



GLOBAL ESG+R REPORT 2020



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ABOUT THIS REPORT

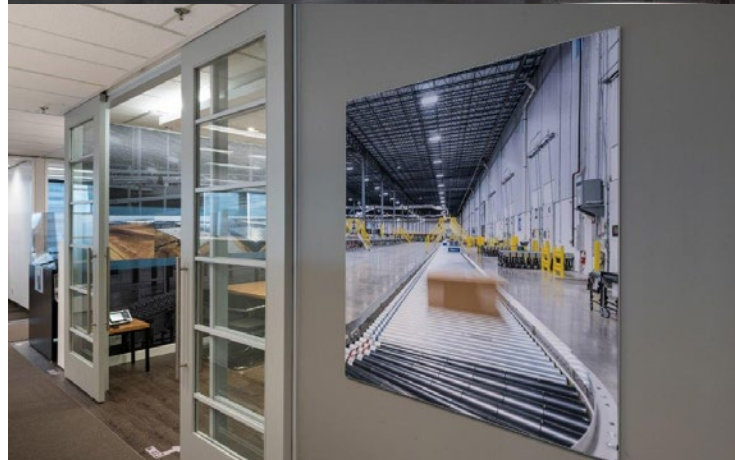
Granite Real Estate Investment Trust ("Granite" or "Granite REIT") is dedicated to thoughtfully incorporating sustainability measures in our investment decisions and business practices. This report describes our Environmental, Social, Governance, and Resilience ("ESG+R") program implementation and updates from the 2020 calendar year.



For questions regarding this report, contact ir@granitereit.com.

Your future, developed.

Granite REIT understands the important role in which building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward, we seek to practically incorporate sustainability in our actions and decision-making process, while generating returns for our partners – Unlocking and Creating Value.



A MESSAGE FROM THE PRESIDENT AND CEO

The vision of Granite REIT ("Granite") is to build a blue chip, globally diversified logistics real estate company that thoughtfully incorporates Environmental, Social, Governance, and Resilience ("ESG+R") principles in its portfolio and business practices. Granite recognizes the important role building owners can play in fostering the efficient use of resources and respecting our environment. As a result, we seek to practically incorporate sustainability in our actions and decision-making at both the property and corporate levels. In doing so, we follow a business model that prioritizes tenant satisfaction and investor returns, over the long term. This year's report highlights the ways in which Granite has stayed true to this vision, highlighting our successes in the following areas: promoting ESG+R practices at our properties, exceeding required standards in our developments and major replacement projects, reducing the use of resources, increasing waste diversion, promoting employee well-being, and adhering to best in class governance policies.

As you will see, despite the COVID-19 pandemic, Granite has made considerable progress in a number of key areas. As of December 2020, we had spent over \$3 million in energy-saving initiatives across our portfolio, such as installing electric vehicle charging stations ("EVCS"), bike racks, LED lighting, and high-efficiency heating equipment. This investment, coupled with the \$2.5 million spent by tenants on similar endeavours, is expected to significantly reduce the overall energy consumption at Granite's properties.

Furthermore, several of our properties received recognition for ESG+R practices through third-party green building certifications ("GBCs") in 2020, including Green Globes New Construction certification and BREEAM New Construction certification. Ede, Netherlands, Francis Baconstraat 4 is a prime example. The single-tenant new construction was awarded the BREEAM New Construction certification for its careful implementation of energy-saving strategies, renewable energy sources, on-site plumbing fixtures, and its robust recycling program. As Granite continues rigorously promoting sustainable policies and practices, we expect these types of certifications to only increase across our portfolio.

Granite has taken forward-thinking steps to enhance its ESG+R program and has implemented strategic action items. Chief among these was our decision to collect energy, water, and waste/recycling data from as many tenants as would agree to share in 2020. Such data collection will prove integral in the efficacy of Granite's ESG+R program going forward. As evidenced by our ongoing disclosure of responsible investment practices, Granite REIT deeply values transparency and is committed to utilizing only those investment strategies which align with our fiduciary responsibility.

In 2020, Granite reaffirmed this pursuit of accountability by reporting to GRESB for the second year in a row, incorporating ESG+R disclosures in our investor presentations, financial disclosures, and through our annual ESG+R report. It is with great pride that we share it with you, hoping that the accomplishments enclosed are demonstrative of our unfaltering commitment to ESG+R and our stakeholders.

— KEVAN GORRIE

President and Chief Executive Officer



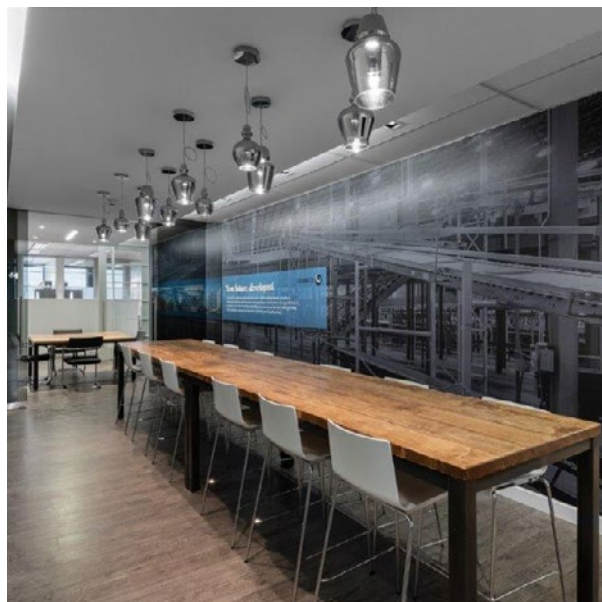
COMPANY OVERVIEW

Granite REIT is a Canadian-based real estate investment trust engaged in the acquisition, development, ownership, and management of logistics, warehouse and industrial properties in North America and Europe. As of June 30, 2021, our portfolio consists of over 115 investment properties, representing approximately 50.4 million SF of leasable area, with a market capitalization of approximately \$6 billion. Leveraging our industry expertise, we strive to maximize total returns for our unitholders and generate stable and growing cash flow.

