



Building for the Future

2020 ESG OVERVIEW



TO OUR VALUED STAKEHOLDERS,

We are pleased to present all our stakeholders with an update on our ESG program. As part of our Strategic Plan and our Sustainability Plan, outlined in 2018 and 2019 respectively, we strive to incorporate sustainability into our actions and provide disclosure in a manner that is meaningful and appropriate for our business.

Our Sustainability Plan laid out **5** primary principles:

1

To promote energy efficiency and sustainable practices at our properties

2

Exceed required standards where feasible in our developments and major replacement projects

3

Reduce the use of resources and increase waste diversion

4

Promote volunteerism and community support

5

Promote employee well-being

“Our vision is to build a blue chip, globally diversified logistics real estate company that thoughtfully incorporates ESG principles in its portfolio and business practices.”

**K. Gorrie
President & CEO**

*Learn more about our
Sustainability Mission Statement
online at granitereit.com »*



\$5.5 million

CAD invested in energy-saving measures from 2017-2019 by Granite its tenants



13% reduction

of energy consumption expected by 2021



400 + hours

contributed to various charities



6 properties

that have obtained LEED certification



bees + trees

90 trees planted and beehive installation program to help support biodiversity

Transparency is a critical component of our ESG commitment, and this update is intended to provide our stakeholders with a summary of our progress to date against the principles outlined on the previous page, and shall serve as a pre-cursor to our Annual Sustainability Report, expected in 2021, which will provide stakeholders with greater detail on our various ESG programs and targets for 2021 and beyond. Although we are in the early stages of implementing a formal ESG program, we have made notable progress on a number of fronts.

Sustainability has been an important part of our investment strategy, as our investment activity has been defined by adding sustainable properties to our portfolio. By focusing on quality and modern physical characteristics in the properties we acquire, we believe that we can help to minimize our impact on the environment. We also have a strong record of direct investment in energy conservation, having spent over \$3 million in energy-saving measures and sustainability features at our existing properties such as LED lighting, high-efficiency heating equipment and installation of EV charging stations and bicycle racks. This is in addition to over \$2.5 million of investment by our tenants on similar measures. Combined, this investment is expected to reduce energy consumption by 13%. Further, our development projects in Indianapolis and Altbach, Germany will incorporate several sustainability features such as LED lighting throughout, rain sensors, efficient building envelopes, high-reflectance roofing, clerestory windows, drought-resistant planting, EV charging

stations and the use of healthy materials in the construction. The recently completed development in Plainfield, IN has achieved Green Globes certification and the development in Altbach, Germany is expected to achieve DGNB certification. To improve our knowledge of the energy being consumed at our properties, we have engaged Measurabl, a leading sustainability and ESG reporting platform, to facilitate the collection of utility consumption from our participating tenants and share that data with our various stakeholders.

In our own corporate offices, we have recently implemented several measures to reduce resources, such as migrating our board and committee materials to an online portal and using DocuSign to execute the vast majority of our documents. We also moved to Notice and Access for our AGM materials in 2020. These measures are expected to eliminate roughly 400,000 pages of paper, or 30% of our total usage.

Employee engagement and well-being are important factors in our success, and we strive to foster the right culture for all of our employees. Open communication, appropriate workplace policies and the right compensation structure all aid in this regard. As outlined in this update, we have recently implemented several new policies and financial incentives which promote well-being and sustainability, such as a fitness allowance, a public transit allowance, and educational/professional development support.

Granite is also actively engaged in giving back to our communities, and I am extremely proud of our record of charitable activities. In 2019 alone, Granite and our employees contributed over \$65,000 to various charities and logged over 400 volunteer hours. We are also actively involved in numerous industry mentorship programs, helping to support the real estate leaders of tomorrow.

As outlined in this update, the Board of Trustees recently adopted or revised policies which further enhance our governance practices and alignment with our unitholders. These recent changes include a compensation claw-back policy, minimum unit ownership guidelines, trustee/director term limits, and a “say-on-pay” advisory vote. We believe that these policies reflect industry best practice and the importance of unitholder alignment to our organization.

Finally, we thank you for your support as we advance our ESG program, and we look forward to sharing more with you in our Annual Sustainability Report in 2021. As stated, we have made progress so far in a number of areas, but we have much more to accomplish and we are excited about the opportunities in our path.

Kevan Gorrie
President & CEO

Building On a Solid Foundation

Much of the capital investment in our properties focuses on improving environmental performance in key areas such as lighting, heating and cooling, water usage, and solar generation.

