to ensure we are supporting their net zero goals.







SmartCentres Calgary SE, AB

ENVIRONMENTAL

# ENERGY AND EMISSIONS

## Energy Management

Across our portfolio, energy consumption at our properties can be broken into landlord and tenant controlled areas:

**Landlord controlled area** refers to areas where SmartCentres has operational control in implementing changes to the area (e.g. common areas in retail plazas) and exterior lighting (e.g. parking areas)

**Tenant controlled area** refers to areas where SmartCentres' tenants have operational control in implementing changes to the area (e.g. tenant occupied space)

## GHG Emissions

### Scope 1

GHG emissions from natural gas systems used to heat space under landlord operational control

### Scope 2

GHG emissions from purchased electricity under landlord operational

### Scope 3

GHG emissions from tenant controlled energy consumption

*Note: GHG emissions calculations follow the Greenhouse Gas Protocol Standards and ISO 14064-1:2018. Primary data came from utility bills detailing energy usage.*

*SmartCentres leases two vehicles for Associate use that are excluded from portfolio GHG emission estimates.*

For our existing properties, the largest source of energy related GHG emissions result from the energy used for heating, cooling and power from tenant controlled areas.



ENVIRONMENTAL

# Energy and Emissions Performance

	2023		2022 <sup>1</sup>	
Energy (ekWh)	Total Consumption	Data Coverage	Total Consumption	Data Coverage
Landlord Controlled	77,596,414	94%	76,754,545	85%
Tenant Controlled	456,996,132	46%	29,039,923	4%
<b>Total Energy</b>	<b>534,592,545</b>		<b>105,794,468</b>	
GHG Emissions (metric tonnes CO <sub>2</sub> e)				
Scope 1	5,452	94%	4,829	81%
Scope 2	2,997	94%	3,419	89%
Scope 3	47,151	46%	2,103	4%
<b>Total GHG Emissions</b>	<b>55,600</b>		<b>10,351</b>	

<sup>1</sup>Reported GHG emission estimates for 2022 increased as a result of improved data coverage, additional assets coming into operations, and a change in calculation methodology from reporting proportional ownership share to reporting total asset emissions.



SmartCentres Leaside, Toronto ON







SmartCentres Markham Woodside, ON

## ENVIRONMENTAL

# INITIATIVE: LED RETROFIT

In 2022, a portfolio-wide energy efficiency study concluded that exterior and parking lot lighting is a significant contributor of electricity consumption and GHG emissions within SmartCentres landlord controlled areas.

To reduce landlord controlled electricity consumption, SmartCentres launched a portfolio-wide LED lighting retrofit that targeted 160 properties<sup>1</sup>. In addition to reducing our electrical and GHG emissions, these upgrades reduce lighting maintenance costs, enhance the light aesthetics, and improved visibility at our properties.

In 2023, the program continued and to date we have completed LED retrofit for exterior lighting at 95 properties, with plans to retrofit a further 31 properties in 2024 and the remaining sites in 2025.

Overall, this program has successfully reduced our emissions by an average of 15% in 2023 compared to 2022 emissions.

<sup>1</sup>Excludes retail sites that are targeted for full- or near-term redevelopment.

**15%** reduction of our electricity consumption at retrofitted properties





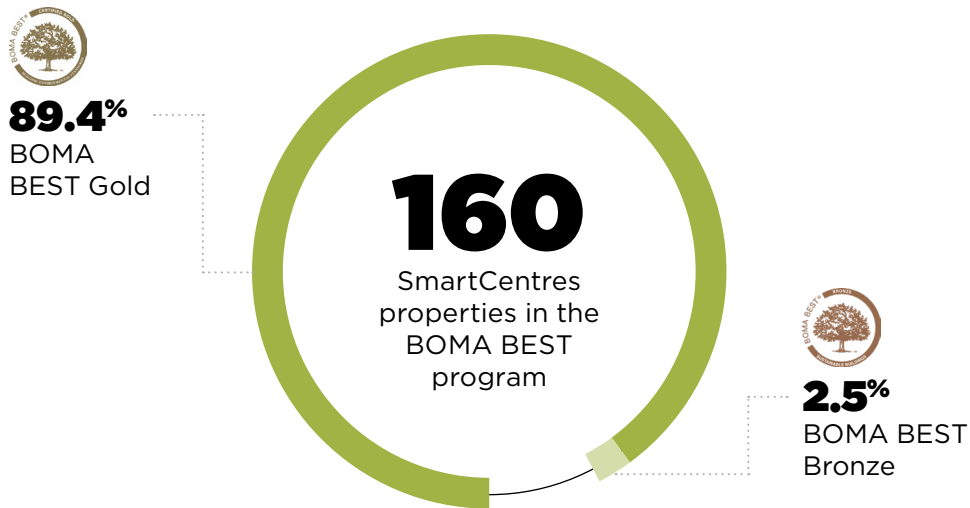
ENVIRONMENTAL

# BUILDING CERTIFICATIONS

Green building certifications provide third-party external validation of our efforts to achieve excellence in energy and environmental management practices.

BOMA BEST is Canada's largest environmental and certification program for commercial buildings. The BOMA Best program provides landlords with a framework for assessing the management and performance of existing buildings through a review of energy, water and waste management plans, preventative maintenance programs, waste diversion programs, standards for environmentally friendly cleaning and the implementation of tenant engagement practices.

In 2023, 90% of SmartCentres' retail properties achieved BOMA Best Gold certification. This important milestone was achieved through the BOMA BEST Portfolio Stream, which enables a portfolio of buildings to achieve and maintain certification through rotating property-level verification in addition to company-wide policies and practices.



In addition to our BOMA BEST certifications, SmartCentres has built two CAGBC LEED (Leadership in Energy and Environmental Design) certified office assets. LEED is a globally recognized certification of sustainability excellence and green building leadership.



# WASTE AND WATER MANAGEMENT

As a leading owner and operator of value-oriented open air shopping centres, seeking out continuous, incremental improvements is in our DNA. Through this lens, both waste and water management represent opportunities to work with our tenants to reduce our environmental impacts.

## Water

To reduce water use across our portfolio, a variety of initiatives have been implemented including:

- The installation of low flow toilets and faucets
- Smart sensors and controls to monitor outdoor drip/root-fed irrigation for landscaping
- Smart meters to identify uncharacteristic water consumption
- The planting of native and drought-resistant species
- Monthly tenant newsletters including practical water efficiency tips

### Portfolio Total Water Consumption (m<sup>3</sup>)

Tenant controlled water for 2022 was not available. In 2023, through working with our tenants, we expanded our data coverage to above 35% for tenant controlled utility meters. The result was consumption of 4.23 million m<sup>3</sup> of tenant controlled water consumption.

### Landlord Controlled

2022

247,812

2023

234,927

## Waste

Incorporating responsible waste practices into our operations is core to SmartCentres' commitment to reduce our environmental impacts. In 2021, we implemented waste management practices and guidelines in line with BOMA BEST 3.0 standards which are to be adhered to at SmartCentres locations.

2022 Waste Diversion

43%

2023 Waste Diversion

45%

Through collaboration and communication, we encourage our tenants and contractors to improve overall waste efficiency and reduce waste output at our shopping centres.

We engage with our tenants through monthly newsletters on reuse, reducing, and recycling waste. We also encourage our vendors to develop purchasing policies and initiatives that reduce waste as a result of source packing and by investing in products that have longer useful lives.

Many of our tenants have implemented their own waste management initiatives. For example:

- Walmart is committed to zero food waste to landfill by 2025 and is progressing on this goal using discounting and food donation programs
- Staples accepts office electronics for free recycling
- LCBO achieved an 81% waste diversion for retail service waste







SmartCentres Blainville, QC

## ENVIRONMENTAL

# DEVELOPMENTS

SmartCentres is committed to developing mixed-use communities that prioritize people and the planet in the built environment. The scale of our development pipeline, standing at 45 million square feet, highlights the importance of considering how our development strategy will impact climate change. We continue to strive to develop buildings to high standards of energy efficiency to reduce the operational emissions from our buildings.