Following Granite's long-term strategy, we continue to expand our business by applying the following core principles: owning and developing institutional quality real estate; maintaining conservative capital ratios; proactive management; strategic allocation of capital; strong corporate governance and unitholder alignment.

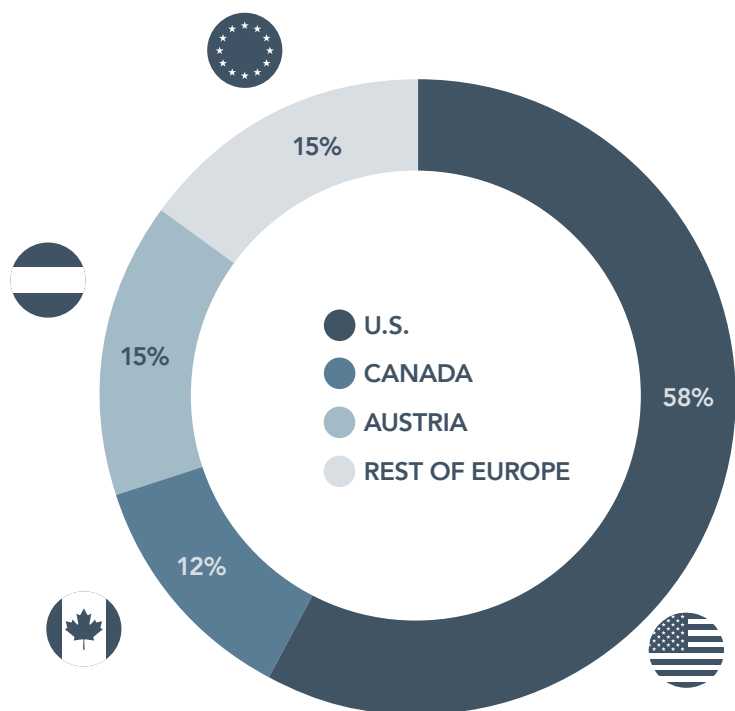
Granite REIT is a stapled unit structure, wherein one stapled unit comprises one trust unit of Granite Real Estate Investment Trust and one common share of Granite REIT Inc. Combined, it is commonly known to investors as "Granite REIT". Granite REIT was formed January 3, 2013 and was previously operating as Granite Real Estate Inc. (formerly known as MI Developments Inc.).

Over time, Granite REIT has been strategically diversifying its portfolio through the acquisition of modern, distribution/e-commerce/warehouse assets and the divestiture of its non-core, manufacturing-based assets.



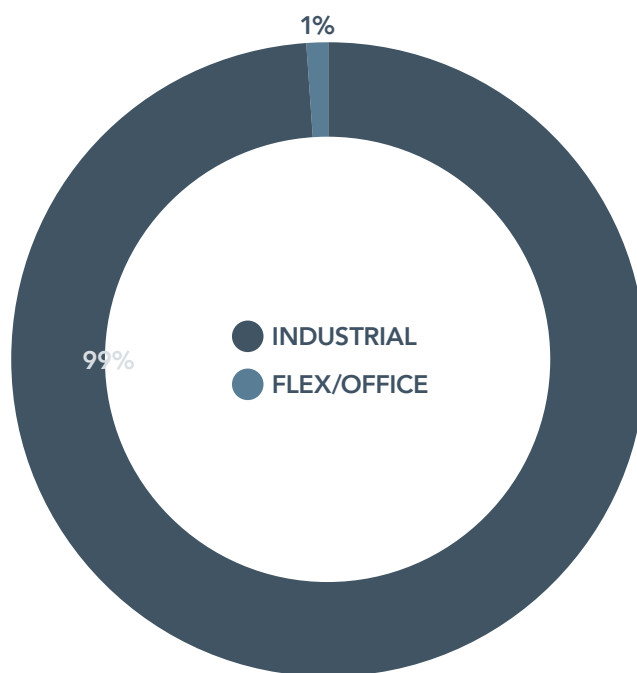
PORTFOLIO SEGMENTATION BY GEOGRAPHY

BY GLA



*As of June 30, 2021

TOTAL ASSETS UNDER MANAGEMENT



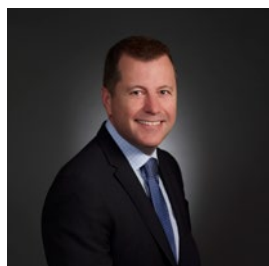
*As of June 30, 2021

ESG+R COMMITTEE MEMBERS

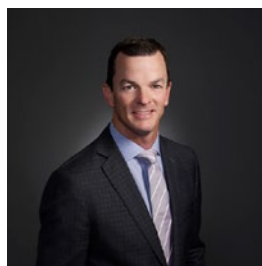
Environmental, Social, Governance, and Resilience (“ESG+R”) investing is a fundamental commitment at Granite REIT. The purpose of our ESG+R Committee is to plan, create, discuss, and monitor the implementation, measurement, and reporting of Granite REIT’s ESG+R Objectives. The Committee meets on a quarterly basis to discuss and review all activities relating to Granite REIT’s ESG+R program and ongoing ESG+R Objectives.