400k pages and **30%** reduction

in paper use expected from measures like printer setting, DocuSign and e-materials for BOD meetings

33%









of logistics portfolio contains LED lighting





42%

of logistics portfolio contains reflective roofing material

13% reduction

in energy consumption by 2021

 \$500M CAD Green Bond	 LEED Platinum Certification	 LEED Certification	 BREEAM Certification	 DGNB Certification	 Green Globes Certification	 Energy-saving Measures	 LED Lighting
<p>Green Bond issued, according to Granite's Green Bond Framework, to finance Eligible Green Projects. Positive second party opinion provided by Sustainalytics, confirming the Framework complies with the ICMA's Green Bond Principles.</p>	<p>Granite's corporate headquarters is located in a LEED Platinum-certified office building, and all of Granite's offices incorporate the use of energy-efficient lighting.</p>	<p>Granite's current portfolio includes six properties that have obtained LEED certification (including two at the Silver level).</p>	<p>Of the three properties under development in the Netherlands, one has obtained "Excellent" BREEAM certification, and the other two are expected to achieve at minimum "Very Good" BREEAM certification.</p>	<p>Granite's planned development property in Altbach, Germany is expected to achieve DGNB Gold Certification.</p>	<p>Granite's completed property in Plainfield, IN achieved Green Globes Certification at the "2 Green Globes" level.</p>	<p>Approximately \$5M CAD has been invested in energy-saving measures at our properties from 2017 -2019 (55% by Granite, 45% by tenants).</p>	<p>Approximately 8.7MSF or 33% of non-Magna portfolio is equipped with LED lighting.</p>

 Membrane Roofing	 Usage Data	 Biodiversity	 Tree Planting	 Paper Reduction	 Bottled Water Removal	 Recycling	 Public Transit
<p>18.5 MSF or 70% of non-Magna portfolio is equipped with white/low-absorption membrane roofing.</p>	<p>25 tenants have either begun voluntarily sharing or have given Granite permission to collect energy and water usage data using a secure third-party software platform.</p>	<p>Granite will be installing an urban beehive on one property located in the GTA in 2020 to help support biodiversity.</p>	<p>Granite will be working with the Toronto and Region Conservation Authority to plant 90 trees and 475 shrubs on approximately 2.5 acres of currently unused land on existing Granite properties.</p>	<p>Measures like printer setting, DocuSign and e-materials for BOD meetings are expected to reduce paper usage by 30%.</p>	<p>Granite eliminated bottled water from all offices in 2020.</p>	<p>Granite segregates various waste streams from our offices for proper recycling, including: used batteries, used printer toner cartridges, and used writing instruments (in Toronto office).</p>	<p>Introduced a public transit subsidy for all Granite employees.</p>

Caring for Our Team and Our Communities

For our business to thrive, we need our employees and communities to thrive. Every year, Granite supports numerous charity events, both financially and through volunteerism. We are dedicated to engaging employees throughout their careers by creating an inspiring environment in which our people can reach their potential and develop their leadership skills.

400+ hours

of volunteering logged in 2019

Workforce Diversity

A dynamic and varied workforce is a key component of any successful company. We recognize the value of our hardworking employees and emphasize that diversity be considered in connection with succession planning and the appointment of Granite's executive management.



Female Representation

Board of Trustees: 33.3%
Senior Management: 18%
Total Employees: 49%



Cultural Diversity

Granite team has surpassed 25% minority representation.

Health, Safety and Wellness

We look at health and safety from a holistic point-of-view that takes into consideration the many aspects of our employees lives. Our new Employee Handbook outlines and reinforces Granite's Human Resource policies.

During the COVID-19 pandemic, no employees were laid off and all worked effectively from the safety of their homes.

Key policies include:

EFAP An Employee and Family Assistance Program to support the overall health and emotional well-being of our people.

Fitness Allowance Available to all employees, the allowance is comprised of an annual reimbursement of up to \$500 of fitness membership fees/dues.

Work From Home Policy allows employees to work from home or anywhere in the world, when necessary, to meet personal or family needs.

Sick Leave Providing benefits that are superior to local legislative requirements.

Bereavement Leave Bereavement leave that exceeds local legislative requirements.

Promoting Better Business Behaviour



SELECT POLICIES AND PROCEDURES

- Anti-Bribery Policy
- Code of Conduct and Ethics
- Disclosure Policy
- Diversity Policy
- Environmental Policy
- Hiring Policy to Protect Auditor Independence
- Insider Trading and Blackout Policy
- Internal Reporting Procedures
- Majority Voting Policy
- "Say on Pay" Advisory Vote
- Director and Trustee Term Limits

Please visit granitereit.com for more information »



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Thank you