Our developments are built around fast and frequent public transit, ensuring residents can get to where they need to go while reducing emissions from transportation. We are creating walkable, pedestrian-friendly communities, that put nature and green space at the heart of our design.

In 2023, we began creating our sustainable development framework, which will standardize our process for evaluating ESG considerations like vendor diversity practices and climate change through our development process. We have also begun to consider the embodied carbon associated with our developments and engaged leading external experts to provide guidance on the quantification of emissions associated with our developments. This work will continue in 2024 with a life cycle assessment (LCA) study on two representative assets within our development pipeline.

As SmartCentres accesses new capital, we will continue to seek options that support our ESG objectives. We will also work closely with our lenders and other stakeholders to ensure the best possible financial metrics.





ENVIRONMENTAL

# SPOTLIGHT: PAULA BUSTARD EVP, DEVELOPMENT

Introducing Paula Bustard, Executive Vice President, Development, at SmartCentres whose career and background has focused on building complete, sustainable communities.



### What does your role as EVP, Development entail?

Since 2004, I have overseen a variety of development projects across the GTA, spanning various asset classes and jurisdictions. More recently, I have been focused on our 100-acre, 20 million square foot master-planned community within the Vaughan Metropolitan Centre (VMC). With the extension of the TTC subway to our property along with the new SmartVMC Bus Terminal and the Viva Rapidway along Highway 7, our SmartVMC (VMC) development is a prime example of building a carefully thought out, sustainable, transit-oriented community. Early in the planning stages, we worked with all levels of government to holistically design a pedestrian focused Master Plan that prioritized access to transit, segregated bike lanes, hierarchy of open spaces, mix of uses and thoughtful, accessible building design. To date, we have developed over 3.5 million square feet of residential, award-winning LEED designated office space, a state-of-the-art YMCA with childcare and high-quality open spaces. My team and I oversee all aspects of the development, including leading design, liaising with the different levels of government, collaborating with community stakeholders, and other landowners and working closely with my colleagues in leasing, construction, property management and sales teams to bring the vision to life.

### Why is it important for companies such as SmartCentres to have women in leadership roles?

Diversity brings unique perspectives to our developments, makes better communities, and contributes to our company culture. We believe having the right people, with a mix of voices and experiences is critical for our success. I have always felt that SmartCentres has done an exceptional job of this since starting as an assistant project manager in 2004. We foster an inclusive environment and one in which our employees gain valuable experience in many different facets of real estate, regardless of their backgrounds and formal roles within the company. Employees' opinions and ideas are encouraged and valued which makes for a more dynamic work environment.

### How can SmartCentres achieve environmental and social impact through your business model, market presence and scale?

As real estate owners, we care deeply about the buildings we develop and want to create exceptional communities for residents, tenants, and visitors to live, shop, work, and play. At SmartCentres, we are designing complete communities that include high quality, accessible buildings, and plenty of usable spaces. Recognizing that each development is unique, we consider each community's needs such as transit, green space, and amenities. In doing so, we end up creating places that have positive environmental and social outcomes, such as reduced emissions from walking or low-carbon transit such as biking and increased social connection resulting from community spaces.

### How does sustainability contribute to business wins for SmartCentres?

Sustainable communities are places where people want to live and businesses want to operate. It has been a privilege to work on the VMC since its inception and to be a small part of building Vaughan's new downtown. Our work on the VMC has demonstrated our commitment to building complete communities through the prioritization of people over cars, the delivery of world class architecture, providing community spaces and open spaces and delivering on a promise of a meaningful mix of uses. These are not just ideas; these are the results of making deliberate decisions at the start of the planning process to think differently about how we develop and about making early investments to bring it to fruition. The process of designing holistically may take years but is critical to incorporating sustainable elements into the development in a seamless, financially viable way. By focusing on these key details, we can foster stronger relationships with the communities where we build while managing the development risks and increasing the probabilities of robust sales and occupancy. Sustainability and innovation are core to SmartCentres and we will continue to integrate new ideas across our pipeline to create world class developments.



# INITIATIVE: TRANSIT-ORIENTED DEVELOPMENTS



## SmartVMC

SmartVMC is an 100-acre, 20 million square foot city centre that is bringing a world-class destination to the Vaughan Metropolitan Centre (VMC). Connected to downtown Toronto by the University subway line, SmartCentres' flagship master-planned community is Vaughan's newest metropolitan hub: a pedestrian-focused, dynamic epicentre for commerce, culture, recreation, open spaces, and urban living.

Home to over 7,000 residents, with plans to grow to 40,000 residents, the SmartVMC is an example of our commitment to supporting transit-connected communities.



## 1900 Eglinton

Located within Toronto's Golden Mile redevelopment plan, 1900 Eglinton brings ambitious residential density, affordable housing units, and public parkland to an area that is currently dominated by a mix of low rise retail. The project is strategically located on the Eglinton Crosstown light rail transit route ("Eglinton Crosstown LRT") and encourages reduced vehicle use.



## Toronto Westside

This transformation project along Eglinton West at Caledonia, with access to multi-modal transit including the GO-line and Eglinton Crosstown LRT, will prioritize parks, open space and incorporate residential, retail and a variety of services. This complete community supports sustainable transportation and seeks to reduce reliance on cars for neighbouring residents.





## ENVIRONMENTAL

# INITIATIVE: PRIORITIZING GREEN SPACES IN DEVELOPMENT

Green space has significant benefits for cities. It supports biodiversity and wildlife and provides places for people to connect with nature. SmartCentres recognizes the intrinsic value of habitat and biodiversity and the important ecosystem services that biodiversity provides, both essential for developing sustainable and resilient communities.

Green space in urban areas also helps to reduce climate change impacts – it can reduce heat island effect, energy use, and flood risk. We believe that as Canada's population continues to grow, green space will become more important for communities. Incorporating it into our developments supports our goal to create communities where nature can thrive while we make a better lifestyle accessible to all Canadians.

## Developments

SmartCentres' holistic master planning approach to multi-phased developments emphasizes the integration of green spaces throughout by consideration of:

- Linked hierarchized green networks, with micro plantations, to interior courtyards, to large central parks
- Connected root networks between green areas, which supports ecological resilience of plantations
- Green spaces in our communities to major urban biodiversity corridors

The result of these considerations support biodiversity, and supports management of microclimatic factors such as wind, noise, thermal comfort and air pollution.

## Properties

The opportunity to increase green space and biodiversity also extends to our many existing properties. For this reason, we have developed new landscape management standards to specify native plants, reduce pesticides and minimize water used for irrigation. We are also considering opportunities to integrate beehives and urban farming into our properties.



SmartVMC 9-acre Park Rendering,  
Vaughan ON

“ Integrating green spaces that support biodiversity and create places for people to connect is the right decision for our business and the environment. ”



**ALLAN SCULLY**  
EVP, Development



# Social

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





# OUR PEOPLE AND CULTURE

At SmartCentres, we care about doing the right thing. Taking care of the needs of all Canadians is central to our purpose, and that includes our Associates.

We believe that our success is rooted in our people and culture. This is why we strive to create an environment where everyone feels welcomed, supported and valued; a place where they know they can grow. It is also why we invest in our people, offering careers in real estate with interesting and challenging work and the opportunity to work alongside and learn from best-in-class real estate professionals.

In 2024, we will be partnering with a leading external engagement survey provider to gather feedback and insights from our Associates so we can increase employee productivity, retention and discretionary effort to drive better business outcomes.