OUR GOALS ARE TO:

- Fully integrate Granite REIT’s ESG+R program at both the corporate and property level that aligns with GRESB, SASB, CDP, GRI, and TCFD
- Effectively communicate Granite REIT’s ESG+R strategy, program, and successes.
- Continue to improve on ESG+R performance



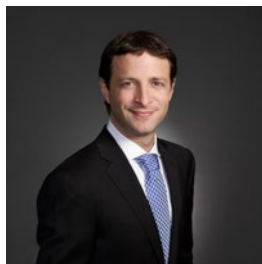
KEVAN GORRIE
PRESIDENT AND CHIEF
EXECUTIVE OFFICER



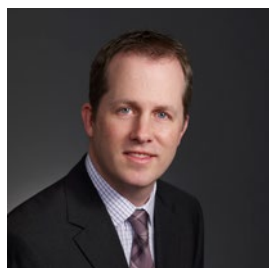
JON SORG
SENIOR VICE PRESIDENT,
HEAD OF U.S.



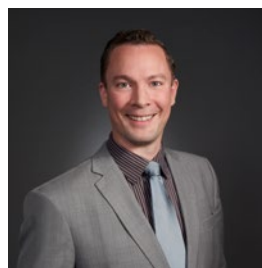
TERESA NETO
CHIEF FINANCIAL
OFFICER



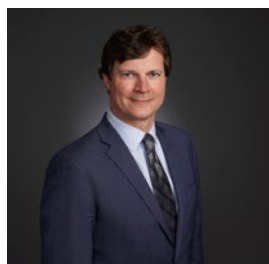
LAWRENCE CLARFIELD
SENIOR VICE PRESIDENT,
LEGAL COUNSEL AND
CORPORATE SECRETARY



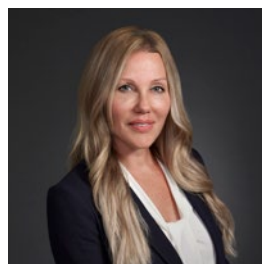
LORNE KUMER
EXECUTIVE VICE
PRESIDENT, HEAD OF
GLOBAL REAL ESTATE



KEITH STEPHEN
VICE PRESIDENT,
SUSTAINABILITY AND
ENVIRONMENT



WITSARD SCHAPER
SENIOR VICE PRESIDENT,
HEAD OF EUROPE



ANDREA SANELLI
MANAGER, LEGAL &
INVESTOR SERVICES

ESG+R OBJECTIVES

OUR SUSTAINABILITY MISSION STATEMENT

Granite recognizes the important role building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward for investors, we seek to practically incorporate sustainability in our actions and decision-making process, while generating returns for our unitholders. Consistent with this principle, we apply the following long-term ESG+R Objectives in our business:

ENVIRONMENTAL

PROMOTE ENERGY EFFICIENCY AND SUSTAINABLE PRACTICES AT BOTH OUR PROPERTIES AND OUR CORPORATE OFFICES

- Track and monitor landlord-paid utility consumption and tenant utility consumption where available
- Work to reduce the amount of landlord-controlled energy, operational emissions (scope 1 & 2), and water by 25% by 2030 (or 2.5% annual reduction) at Granite REIT properties*
- Increase the energy, emissions, water, and waste data coverage across Granite REIT properties to 50% by 2030 by collaborating with tenants, implementing green lease language, and obtaining data directly from the utility companies wherever available
- Commit 10% of the annual maintenance capital budget to sustainability enhancements at properties
- Upgrade lighting in 80% of modern logistics/distribution facilities to LED by 2030
- Encourage tenants to pursue sustainability projects through promotion of available rebates and incentives and contributing toward select energy and water retrofits by our tenants
- Support the production of new renewable energy through the installation of on-site solar PV systems with the capacity to generate 5 MW of electricity by 2025
- Strategically evaluate and pursue applicable green building certifications at our properties and achieve 30% third-party green building certifications by floor area by 2030
- Certify 100% of Granite REIT-controlled new developments to a third-party green building certification standard (such as LEED, BREEAM, Green Globes, DGNB)

*Our reduction targets are aligned with the Paris Accord goal of limiting global warming to two degrees Celsius above pre-industrial levels.



GOAL OF PLANTING AT LEAST
**100,000
TREES**
BY 2030

UPGRADE LIGHTING IN
80%
OF MODERN
LOGISTICS/DISTRIBUTION
FACILITIES TO LED BY 2030

CERTIFY
100%
OF GRANITE REIT-CONTROLLED
NEW DEVELOPMENTS TO A
THIRD-PARTY GREEN BUILDING
CERTIFICATION STANDARD



- Support alternative transportation including developing a strategic EV charging plan for the portfolio including infrastructure for 100% of new developments and through implementation of bicycle parking
- Exceed required building sustainability and efficiency standards where feasible in Granite REIT-controlled developments and major replacement projects
- Commit that all development projects controlled by Granite REIT will be built to standards consistent with the scope of our Green Bond Framework
- Ensure Granite REIT's Canadian corporate headquarters reside in third party certified building
- Continue to reduce the use of resources and increase waste diversion at Granite REIT corporate offices through enhanced technology solutions
- Support biodiversity initiatives through our beekeeping and tree planting programs with a goal of planting at least 100,000 trees by 2030 through a combination of trees planted on Granite properties, trees planted by Granite employees, and trees planted as a result of contributions to tree-planting organizations
- Ensure compliance with Granite REIT's Environmental Policy on monitoring tenant environmental compliance, environmental due diligence during acquisitions & dispositions, and following management and response procedures for spills, discharges, and external environmental complaints

SOCIAL

ENGAGE WITH OUR UNITHOLDERS, EMPLOYEES, TENANTS, PROPERTY MANAGERS, AND COMMUNITY

- Communicate and report on the progress of our ESG+R program with stakeholders
- Engage with our employees through Granite REIT programs to promote health and well-being, diversity, equity and inclusion, career development and training, and provide ongoing resources to support and foster collaboration and open feedback through employee surveys and performance assessments
- Collaborate with our tenants through providing ESG+R resources to 100% of tenants annually
- Distribute satisfaction surveys to 100% of our employees and tenants at least every 3 years
- Incorporate updated green lease language into new leases
- Interact with third-party property managers to influence and improve ESG+R best practices by providing regular trainings and resources
- Promote volunteerism and community support through company-sponsored events and donations, recognition of employees for volunteer work and charitable contributions, and encouraging property teams to host events benefiting the local communities where our properties are located
- Contribute at least \$500 CAD per income-producing property in our portfolio toward charitable donations
- Track and monitor tenant and community engagement through the distribution of an ESG+R survey to Granite REIT's properties annually