## 2023 Highlights



We also like to have fun as a team. In 2023, we hosted events such as:

- Carribean Carnival Summer Barbeque
- Halloween Hullabaloo Costume Contest
- 'Tis the Season to Rock Ugly Sweater Contest
- SmartCentres Swag Day
- Take Kids to Work Day
- Hockey Jersey Day
- Ice Cream Day



“ Increasing engagement and team performance is one of our top priorities. We are focused on having the right talent, leadership, and culture to achieve our business results.



**DAN MARKOU**  
Executive Vice President  
& Chief People and Culture Officer



## SOCIAL

# DIVERSITY, EQUITY, INCLUSION, AND BELONGING

As set out in our [Diversity Policy](#), SmartCentres is committed to fostering a diverse, equitable, and inclusive work environment where all Associates, regardless of their background or identity, have an equal opportunity to succeed. Further to the Diversity Policy, SmartCentres is committed to the gender diversity of its management team and Associates. The Corporate Governance and Compensation Committee of the Board of Trustees is made aware through regular reporting of the proportion of female Executive Officers and the proportion of women at other management levels within SmartCentres.

SmartCentres has adopted practices to remove barriers and promote inclusion, which include:

- All people managers are trained in fair selection processes, including structured interviewing techniques and identifying unconscious bias in the workplace
- Associate programs support the needs of SmartCentres' diverse population, and include parental leave programs, flexible work arrangements, a health care spending account, a work from home policy, and a family and employee assistance program
- We acknowledge and 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

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.

We actively promote, encourage and offer learning, development and career opportunities for our leaders and Associates.

Our company wellness program is integrated into daily work and aims to meet family needs.

In 2024, we will implement a new Learning Management System (LMS) that will provide our Associates and leaders with access to a modern learning platform that curates tens of thousands of hours of learning content to help improve their skills, knowledge and capabilities.



For information on our commitment and policy to ensure equal access and participation for people with disabilities, please refer to our [Accessibility Policy](#) and [Multi-Year Accessibility Plan](#) and [Customer Service Policy](#).





# HEALTH AND WELLNESS

Alongside our extensive benefit programs, SmartCentres proactively supports the health and wellbeing of our Associates through our comprehensive wellness program, designed to foster and encourage a healthy lifestyle for all of our Associates.

SmartCentres has an onsite health and wellness coordinator, meditation, and walking club for all Associates. We have provided flexible work arrangements, including a work from home policy, and a company wellness program that includes considerations for meeting family needs.

A wide variety of 'lunch and learns' on topics including nutrition counselling, cancer awareness, healthy eating, meal preparation, are offered to all Associates.

Associates are also encouraged to 'Get up and Move' and participate in our daily stretch breaks, desk yoga, fitness challenges and walking club.

Overall, SmartCentres wellness program is well received and 100% of our Associates participated in SmartCentres' health and wellness offerings in 2023.

## Associate Support Programs

SmartCentres wellness program includes the following:

- Charitable Donations
- Education Assistance
- Associate Referral Program
- Extended Long Weekends
- Family Employee Assistance Program
- Free Car Share Program
- Group Benefits
- Gym Membership Discount
- Holiday Celebrations
- Home & Auto Insurance Discounts
- On-site Chiropractor
- Performance-based Awards
- Summer Flex Hours
- Team Events
- Volunteer Day
- Wellness Program
- Yoga & Stretch Breaks



TAKE 5: Cycling Safety & Flat Fixes, Vaughan ON



Wellness Challenge, Richmond BC





SmartCentres Town Hall



International Women's Day

## SOCIAL

### Building a High-Performance Career at SmartCentres

We offer our Associates opportunities for professional development and recognize years of service with awards. SmartCentres has a robust Talent Management program to identify high-potential individuals support the development of their careers.

In 2023, 100% of our Associates participated in Training & Development programs, logging more than 1,100 training hours developing their knowledge and skills on such diverse topics as construction and development practices, ESG emerging trends and regulations in real estate, Indigenous engagement, public speaking, unconscious bias, financial analysis, leases, influence and effective negotiation, leadership, communication, and relationship building.

In 2024, we are launching a program to enable Associates to earn their Chartered Professional Accountant (CPA) designation while employed at SmartCentres. Over 30 months of practical work at SmartCentres, participants complete two 15-month rotations across Development, Corporate and Property accounting areas and are able to obtain their CPA designation while working full-time. This is a truly unique opportunity in the industry.

**10%** of Associates were promoted in 2023





SOCIAL

# COLLABORATING WITH OUR TENANTS

We believe strongly that our collaborative approach to ESG is having an impact, which is why we will continue to work with our tenants on the sustainability initiatives that matter to them.

In 2023, we continued to strengthen our engagement with tenants to support our mutual sustainability goals. We conducted an ESG tenant survey to gather information on how our tenants are addressing sustainability. This resulted in the identification of opportunities to enhance tenant satisfaction.

Key findings indicated that tenants are committed to sustainability and working with SmartCentres on ESG issues. We are using the results to guide us in setting measurable goals to make improvements. We also communicate with our tenants monthly through the distribution of a newsletter that covers sustainability best practices and we regularly meet with tenant representatives to discuss sustainability topics.

Our tenants are leading Canadian and US companies - the majority being regional or national in scale. These leading organizations have established sustainability and net-zero goals. Tenants representing 55% of our retail GLA have committed to net zero by 2050.

In 2022, we began to collect environmental data and we continue to make progress in our tenant controlled data collection processes. See [Energy and Emissions Performance](#) for more information.

We recognize the opportunity to collaborate with and work with them to achieve our aligned goals.

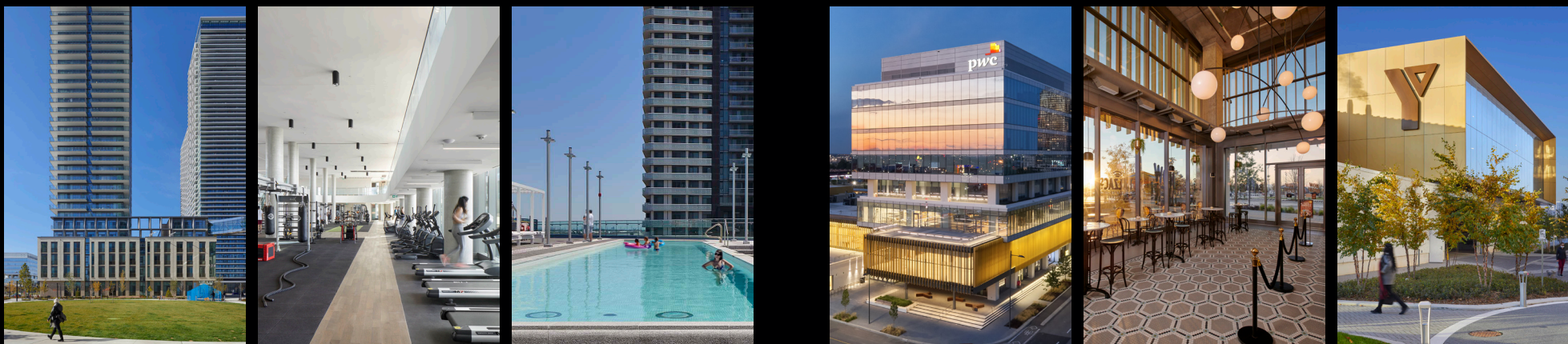
## Top 10 National Tenants



# INITIATIVE: CREATING THRIVING COMMUNITIES

SmartCentres recognizes the importance of creating communities with best-in-class urban amenities that provide the opportunity to live a healthy lifestyle.

Providing amenities that support the health and wellness of our residents is a testament of our work to develop thriving places, that put people at the heart of our communities. For this reason, our developments include “Super Amenities” which provide dedicated areas for exercise, mindfulness, social connections, childcare, and healthcare.