**CONTRIBUTE AT LEAST
\$500 CAD
PER INCOME-PRODUCING
PROPERTY IN OUR
PORTFOLIO TOWARD
CHARITABLE DONATIONS**





ASSESS
100%
OF POTENTIAL ACQUISITIONS
FOR ESG+R AND IDENTIFY
AREAS FOR IMPROVEMENT

DISCLOSE OUR ESG+R PERFORMANCE AS A COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

- Provide leadership over our ESG+R program through the Granite REIT ESG+R Committee
- Continue to position our ESG+R program to align with reporting frameworks to enhance our program
- Assess 100% of potential acquisitions for ESG+R and identify areas for improvement
- Monitor property compliance with government benchmarking requirements and ESG+R-related regulations
- Provide transparency to our investors by incorporating ESG+R into our regular updates and financial reports to unitholders and stakeholders and through formal reporting frameworks such as GRESB, SASB, CDP, GRI, and TCFD
- Publish our first GRI Sustainability report in 2022 covering Granite REIT's practices in 2021
- Maintain robust governance policies and carry out company-wide governance trainings to promote better business behavior
- Participate in organizations to inform, learn, and share best practices within our industry

RESILIENCE

IDENTIFY AND MITIGATE THE POTENTIAL CLIMATE-RELATED RISKS WITHIN OUR PORTFOLIO

- Align our resilience program with the Task Force on Climate-Related Financial Disclosures ("TCFD") framework
- Assess physical and transition climate-change risks during the new acquisition due diligence process and evaluate measures to increase resiliency in our underwriting process
- Regular evaluation of physical and transition climate-change risks and evaluate strategies to mitigate risks
- Work with our property teams to ensure mitigation measures and emergency response plans are in place to respond to potential risks



GREEN BOND FRAMEWORK

Granite established the following Green Bond Framework (the “Framework”) which complies with the Green Bond Principles (the “GBP”) developed by the International Capital Markets Association as of June 2018. This Framework is based on the four core components of the GBP:

1

USE OF PROCEEDS

2

PROCESS FOR EVALUATION AND SELECTION

3

MANAGEMENT OF PROCEEDS

4

ALLOCATION AND IMPACT REPORTING

The Framework may be used by Granite or any of its subsidiaries for the issuance of Green Bonds and/or other Green financial instruments (hereinafter either referred to as a “Green Bond”).

1 USE OF PROCEEDS

Granite intends to use the net proceeds from the issuances of Green Bonds to finance and/or refinance eligible green projects (the “Eligible Green Projects” or the “Projects”) as identifying with one or more of the following categories:

- Green Buildings
- Resource Efficiency and Management
- Clean Transportation
- Renewable Energy
- Pollution Prevention and Control
- Biodiversity and Conservation



2 PROCESS FOR PROJECT EVALUATION AND SELECTION



Granite appointed a Green Bond Working Committee (the “Committee”) to oversee the implementation of its Framework. The Committee consists of members across different departments such as Sustainability, Finance, Development, Asset Management and Legal.

The Committee will identify projects that satisfy the Eligible Green Projects criteria set forth in the “Use of Proceeds” section. Projects identified will be brought to Granite’s senior management team for final approval.

3 MANAGEMENT OF PROCEEDS

The net proceeds from a Green Bond issue will be deposited to Granite's general account and be earmarked for allocation to Eligible Green Projects in accordance with the Framework. Net proceeds may be used for investments associated with Eligible Green Projects made by Granite in the 36 months preceding the issuance of a Green Bond. Granite intends to utilize net proceeds within 36 months of an offering. Prior to allocation, net proceeds of a Green Bond issuance may be utilized, in part or in full, for repayment of Granite's credit facilities, held in cash or cash equivalents, or for general corporate purposes.

All relevant information regarding the issuance of Green Bonds and the Eligible Green Projects financed will be kept in a Green Bond Register managed by the Finance department. Granite's internal records will show the allocation of the net proceeds of the relevant offering to Eligible Green Projects as long as the offering remains outstanding. Payment of principal and interest on any Green Bonds will be made from general funds and will not be directly linked to the performance on any Eligible Green Projects.

4 ALLOCATION AND IMPACT REPORTING

Granite will engage a third party to complete an annual verification of its allocation of net proceeds issued to Eligible Green Projects until full allocation. In addition, until full allocation, Granite will provide annual updates via its corporate website www.granitereit.com and/or in its Annual Report that include relevant information such as Eligible Green Projects, amount allocated to Eligible Green Projects and the balance of unallocated net proceeds. Granite will provide information on the level of green building certifications for applicable Eligible Green Projects and if feasible and practicable, Granite may provide such information as:

- Annual energy saved or renewable energy generated
- Annual greenhouse gas emissions reduced/avoided
- Natural capital value (i.e. trees planted)



EXTERNAL REVIEW

Granite has obtained an independent second party opinion from Sustainalytics on its Green Bond Framework indicating alignment with the Green Bond Principles. This opinion is available on Sustainalytics' website: <https://www.sustainalytics.com/sustainable-finance/our-work/>, and also available on Granite's website: <https://granitereit.com/green-bond-framework-second-partyopinion>.

GREEN BOND USE OF PROCEEDS

FOR THE PERIOD ENDING DECEMBER 31, 2020

Granite issued its inaugural green bond on June 4th, 2020, the 3.062% \$500 Million Series 4 Senior Debentures due 2027 ("Green Bond").