## The Millway

Our brand-new 440-unit purpose-built rental property, The Millway, is making its mark in the SmartVMC.

**Proximity to transit:** Located close to the VMC TTC station, residents are able to get to downtown Toronto in less than 45 minutes direct on the subway. VIVA rapid transit and a regional bus terminal provide other transit connections across the Greater Toronto Area.

**Health and wellbeing:** Amenities abound at The Millway to support healthy lifestyles including an outdoor pool, indoor running track, yoga studio, squash court, cardio and weight training area and K2 ultimate training centre.

**Spaces for making connections:** The Millway includes a co-working space, café-style lobby, rooftop lounge, an infinity pool and outdoor lounge, as well as meeting rooms and a BBQ area.

## Vaughan Metropolitan Centre of Community

In the heart of our VMC development is a 220,000 sq. ft. mixed-use complex, with a community centre, an office tower and direct underground access to the VMC TTC station. PricewaterhouseCoopers (PwC) is the lead tenant of the building, which is also home to a Scotiabank branch and a Balzac's Coffee Roasters café on the ground floor.

The VMC Centre of Community is an innovative space collaboratively owned by the City of Vaughan and YMCA of Greater Toronto. This bustling community hub includes a Vaughan Public Library branch, performing arts studios, daycare, and a community kitchen. It is the YMCA's new flagship location and includes a large pool, fitness area and conditioning room, youth zone, community rooms and a licensed not-for-profit childcare centre. The YMCA's aquatics centre utilizes mass timber, a lower-carbon concrete alternative, in the construction of the ceiling, and mirrors the façade of the adjacent bus terminal.





SOCIAL

# SUPPORTING OUR COMMUNITIES

SmartCentres is committed to giving back to the communities where we build and in which we operate. We do this primarily through employee volunteering, supporting community charities, and contributing to university and college career events and internships.

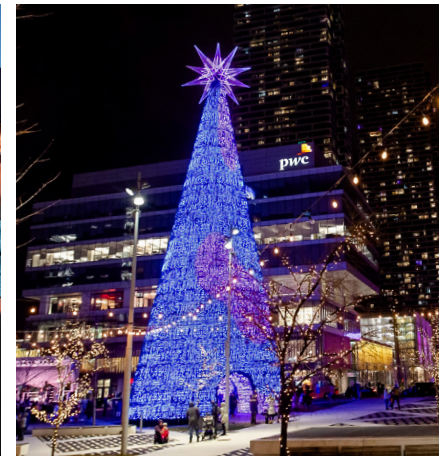
## Community Events

SmartCentres has hosted numerous community events at our flagship 100-acre master-planned community, SmartVMC.

In 2023, community events across the SmartCentres national portfolio included:

- Employee volunteering day at La Société de Saint-Vincent de Paul de Montréal
- Community tree planting days in Ajax and Brampton
- Road Hockey to Conquer Cancer annual tournament
- City-run holiday food and toy drives
- York University Schulich Developers Den Real Estate Case Competition
- Movember
- Holiday Tree in Transit Square at SmartVMC
- Sporting Life 10K
- CIBC Run for the Cure
- National Truth and Reconciliation Day
- Great Lakes Clean Up Day
- Children's Breakfast Clubs Prom Project
- Make a Wish Foundation 48-hour ride
- Baycrest Ride for Brain Health
- Ride for Mackenzie Health

In 2024, SmartCentres continues to enhance our program offerings, and we look forward to expanding many of these events to our other communities across Canada.







York University Schulich Developers' Den Competition,  
Toronto ON

## SOCIAL

### Supporting the Next Generation of Leaders

SmartCentres is committed to developing the next generation of leaders in real estate. In 2023, our Associates participated in numerous on-campus events including case competitions and informational sessions about life in real estate. As a part of this commitment, we invited students from George Brown College and the University of Waterloo to complete their co-op experience at SmartCentres. These students were able to gain experience in the real estate industry and apply learnings from their classroom into the real world.

SmartCentres was also a sponsor at York University Schulich Developers' Den Competition, Canada's longest running and most prestigious Real Estate Case Competition. This exciting competition challenges teams of MBA and MREI students with a real-life development scenario and requires them to come up with a full re-development plan and pro forma.

SmartCentres is committed to bringing up new leaders and we look forward to continuing our work with post-secondary institutions in 2024.

“

Through our direct involvement and support, we are helping to raise the next generation of real estate professionals.

”



#### RUDY GOBIN

Executive Vice President,  
Portfolio Management & Investments





SOCIAL

# INITIATIVE: COMMUNITY ENGAGEMENT AND VOLUNTEERING

SmartCentres respects its neighbours and is committed to being an important contributor in all the communities in which it operates. We are proud that our Associates give their own time to help their neighbours.

## Prom Project

In 2023, the Children's Breakfast Club and the Toronto Police Service's Community Partnerships & Engagement Unit organized the Prom Project at one of SmartCentres' properties, Yorkgate Mall. The initiative provides prom-worthy items including dresses, suits, shoes, and accessories to underprivileged students in the Toronto area.

In 2024, this event was again hosted at Yorkgate Mall, with approximately 1,000 students from disadvantaged backgrounds benefitting from the initiative, giving them the opportunity to attend their prom and help develop a more positive self-image and greater self-confidence.

Yorkgate Mall and SmartCentres are proud supporters of this community initiative and the difference it makes for these students.

## Helping People Changing Lives Volunteer Program

In July 2022, we developed and initiated a SmartCentres employee volunteer program called "Helping People Changing Lives".

In 2023, 150 Associates across Canada participated, volunteering 1,200 hours for charities including Big Brothers/Big Sisters of Canada, Scott Mission, Moisson Montreal (Canada's largest food bank), Jeunesse au Soleil, Canadian Ski Patrol, and St. Clare of Assisi Church among others.



Prom Project @ Yorkgate Mall,  
Toronto ON



La Société de Saint-Vincent de Paul de Montréal,  
Montreal QC



SOCIAL

# HOUSING AFFORDABILITY

The Canada Mortgage and Housing Corporation projects that to restore affordability in the housing market, about 3.5 million additional housing units need to be developed.

In Canada, affordable housing, which was identified as an emerging topic in SmartCentres 2021 Materiality Assessment, is defined as housing that costs less than 30% of a city's median household's before-tax income.

## Our Impact

We recognize the role that we are able to play in contributing to the housing supply for Canadians through our residential development brand, SmartLiving. SmartLiving has completed over 3,000 homes, with another 1,000 residential units in our development pipeline. All of which will be integrated into the complete, master-planned communities we are developing across Canada.

Solving this crisis will require governments, industry, communities and stakeholders to come together in common cause.

We are currently working with cities across the country to obtain approval for residential housing, which will include building affordable housing.

We will be continuing our work with our development partners, governments and other stakeholders so that we can continue to do our part to contribute to the supply of affordable housing in Canada.

**3,867** residences completed



SmartVMC, Vaughan ON





**SOCIAL**

# RESPONSIBLE PROCUREMENT

Through our partnerships with suppliers and service providers, SmartCentres is committed to integrating policies and practices that allow us to effectively assess service providers and suppliers on ESG compatibility.

Assessing ESG considerations impacting our procurement process is an effective way to extend our sustainability-specific requirements beyond our company boundaries and promote ESG awareness among our many partners.

## Preliminary Vendor ESG Screening Process

The primary purpose of this process is to ensure bidders to our service and construction contracts self-declare their ESG performance during the pre-qualification process, providing SmartCentres with the appropriate level of visibility into ESG policies and practices.



SmartVMC, Vaughan ON



# Governance

SmartCentres is committed to the highest standards of Corporate Governance.





## GOVERNANCE

# SMARTCENTRES AND GOVERNANCE

SmartCentres' approach to Corporate Governance is supported by the pillars of risk management, accountability, enhanced technology, and improved reporting.