As at December 31, 2021, 69% of the net proceeds of the Green Bond have been allocated to Eligible Green Projects.

For more information see Granite's Annual Green Bond Use of Proceeds Report as at December 31, 2020 on Granite's website: <https://granitereit.com/sustainability>



PERFORMANCE VERIFICATION

GRESB is an assessment used to measure the ESG+R performance of direct real estate portfolios globally. Granite REIT completed its first annual GRESB Assessment in 2020 for 2019 calendar year data.



GRANITE REIT IS IMPLEMENTING STRATEGIC INITIATIVES TO ENHANCE ITS ESG+R PROGRAM AND IMPROVE ESG+R PERFORMANCE INCLUDING:

- Updating our ESG+R Objectives and program goals
- Administering a company-wide tenant satisfaction survey to gain additional insight and feedback from our tenants
- Surveying our employees to further enhance engagement and company initiatives
- Strategically evaluating and pursuing green building certifications at our properties
- Implementing LED lighting retrofits to increase efficiency and lower energy consumption
- Incorporating enhanced green lease language into our standard leases
- Distributing updated sustainability resources, deliverables, and trainings to our property management teams and tenants
- Increasing transparency and disclosure through our updated Sustainability Report, GRESB Reporting, and ESG+R sections in the Annual Information Form/Form 40-F



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



Adopted by the United Nations in 2015 as a part of the UN Resolution 70/1, the Sustainable Development Goals ("SDGs") are comprised of 17 global goals designed as a call for action by all countries to improve quality of life, increase economic growth, and protect the environment.

In support of the SDGs, Granite REIT strives to implement the 17 SDGs into its corporate and asset management practices.



GREEN BUILDING CERTIFICATIONS

Granite REIT uses green building certifications (“GBCs”) to benchmark its sustainability initiatives at the property level. These third-party certifications measure our properties’ data and compare it to that of similar properties and established standards. GBCs also validate the successful sustainability efforts of property teams, helping attract tenants who value sustainability and comply with local regulations. We assess the feasibility of obtaining new GBCs during the design and planning phase of new development projects, and we review our existing properties regularly for certification or recertification opportunities.

GREEN BUILDING CERTIFICATIONS

AS OF DECEMBER 31, 2020

PROPERTY	CERTIFICATION	LEVEL
15 Commerce Parkway West Jefferson, Ohio	LEED Building Design and Construction: New Construction and Major Renovation	Certified
100 Clyde Alexander Lane Pooler, Georgia	LEED Building Design and Construction: Core and Shell Development	Certified
101 Clyde Alexander Lane Pooler, Georgia	LEED Building Design and Construction: Core and Shell Development	Certified
1201 Allpoints Court Plainfield, Indiana	Green Globes New Construction	2 Green Globes
2100 Center Square Rd. Logan Township, New Jersey	LEED Building Design and Construction: Core and Shell Development	Silver
3501 North Lancaster Hutchins Road Lancaster, Texas	LEED Building Design and Construction: New Construction and Major Renovation	Silver
8735 South Crossroads Drive Olive Branch, Mississippi	LEED Building Design and Construction: Core and Shell Development	Certified
Aquamarijnweg 2 & 4, Bleiswijk Bleiswijk, Netherlands	BREEAM New construction	Very Good
Francis Baconstraat 4 Ede, Netherlands	BREEAM New construction	Very Good
Oude Graaf 15 Weert, Netherlands	BREEAM New construction	Excellent





ENVIRONMENTAL

ENVIRONMENTAL OVERVIEW

Granite REIT recognizes the important role that building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward for unitholders, we seek to practically incorporate sustainability measures in our actions and decision-making and take every opportunity to enhance these measures over time.

For Granite REIT, adherence to Environmental, Social, Governance and Resilience (“ESG+R”) principles begins at the time of acquisition. Energy-efficiency and other complementary characteristics are fundamental components of our property criteria, as evidenced by the ESG+R Acquisition Assessment. This assessment, which is completed for each potential new asset, provides a summary of ESG+R risks and opportunities and examines the following topics:



REGULATORY REQUIREMENTS

consideration of local energy, emissions, water, and/or recycling standards



POTENTIAL PROJECTS

evaluation of energy or water efficiency status and whether improvements can be underwritten



CERTIFICATIONS

analysis of the history and eligibility of the asset’s green building certifications or energy ratings

As part of our ongoing efforts towards sustainability, we track energy, water, emissions, and waste data at the property level. Through performance indicator reports, changes in consumption and overall asset performance are evaluated by property teams, then more efficient practices and policies are implemented as needed. This property-level approach ensures that every property is contributing to our broader climate-related goals.

In order to evaluate the efficacy of property-level improvements, we evaluate buildings for their potential to achieve green building certifications (“GBCs”) on an annual basis. GBCs, such as LEED, BREEAM, HQE, Green Star, CASBEE, and IREM Certified Sustainable Property, recognize progress made by buildings in pursuit of sustainability. We also require all eligible buildings to apply for energy ratings and to pursue certification or recertification annually. Beyond this, through collaboration with third-party property managers, we ensure our buildings are performing in accordance with local energy standards and disclosure laws.

We believe that property-level engagement is essential in carrying out effective sustainability initiatives. We frequently communicate with our property managers and provide in-depth materials to help promote energy conservation, water use efficiency, recycling, and waste reduction, as well as tenant cooperation at their properties. In addition, we regularly audit properties to identify issues and implement measures to mitigate environmental effects.

Granite REIT also encourages tenants to incorporate sustainable practices into their operations. We contribute financially toward select sustainability projects undertaken by our tenants. At properties where beehives are installed, we provide workshops to teach tenants about the important role bees play in our ecosystem and beekeeping practices, and offer the opportunity to participate in the collection of honey from the hive.



Despite adding two new offices in 2020, we reduced printing from our internal printers by approximately 70% (a reduction of approximately 330k pages) in comparison with 2019. While the impacts of having the majority of Granite’s employees working from home certainly played a large role in this result, our efforts to minimize the use of paper in our office operations have also been an important factor.

FRANCIS BACONSTRAAT 4

EDE, NETHERLANDS

Francis Baconstraat 4 is a single tenant 125,626 SF distribution center located in Ede, Netherlands. In May 2020, the property obtained BREEAM New Construction New Build and Renovation certification. The project achieved a “Very Good” rating with a score of 56.71% out of 100%. Features that assisted in the property’s certification include:



ENERGY EFFICIENCY

Because of the careful choice to install energy systems, it is estimated that 11.5% of energy will be saved in comparison to the local baseline



RENEWABLE ENERGY

The property’s rooftop solar installation will produce approximately 12.6% of the property’s energy consumption



WATER

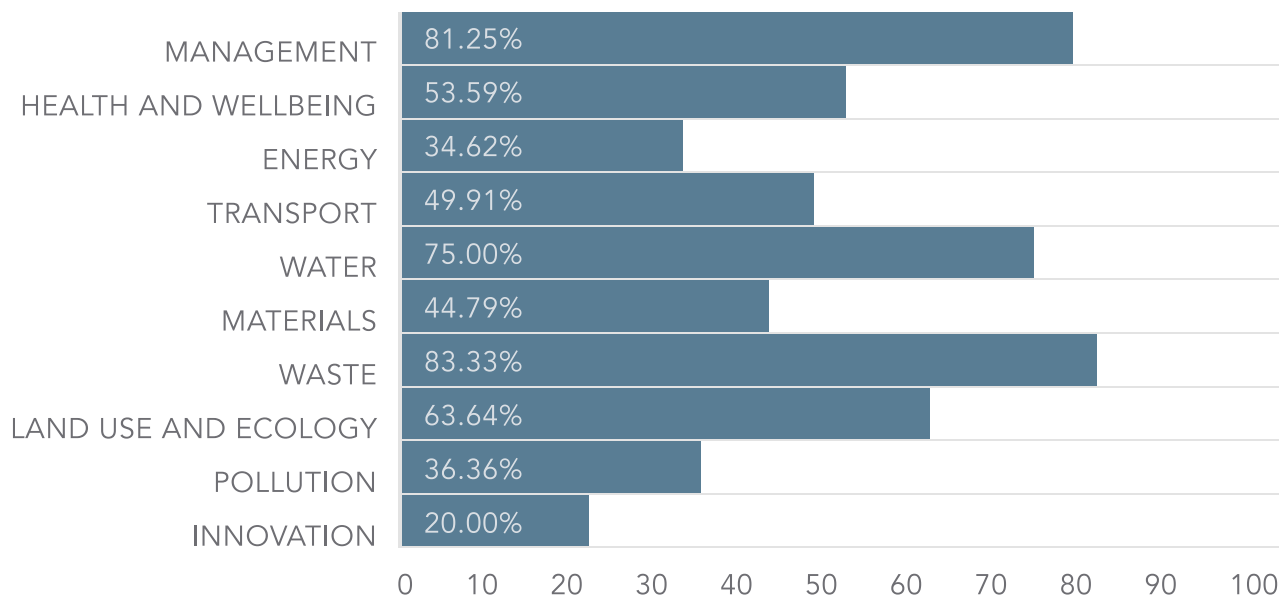
Efficient plumbing fixtures installed on-site are estimated to save approximately 280,512 liters of water per year



WASTE

The project managed to recycle 91% of its total construction waste

BREEAM SCORES PER CATEGORY



1201 ALLPOINTS COURT

PLAINFIELD, INDIANA

Completed in 2020, 1201 Allpoints Court is a 510,965 SF, Class A distribution facility located just outside of Indianapolis in Plainfield, Indiana. In 2020, the property achieved Green Globes for New Construction certification, where it earned 2 out of 4 Green Globes, defined by Green Globes as a property that demonstrates excellent progress in the reduction of environmental impacts and use of environmental efficiency practices.



EMISSIONS:

36/38

POSSIBLE POINTS

The building utilizes R-410A refrigerant, which release less greenhouse gas ("GHG") emissions than CFC-based refrigerants

WATER:

46/59

POSSIBLE POINTS

- Low-flow plumbing fixtures, were installed including 1.28 gallons per flush toilets and 0.5 gallons per minute restroom sinks
- Native plants were utilized in the property's landscaping, which require no irrigation

SITE:

64/103

POSSIBLE POINTS

Protection of storm drains, control of vehicle traffic, and protection of waste handling bins was implemented to minimize the runoff from the site and protect the nearby environment

ENERGY:

181/316

POSSIBLE POINTS

- High-efficiency equipment, including the HVAC and lighting systems, were installed to reduce daily operational energy consumption
- The property has a high number of energy-efficient windows, which saves energy in comparison to standard window glazing and reduces the need for artificial lighting

RESOURCES:

59/90

POSSIBLE POINTS

- Recycled materials were used in the furniture systems, resilient flooring, GWB, metal studs, and tiled floor
- A construction waste management plan was enforced throughout the project to ensure the project maintained a high waste diversion rate

INDOOR ENVIRONMENT:

67/142.5

POSSIBLE POINTS

- Low-VOC paints, wall coverings, floor materials, and sealants were used during construction
- Large windows allow for views to the exterior for occupants
- HVAC and plumbing systems were installed with sound insulation devices and insulated duct work to increase acoustic comfort

PROJECT MANAGEMENT:

19/46.5

POSSIBLE POINTS

Sustainable specifications were required for building materials including rough carpentry, finish carpentry, joint sealants, wood doors and frames, gypsum board, tiling, resilient tile flooring, tile carpeting, and interior painting



Additionally, 1201 Allpoints Court obtained an **ENERGY STAR DESIGN SCORE OF 84 OUT OF 100 POSSIBLE POINTS** where it was estimated to avoid emitting 853 metric tonnes of CO2 equivalent in comparison to the median property.