Risk management practices are engrained in our corporate culture, and we work to maintain a high level of competency through ongoing staff training and routine assessment of areas.

Effective use of technology is being embedded into processes to create efficiency, reduce waste, maximize resource utilization, and engage with our Associates.

Ensuring a strong control environment that clearly outlines responsibilities, ensures all assets are properly guarded, and cash flow is properly monitored and audited.

Transparency is fundamental to SmartCentres, in all interactions and reporting: with our Associates, lenders, tenants, contractors, and investors.

Our public reporting continues to be enhanced to ensure compliance with evolving standards as well as existing policies and industry practices.



# BOARD OVERSIGHT AND MANAGEMENT OF ESG

ESG matters are embedded in the organization from the oversight and responsibilities of the Board of Trustees into the roles and responsibilities of all Associates.

<p><b>Board of Trustees</b></p> <p>∨</p> <p>∨</p>	<p><b>Board of Trustees</b></p> <p><b>Board ESG Sub Committee</b></p>	<p>Provides oversight of SmartCentres' approach to ESG, sustainability and climate change through the consideration of ESG factors, impacts, approaches and opportunities when reviewing and approving SmartCentres' strategic plan and key initiatives</p> <p>Is appointed annually by the Audit Committee to assist the Board and Audit Committee in overseeing all ESG and climate change matters other than those assigned to the Corporate Governance and Compensation Committee</p>
<p><b>SmartCentres Executives/ Management/ Associates</b></p>	<p><b>Executive Oversight</b></p> <p><b>ESG Taskforce Committee</b></p> <p><b>ESG Taskforce Subcommittee</b></p> <p><i>Subcommittees are comprised of EVP Portfolio Management &amp; Investments, subject matter experts, dedicated ESG &amp; Sustainability resource</i></p> <p><b>Dedicated ESG &amp; Sustainability Resource</b></p> <p><b>All SmartCentres Associates</b></p>	<ul style="list-style-type: none"> <li>The EVP, Portfolio Management &amp; Investments holds senior executive responsibility for management and implementation of ESG strategy</li> <li>Provides regular updates to the Executive Team and chairs the ESG Taskforce</li> <li>Cross-functional, executive-level group formed to bring together perspectives across the company on advancing ESG integration</li> <li>Responsible for execution of the strategic plan and reports on a regular basis to the Executive Committee and the Executive Chairman</li> <li>Oversees the day-to-day progression and implementation of SmartCentres' key ESG initiatives within our strategic plan</li> </ul> <p><b>Governance and Reporting</b> : To ensure adequate controls and oversight of ESG and sustainability related disclosures</p> <p><b>Development</b> : To ensure consistent consideration of ESG factors in development projects</p> <p><b>Technology</b> : To identify and manage technology-related risk, including cyber risk, AI, and new technologies</p> <p><b>Climate</b> : To ensure that climate-related matters, including governance, strategy, risk management and metrics and targets, are adequately identified and managed across the business</p> <p>Reporting to the EVP of Portfolio Management and Investments, the dedicated Sustainability &amp; ESG resource oversees the implementation of SmartCentres' key ESG initiatives within its strategic plan</p> <p>Support implementation of SmartCentres' key ESG initiatives</p>





# BOARD COMPOSITION AND DIVERSITY

## Board Independence

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, approval and adoption of a term limit of 15 years for all newly elected Board members, and the composition of the Corporate Governance and Compensation Committee of the Board was 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.

To build on the existing Lead Independent Trustee in 2023, the Board authorized the formation of a standing Independent Committee, currently made up of three independent Trustees.

The Independent Committee has the responsibility to review, approve and oversee any related party transactions in which SmartCentres or any of its subsidiaries is a party.

## Board Diversity

SmartCentres values a diversity of experiences in the composition of our Board, and our Trustees come from a variety of different business backgrounds.

As set out in the Diversity Policy, the Board should be comprised of individuals who collectively possess competencies and skills necessary to enable the Board to properly perform its responsibilities. Each Board member should be highly qualified with expertise, experience, knowledge and personal qualities to enable that individual to make a significant contribution to the Board.

The composition of the Board also takes into account gender diversity and, accordingly, SmartCentres' aspiration is that women comprise at least 30% of

its independent Trustees by the annual meeting of Unitholders in 2023 – a target that was exceeded.

Currently, the Board has three women Trustees, representing 38% of the Trustees and 50% of the independent Trustees. One Trustee identifies as a member of a visible minority, representing 13% of the Trustees.

**38%** of Board Trustees are women

**13%** of Board Trustees are visible minorities

**75%** of Board Trustees are independent

The Board annually assesses and reports on the diversity of Board members, including the number and percentage of women Trustees.

When identifying new candidates for the Board, search protocols extend beyond the networks of existing Board members and will actively seek to identify and include qualified candidates who are women. Any external consultants engaged to assist the Board or the Committee in identifying candidates for the Board will be specifically directed to conduct their searches in compliance with this [Diversity Policy](#), including seeking to identify a reasonable number of qualified female candidates. Furthermore, the Committee shall maintain an evergreen list of potential candidates for the Board and will ensure a reasonable number of qualified female candidates are included on this list.



# ETHICS AND COMPLIANCE

The Board has adopted written codes of conduct for the Trustees, Officers and Associates of SmartCentres, and its subsidiaries. Compliance is maintained through annual certification by the Trustees and the Officers and Associates of SmartCentres and its subsidiaries, that they have read and complied with the applicable codes of conduct.

The Audit Committee has also adopted a Whistleblower Policy, which sets out procedures to allow Trustees, Officers, and Associates 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 related to the Trust's business practices.

Over the years, a comprehensive set of policies have been developed to govern corporate ethics and culture at SmartCentres. These are reviewed and updated by the Board on a regular basis. All Trustees, Officers and Associates are required to sign an annual attestation that they understand and will comply with these policies.

## Skills Matrix

To ensure adequate oversight and governance of the Trust's business matters, the Board is comprised of a mix of individuals with real estate, financial, legal, property development, non-real estate investment, ESG and retail industry experience. Below is a skills matrix, as determined by the Board, for the year ending 2023.

Trustee	Real Estate	Financial	Legal	Property Development	Investment	ESG	Retail Industry
Mitchell Goldhar	●	●	●	●	●		●
Janet Bannister		●			●	●	●
Garry Foster	●	●			●	●	●
Gregory Howard	●	●	●	●			
Sylvie Lachance	●	●	●	●	●	●	●
Jamie McVicar	●	●	●	●			
Sharm Powell	●	●			●	●	●
Michael Young	●	●			●		



## Our ESG-related Policies and Reports

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





# ESG AND ACCOUNTABILITY

Each year, SmartCentres measures the performance of its Executive Officers, and all Associates, against personal-level performance as well as a set of trust-level performance metrics, or “Trust Targets”.

Trust Target performance metrics are reflective of SmartCentres’ strategies and support the implementation of programs to reach the Trust’s short-term and long-term goals that are aimed at increasing Unitholder value and creating economic value for SmartCentres.