201 SUNRIDGE BOULEVARD

WILMER, TEXAS

201 Sunridge Boulevard is a 822,550 SF, multi-tenant industrial warehouse/distribution center located just outside of the Dallas-Fort Worth Metroplex in Wilmer, Texas.

In May 2020, the property completed a whole building lighting retrofit, investing \$414,200 USD to remove the existing T5 fixtures and replace them with high-efficiency LED fixtures. In total, the LED lighting retrofit replaced 1,284 lighting fixtures.

An LED retrofit like this is a valuable upgrade with an expected annual savings of 2,401 MWh. In addition to the potential for savings in electricity costs, the retrofit leads to less energy consumption, and therefore, a reduction in GHG emissions. 201 Sunridge Boulevard is a prime example of Granite REIT investing in sustainable practices to reduce energy consumption and its carbon footprint.



CASE STUDY - RENEWABLE ENERGY

OUDE GRAAF 15

WEERT, LIMBURG, NETHERLANDS



The purchase, generation, and consumption of renewable energy helps to reduce the environmental impacts associated with electricity use in buildings through the reduction of GHG emissions. Oude Graaf 15 is a 238,281 SF, single-tenant industrial warehouse/distribution center located in Weert, Limburg, Netherlands. Constructed in 2019, the building possesses a 2,608-panel, roof-top solar photovoltaic array which produces 73.6% of the building's base energy usage. When factoring in the excess renewable energy that is delivered to the grid from the solar PV installation on the roof, the operation of the base building has a negative GHG emission intensity.

The building's renewable energy production has helped the property earn BREEAM New Building and Renovation certification with an Excellent rating with a score of 76.33%, and a European Union A++++ Energy Label.

BREEAM®

OPMÜNDER WEG 80

SOEST, GERMANY

Opmünder Weg 80 is a 308,310 SF single-tenant warehouse property located in Soest, Germany. The property currently boasts an 89.5% diversion rate with their largest diversion stream attributing to the recycling of cardboard/corrugated containers. In total, the property recycled 157.27 metric tonnes of cardboard and 34.55 metric tonnes of mixed plastic in 2020. This is equivalent to the weight of approximately three humpback whales.

By implementing recycling programs, properties can greatly reduce the amount of waste sent to landfills. Additionally, recycling programs reduce the need to harvest raw materials and support the post-consumer recycled content market.



89.5%

Waste Diversion Rate



CASE STUDY - ALTERNATIVE TRANSPORTATION

39600 LEWIS DRIVE

NOVI, MICHIGAN



39600 Lewis Drive is a flex/office building located Northeast of Novi, Michigan within Metro Detroit's largest Class-A Office Park, the Haggerty Corridor Corporate Park. Constructed in 2001, this 307,125 SF building has seen several sustainable improvements such as an upgrade to a high efficiency boiler system and approximately 1.1M USD invested to retrofit the building's interior and exterior lighting to high efficiency LED lighting systems.

The office building accommodates its tenants by having one electric vehicle charging station ("EVCS") installed on the property in January of 2018. The property also provides bike racks for its tenants installed in April of 2018. The EVCS and bike racks encourage sustainable transportation by making it possible for people to recharge their vehicles and store their bikes while working. Such features can help to reduce the GHG emissions associated with transportation to the property, and/or encourage fitness-oriented commuting options for tenants.



SOCIAL

SOCIAL OVERVIEW

As responsible corporate citizens and fiduciaries to our unitholders, we contend that the social impact of our buildings is to be taken as seriously as any other, as it is essential in cultivating community and social cohesion.

For that reason, we strive to make our buildings healthy environments in every sense for our tenants, employees, and the communities in which they live.

Granite REIT's adherence to ESG+R principles in every part of our business structure and investment model ensures that we uphold responsible investment standards, are good stewards of the environment, celebrate diversity of thought amongst our colleagues, and give back to our communities.



EMPLOYEE ENGAGEMENT

Granite cares about its employees and invests in their success. We have developed a number of employee engagement initiatives to attract and retain experienced, qualified staff.

Granite provides employees with annual compensation through incentive compensation in addition to salary in the form of an annual bonus that is tied to both corporate targets and personal objectives. We also facilitate an annual process of establishing personal objectives and performance reviews, which include an assessment against such objectives.

In April 2021, we launched our inaugural employee engagement survey—an effort we plan to repeat regularly. We host a variety of social and charity events throughout the year for our employees, and we also invest in their professional development.

To ensure continuous communication with our staff, senior management holds “town halls” throughout the year.

OUR CULTURE

Granite's culture is represented by an entrepreneurial spirit, the ability to execute tasks nimbly and efficiently, and a strong emphasis on ethics and code of conduct. We foster collaboration and teamwork from all levels and across all functions of the organization and encourage open communication. Granite has a diverse workforce and is an inclusive employer.

OUR WORK ENVIRONMENT

Granite's workforce is comprised of approximately 56 office workers. Granite's corporate offices are located in downtown Toronto. We also have satellite offices in the U.S and Europe.

As a result of the COVID-19 pandemic, about 75% of our workforce is currently working from home. Employees are able to work productively from home and have been fitted out with computers and related equipment to do so. Granite has established a return to office policy for September 2021 allowing for the safe return of its employees to the workplace while providing enhanced work from home flexibility during the work week.



DIVERSITY AND INCLUSION

Granite is an inclusive employer that embraces diversity. We have surveyed our employees for the first time to self-identify with respect to gender and race through our Employee Engagement Survey, which was conducted in April 2021. Granite recognizes and supports the benefits of diversity, which provides the necessary range of perspectives, experience, and expertise required to achieve Granite's objectives.