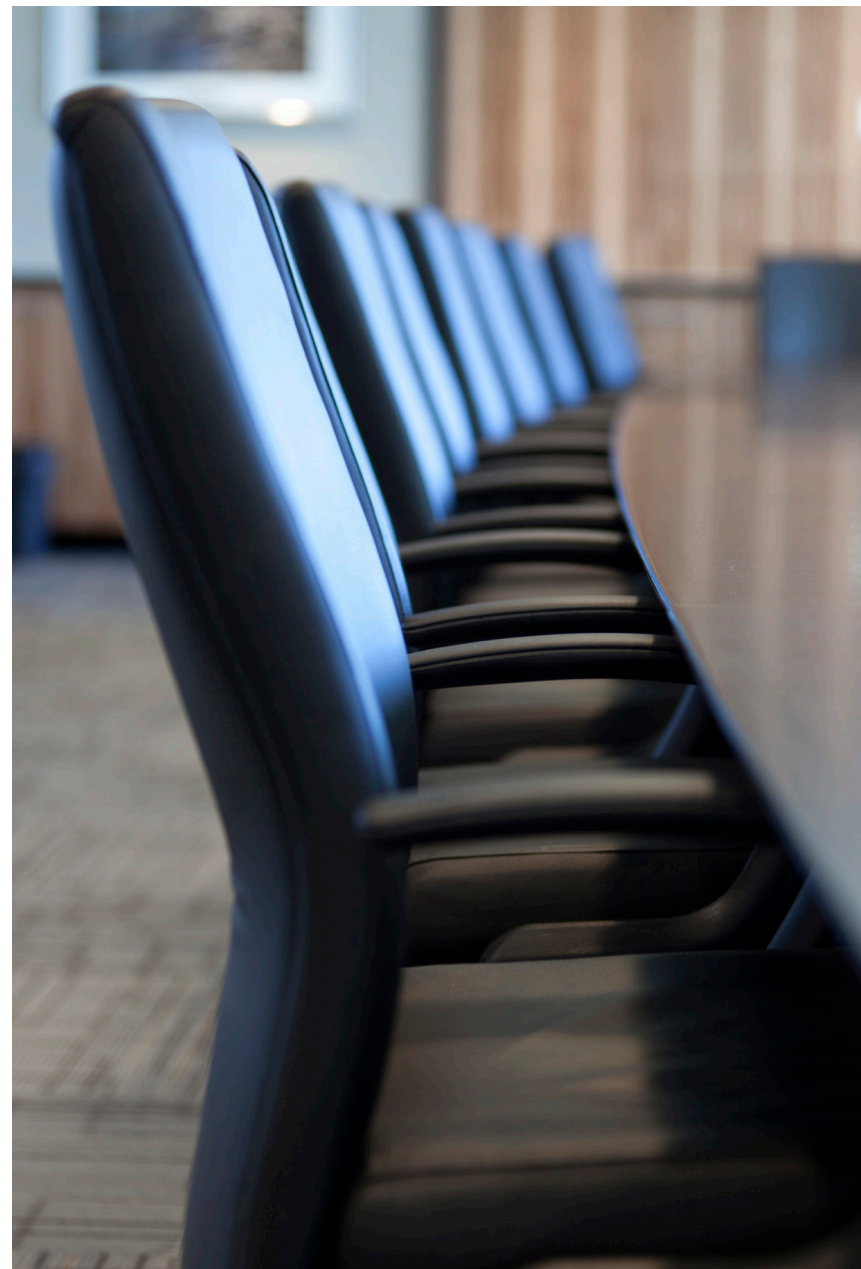
As reported in our Annual Management Information Circular, the 2023 Smart Centres Trust Targets were tied to performance metrics for financial results, leasing/occupancy, new mixed-use permissions, construction commencement, talent and ESG initiatives.

Each performance metric is given a weighting and based on the results achieved, determine the payout for the annual incentive plan portion of Executive Officer and Associate compensation. The weighting of the metrics may be revised annually to reflect shifting priorities. In 2023, ESG-related Trust Targets constituted 10% of the REIT’s overall targets and linked ESG considerations to annual compensation for all Executive Officers and Associates.

Responsibility for ESG, sustainability and climate change is embedded at the Board level through consideration of the above and other ESG factors, impacts, approaches and opportunities when reviewing and approving SmartCentres’ strategic plan and key initiatives.

To ensure accountability, we embed a sustainability mindset in all work that we do. Through proper segregation of duties, and a high level of discipline, we ensure that our ESG practices are consistent across our organization. All Associates have undertaken ESG training, and in 2023, we have incorporated ESG education into our standard new Associate onboarding process. Additionally, all new Associates are required to attend REIT 101, which is training to understand business practices of the REIT.

To prepare for IFRS S1 and S2 Standards, we continue to enhance our reporting to ensure we have adequate oversight and controls for our ESG and climate-related disclosures. Through collaboration across our company, our internal ESG Taskforce and issue-specific subcommittees are working to ensure alignment between SmartCentres’ key ESG initiatives and our strategic plan.



For more information on the 2023 Trust compensation structure, please see the [2024 Management Information Circular](#)





## GOVERNANCE

# PRIVACY AND CYBER SECURITY

SmartCentres prioritizes as significant: cyber security and the protection of the privacy and reputation of their employees, tenants and residents. Continued scrutiny of our security program keeps us vigilant to potential threats and challenges. Regular updates to our privacy and cyber security policies ensures SmartCentres remains current and able to adapt to changes.

Our program is benchmarked against leading cyber security frameworks, including the Centre for Internet Security (CIS) score and National Institute of Standards and Technology (NIST).

We proactively identify, address and mitigate cyber security risks and challenges by:

- Investing in preventive and detective technologies
- Requiring all associates to complete cyber awareness training
- Proactively finding and resolving privacy risks
- Enhancing our incident response capabilities to respond to evolving threats
- Assessing third party vendors for cyber security practices and maturity





# RISK MANAGEMENT

SmartCentres Enterprise Risk Management (ERM) process is internally managed by the Chief Financial Officer, and Executive Vice President of Portfolio Management, on behalf of the Audit Committee of the Board Trustees.

The Board has the responsibility to understand and address 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.

In 2023, we improved cybersecurity practices, upgraded our enterprise risk management system (ERM), mobile solutions and our cloud-based systems

## ESG and Risk Management

With third party support and opinions, SmartCentres conducted a portfolio-wide review of its open-air shopping centres, at the asset level for key risks including natural and environmental hazards, building safety and materials, energy use, water use, waste management, socioeconomic integration, and transportation.

As a result of this robust assessment and monitoring program, SmartCentres has developed risk management plans to ensure material ESG risks are mitigated and that systems are in place to effectively monitor and manage those risks.

In 2023, as part of its annual ERM process, SmartCentres used the TCFD Framework to identify physical, policy and legal, technological, market and reputational, climate related risk. The identified risks were communicated to the board and informed future climate risk strategy, including a commitment to use Scenario Analysis to identify the sustainability-related risk and how it assesses nature, likelihood, and magnitude of the effects of risk areas.

To ensure that flood and water-related, risk is properly managed at our properties, we have implemented operational protocols at sites that have been identified as having water related risk. We will continue to monitor and report on climate risk in an ongoing capacity.



In response to changing investor expectations, we continue to increase our oversight and governance of ESG, and climate change issues.



**PETER SLAN**  
Chief Financial Officer

## Scenario Analysis

To create a more fulsome understanding of each climate-related risk, and identify appropriate mitigation strategies, SmartCentres will conduct a scenario analysis exercise to identify how each risk and opportunity will impact our business under different climate scenarios. This evaluation will help us identify the risks and opportunities that pose the largest financial impacts to our business, identify business areas most affected and assess how our strategy will change to make our business more resilient. We look forward to reporting on the outcomes of the Scenario Analysis exercise in our 2024 disclosures.

### Flood Risk

	Property Type	Total GLA Exposed (sq. ft.)	Exposure Type
<b>5 Properties</b>	Retail	1,255,169	100-year flood risk*
<b>2 Properties</b>	Retail	400,746	500-year flood risk*
<b>2 Properties</b>	Retail	786,401	Floodway failure risk

\* Includes flood risk, storm water and coastal surge exposure.



# Supplemental Disclosures

ABOUT SMARTCENTRES

OUR APPROACH

ENVIRONMENTAL

SOCIAL

GOVERNANCE

**APPENDIX**





## GHG Methodology

### Reporting Boundary

The energy, emissions, water and waste data included in this report reflects SmartCentres' portfolio as of December 31, 2023. Comparative information is provided from 2022.

### GHG Emissions

GHG emissions calculation methodology follows the Greenhouse Gas Protocol and its associated ISO 14064-1:2018 standard. Primary data originates from utility bills detailing energy usage that are collected by SmartCentres and provided by our partners.

- **Scope 1:** Direct emissions from owned or controlled sources (e.g., natural gas combustion in buildings).
- **Scope 2:** Indirect emissions from purchased electricity, heat or cooling consumed at properties.
- **Scope 3:** Indirect emissions from sources not controlled or owned by the organization, including tenant controlled natural gas and purchased electricity, tenant equipment and indoor lighting.

GHG emissions for Scopes 1, 2 and 3 were calculated using relevant emission factors from the ENERGY STAR Portfolio Manager Technical Reference. Natural gas factors (kg CO<sub>2</sub>e/MBtu or g CO<sub>2</sub>e/m<sup>3</sup>) reflect emissions from combustion, while electricity factors (g CO<sub>2</sub>e/kWh) indicate emissions from generation.

At properties where SmartCentres does the property management, the landlord controlled areas are where the landlord is determined to have “operational control” as defined as having the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.



SUPPLEMENTAL DISCLOSURES

## Preparing for Climate-related Risk

In 2023, in alignment with the recommendations of the TCFD, and as part of a fulsome Enterprise Risk Management review, SmartCentres did a preliminary review and assessment of climate-related business risk. The results of that review were communicated to the board and included the identification of the following risks.

Transition Risk	Risk	Potential Impact
<b>Policy and Legal Risk</b> <i>Policies that:</i> <ul style="list-style-type: none"> <li>• <i>Seek to minimize climate change emissions</i></li> <li>• <i>Create resiliency to the impacts of climate change</i></li> </ul>	Regulations to increase reporting requirements and disclosure of material GHG emission sources, reduction targets and transmission plans	<ul style="list-style-type: none"> <li>• Increased scrutiny of energy/GHG management practices</li> <li>• Reporting of tenant, development and joint venture GHG emissions</li> <li>• Could result in financial costs or fines to comply with various reforms</li> <li>• Increased internal and external resources and engagement across the organization on reporting requirements</li> </ul>
	Inconsistent carbon pricing policies	<ul style="list-style-type: none"> <li>• Impact on business strategy for adopting low carbon energy solutions</li> <li>• Increase in operating costs</li> </ul>
	Building efficiency requirements e.g. minimum energy efficiency ratings	<ul style="list-style-type: none"> <li>• Increased compliance requirements (e.g. fuel switching) during retrofits</li> <li>• Stranded assets</li> <li>• Valuation inconsistencies</li> <li>• Increased capital expenditure spending and maintenance</li> </ul>
	Disclosure of physical climate related risk	<ul style="list-style-type: none"> <li>• Investor concern or investment limitations</li> <li>• Changing legal liabilities for climate risk</li> <li>• New systems and increased internal resources to manage and mitigate climate risk and produce climate disclosures</li> </ul>
<b>Technology Risk</b> <i>Technology improvements or innovations that impact our assets</i>	Required low carbon technologies	<ul style="list-style-type: none"> <li>• Stranded assets</li> <li>• Increased compliance requirements</li> </ul>





SUPPLEMENTAL DISCLOSURES

## Preparing for Climate-related Risk (continued)

In 2023, in alignment with the recommendations of the TCFD, and as part of a fulsome Enterprise Risk Management review, SmartCentres did a preliminary review and assessment of climate-related business risk. The results of that review were communicated to the board and included the identification of the following risks.

Transition Risk (continued)	Risk	Potential Impact
<b>Market/ Reputational Risk</b>  <i>Risk tied to changing tenant, investor or employee perceptions</i>	Increased stakeholder expectations on climate-related risk	<ul style="list-style-type: none"> <li>Failure to proactively address climate change impacts may adversely affect reputation and access to capital</li> </ul>
	Changing tenant preferences	<ul style="list-style-type: none"> <li>Increased demand for lower-emissions building performance</li> <li>Increased demand for low-risk locations or buildings</li> </ul>
	Employee retention	<ul style="list-style-type: none"> <li>Impact employee satisfaction</li> </ul>

Physical Risk	Risk	Potential Impact
<b>Acute Risk</b>  <i>Event-driven physical risk from increased severity of extreme weather events including wildfire, windstorms, tornadoes, hailstorms, lightning, earthquakes and heat events</i>	Asset value	<ul style="list-style-type: none"> <li>Decreased property values/inability to liquidate</li> <li>Decreased access to capital</li> <li>Uninsurable assets</li> <li>High capital expenditure to protect assets from increased physical risk</li> </ul>
	Tenant occupancy/satisfaction	<ul style="list-style-type: none"> <li>Interrupt operations and activities</li> <li>Threaten tenant health and safety</li> </ul>



SUPPLEMENTAL DISCLOSURES

## Preparing for Climate-related Risk (continued)

In 2023, in alignment with the recommendations of the TCFD, and as part of a fulsome Enterprise Risk Management review, SmartCentres did a preliminary review and assessment of climate-related business risk. The results of that review were communicated to the board and included the identification of the following risks.

Physical Risk (continued)	Risk	Potential Impact
<b>Chronic Risk</b> <i>Chronic physical risks result from longer-term shifts in climate patterns</i>	Temperature change	<ul style="list-style-type: none"> <li>Increased cooling loads lead to higher operating and maintenance costs</li> </ul>
	Increased freeze/thaw cycles	<ul style="list-style-type: none"> <li>Reduced life span of hard scaping</li> </ul>
	Sea-level rise	<ul style="list-style-type: none"> <li>Altered geographies impact potential for future investment</li> <li>Negatively impact existing assets</li> <li>Revised operating standards and practices</li> </ul>
	Water security/water stress risk	<ul style="list-style-type: none"> <li>Impact approach to water management/irrigation requirements</li> <li>May limit access to water, require new technologies, and increased costs, for development</li> <li>Increase capital expenditures on efficiency upgrade</li> </ul>





**SUPPLEMENTAL DISCLOSURES**

**TCFD Index**

SmartCentres has aligned its 2023 ESG Report with the recommendations of the Task Force on Climate-Related Financial Disclosures that were issued June 2017.

The Task Force on Climate-Related Financial Disclosures has developed a framework to help public companies and other organizations disclose climate-related risks and opportunities, which have informed the IFRS S1 and S2 sustainability disclosures.

In alignment with the IFRS S1 and S2 sustainability disclosures, we will continue to provide commentary on our climate-related risks and opportunities in future reports.

Category	Recommendation	Recommended Disclosures	Reference
<b>Governance</b>	Disclose the organization's governance around climate-related risks and opportunities	(a) Describe the Board's oversight of climate-related risks and opportunities	Board Oversight and Management Accountability for ESG (Page 1, 9, 39, 41, 42)
		(b) Describe management's role in assessing and managing climate-related risks and opportunities	Board Oversight and Management Accountability for ESG (Page 1, 9, 39, 41, 42)
<b>Strategy</b>	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term	Governance - ESG and Risk Management (Page 44)
		(b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning	Governance - ESG and Risk Management (Page 44)
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	Governance - ESG and Risk Management (Page 44)
<b>Risk Management</b>	Disclose how the organization identifies, assesses, and manages climate-related risks	(a) Describe the organization's processes for identifying and assessing climate climate-related risks	Governance - ESG and Risk Management (Page 44)
		(b) Describe the organization's processes for managing climate-related risks	Governance - ESG and Risk Management (Page 44)
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Governance - ESG and Risk Management (Page 44)



**SUPPLEMENTAL DISCLOSURES**

**TCFD Index *(continued)***

SmartCentres has aligned its 2023 ESG Report with the recommendations of the Task Force on Climate-Related Financial Disclosures that were issued June 2017.

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In alignment with the IFRS S1 and S2 sustainability disclosures, we will continue to provide commentary on our climate-related risks and opportunities in future reports.

Category	Recommendation	Recommended Disclosures	Reference
<b>Metrics &amp; Targets</b>	Disclose the Metrics and Targets used to assess and manage relevant climate-related risks and opportunities where such information is material	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate Change Energy Management (Page 15, 16, 17)
		(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Energy and Emissions (Page 17)
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	N/A





**SUPPLEMENTAL DISCLOSURES**

**SASB Index**

The Sustainability Accounting Standards Board (SASB) publishes industry-specific metrics for sustainability reporting to support informed investor decision-making.

SmartCentres has aligned select disclosures in its 2023 ESG Report with the SASB Real Estate Version 2023-06 as effective for all entities for annual periods beginning or after January 1, 2024.

ESG Topic	SASB Code	Accounting Metric	Unit	Disclosure/ Location
<b>Activity Metrics</b>	IF-RE-000.C	Percentage of indirectly managed assets, by property sector <sup>1</sup>	Percentage (%) by floor area	Activity Metric (Page 54)
<b>Energy Management</b>	IF-RE-130A.1	Energy consumption data coverage as a percentage of total floor area, by property type	Percentage (%) by floor area	Activity Metric (Page 54)
	IF-RE-130A.2	Total energy consumed by portfolio area with data coverage; including breakdown of common/shared building area and tenant area	Gigajoules (GJ), Percentage (%)	Activity Metric (Page 54)
	IF-RE-130A.2	Percentage of energy consumed that was supplied by grid electricity, by property type	Gigajoules (GJ), Percentage (%)	Activity Metric (Page 55)
	IF-RE-130A.2	Percentage of energy consumed that was supplied by renewable energy, by property type	Gigajoules (GJ), Percentage (%)	N/A
	IF-RE-130A.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property type	Percentage (%)	Activity Metric (Page 55)
	IF-RE-130A.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Discussion and Analysis	ESG Approach / Energy Management (Page 15, 18, 21, 24)



**SUPPLEMENTAL DISCLOSURES**

**SASB Index (continued)**

The Sustainability Accounting Standards Board (SASB) publishes industry-specific metrics for sustainability reporting to support informed investor decision-making.

SmartCentres has aligned disclosures in its 2023 ESG Report with the **SASB Real Estate Version 2023-06** and **Home Builders Version 2023-06** Standards as effective for all entities for annual periods beginning or after January 1, 2024.

ESG Topic	SASB Code	Accounting Metric	Unit	Disclosure/ Location
<b>Water Management</b>	IF-RE-140A.2	Total water withdrawn by portfolio area with data coverage, by property sector	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	Activity Metric (Page 55)
	IF-RE-140A.4	Description of water management risks	Thousand cubic metres (m <sup>3</sup> )	Water and Waste Management (Page 20)
<b>Management of Tenant Sustainability Impacts</b>	IF-RE-410A.1	Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements, by property sector	Percentage (%) by floor area, square feet (ft <sup>2</sup> )	30%
	IF-RE-410A.3	Discussion of approach to measuring, incentivising and improving sustainability impacts of tenants	Discussion and analysis	Collaborating with our Tenants (Page 14, 15, 18, 20, 30)
<b>Climate Change Adaption</b>	IF-RE-450A.1	Area of properties located in 100-year flood zones, by property sector	Square feet (sq. ft.)	Governance Risk Management (Page 44)
	IF-RE-450A.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	N/A	Governance Risk Management (Page 44, 47, 48, 49)





SASB Index (continued)

Activity Metric	Measurement/Property Sector	2023		SASB Code
Percentage of indirectly managed assets, by property sector	Percentage (%) by floor area - Retail	>95%		IF-RE-000.C
	Percentage (%) by floor area - Mixed Use	37%		IF-RE-000.C
	Percentage (%) by floor area - Purpose Built Rental	0%		IF-RE-000.C
	Percentage (%) by floor area - Self Storage	0%		IF-RE-000.C
	Percentage (%) by floor area - Total	91%		IF-RE-000.C
Energy consumption data coverage as a percentage of total floor area, by property type	Percentage (%) by floor area - Retail	50%		IF-RE-130A.1
	Percentage (%) by floor area - Mixed Use	94%		IF-RE-130A.1
	Percentage (%) by floor area - Purpose Built Rental	79%		IF-RE-130A.1
	Percentage (%) by floor area - Self Storage	100%		IF-RE-130A.1
	Percentage (%) by floor area - Total	57%		IF-RE-130A.1
Total energy consumed by portfolio area with data coverage; including breakdown of common/shared building area and tenant area	<b>Energy Consumption</b>	<b>Landlord controlled area</b>	<b>Tenant controlled area</b>	
	Gigajoules (GJ) - Retail	143,327	1,631,037	IF-RE-130A.2
	Gigajoules (GJ) - Mixed Use	95,284	14,148	IF-RE-130A.2
	Gigajoules (GJ) - Purpose Built Rental	25,826	-	IF-RE-130A.2
	Gigajoules (GJ) - Self Storage	14,909	-	IF-RE-130A.2
	Gigajoules (GJ) - Total	279,347	1,645,185	IF-RE-130A.2
	<b>Data Coverage</b>	<b>Landlord controlled area</b>	<b>Tenant controlled area</b>	
	Percentage (%) - Retail	100%	46%	IF-RE-130A.2
	Percentage (%) - Mixed Use	98%	50%	IF-RE-130A.2
	Percentage (%) - Purpose Built Rental	79%	0%	IF-RE-130A.2
	Percentage (%) - Self Storage	100%	0%	IF-RE-130A.2
	Percentage (%) - Total	94%	46%	IF-RE-130A.2



SASB Index (continued)

Activity Metric	Measurement/Property Sector	2023	SASB Code
Percentage of energy consumed that was supplied by grid electricity, by property type	Gigajoules (GJ), Percentage (%) - Retail	73%	IF-RE-130A.2
	Gigajoules (GJ), Percentage (%) - Mixed Use	58%	IF-RE-130A.2
	Gigajoules (GJ), Percentage (%) - Purpose Built Rental	37%	IF-RE-130A.2
	Gigajoules (GJ), Percentage (%) - Self Storage	57%	IF-RE-130A.2
	Gigajoules (GJ), Percentage (%) - Total	72%	IF-RE-130A.2
Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property type	Percentage (%) - Retail	-10%	IF-RE-130A.3
	Percentage (%) - Mixed Use	-1%	IF-RE-130A.3
	Percentage (%) - Self Storage	-8%	IF-RE-130A.3
	Percentage (%) - Total	-5%	IF-RE-130A.3
Total water withdrawn by portfolio area with data coverage, by property sector	<b>Water Consumption</b>		
	Thousand cubic metres (m <sup>3</sup> ) - Retail	4,410	IF-RE-140A.2
	Thousand cubic metres (m <sup>3</sup> ) - Mixed Use	53	IF-RE-140A.2
	Thousand cubic metres (m <sup>3</sup> ) - Purpose Built Rental	-	IF-RE-140A.2
	Thousand cubic metres (m <sup>3</sup> ) - Self Storage	2	IF-RE-140A.2
	Thousand cubic metres (m <sup>3</sup> ) - Total	4,465	IF-RE-140A.2
	<b>Data Coverage</b>		
	Percentage (%) by floor area - Retail	33%	IF-RE-140A.2
	Percentage (%) by floor area - Mixed Use	67%	IF-RE-140A.2
	Percentage (%) by floor area - Purpose Built Rental	0%	IF-RE-140A.2
	Percentage (%) by floor area - Self Storage	100%	IF-RE-140A.2
Percentage (%) by floor area - Total	38%	IF-RE-140A.2	