Granite has the following policies in place: Diversity Policy, Granite Policy Against Discrimination, Accessibility Policy, and Granite Policy Against Workplace Violence and Harassment. Employees are required to read and be familiar with Granite's Employee Handbook, which references these policies.

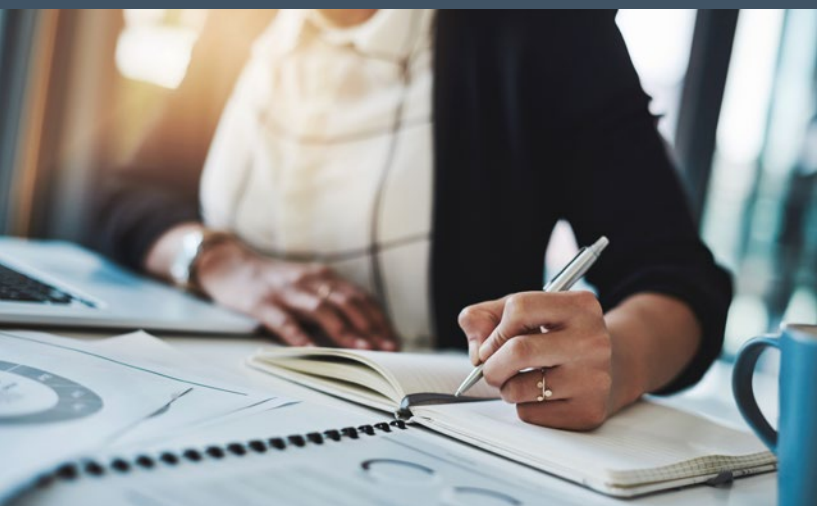
Cultural Diversity	21% BIPOC Representation
Female Representation	Board of Trustees: 33.3%
	Senior Management: 18%
	Total Employees: 50%
	Executive Management: 33.3%



EMPLOYEE PERFORMANCE REVIEW

Each employee receives a written and verbal performance review annually. In addition, each year, an employee establishes personal objectives for the calendar year, which are approved by his/her manager. At the end of the year, the employee's performance is measured against those stated objectives. The employee's performance is assessed and documented in a performance review template, which is agreed upon by both the employee and manager.

The employee's overall performance rating impacts the employee's short-term incentive (bonus) for the portion of the bonus weighted on personal performance. Each bonus has a weighting based on personal performance as well as weighting for corporate



PROFESSIONAL DEVELOPMENT

Employees are reimbursed for education courses or professional development seminars completed as long as the courses/seminars are pre-approved by senior management.

Education is typically approved on a case-by-case basis, where it either is relevant to the employee's work or in support of an employee's professional development.

Employees are also encouraged to attend conferences and industry events, for which Granite covers the cost to attend. Granite reimburses all accredited employees for annual professional dues (e.g. Certified Public Accountant, Certified Financial Analyst, Professional Engineer fees, etc.).

Any required training for personnel to conduct property site visits (e.g. ladder training) is completed as needed. Post-pandemic, Granite will be updating the First Aid certifications of designated staff members.

HEALTH AND WELLNESS

Our health and well-being program consists of the following policies:

- Sick days each year that are equal to or better than local legislative requirements.
- Work from Home Policy (which existed prior to the COVID-19 pandemic, allowing flexibility to work from home as needed with manager approval). Granite's post-pandemic return to office policy enhances the work from home policy by providing employees the opportunity to work from home two days per week on a regular basis.
- Fitness Allowance of \$500 per annum, per employee.
- In Canada and the U.S., Employee and Family Assistance Program offered for additional family, personal counseling, or mental health support.

COVID-19 POLICIES

As lockdowns occurred in each of our regions, Granite's offices were closed, and employees commenced working from home starting in March 2020. All employees were provided with the necessary equipment and tools to ensure they could work efficiently from home.

As lockdowns eased, Granite continued to offer each employee the flexibility of working from home. Approximately 75%+ of our staff continues to work from home on a full-time basis. Each Granite office has made changes to ensure public health guidelines are met, such as procuring personal protective equipment for staff, segregating workstations, installing plexi-glass, staggering office attendance when appropriate, tracking attendance, providing additional cleaning, and procuring sanitizers and wipes.

For our Toronto office, a COVID-19 Employee Handbook was prepared outlining guidelines and policies for employees coming into the office to work. Granite has established a return to office policy for September 2021 allowing for the safe return of its employees to the workplace while providing enhanced work from home flexibility during the work week.



WELLNESS FEATURES AND BENEFITS

- Health insurance offered to employees
- Life insurance, disability and invalidity coverage
- List of nearby wellness centers and hospitals provided to employees (U.S.)
- Parental leave
- Bereavement leave
- Paid sick leave
- Unit ownership*
- Quiet areas designated for employees
- Standing desks offered
- Inter-office fitness challenge
- Access to healthier food choices
- Smoke-free policy
- Company social groups
- Filtered water provided
- Flexible working hours

*Unit ownership is offered to certain levels of staff, and not all employees participate in the long-term incentive program.

COMMUNITY ENGAGEMENT

Granite's community engagement program, called Granite Gives, consists of the following key elements:

WELLNESS CHALLENGE

We invite employees to participate in a wellness challenge, wherein the top performing teams earn donations to the qualifying charitable organizations of their choice from Granite.

CORPORATE MATCHING DONATIONS

We encourage employees to donate to charity by providing a corporate matching donation to qualifying charities up to a maximum of \$125 CAD per employee per year.

SUPPORTING LOCAL ORGANIZATIONS

We allocate a portion of our annual corporate charity budget to support local charitable organizations, in places where we have properties under development or existing buildings, to ensure that we are supporting the communities where Granite does business.

Currently, we have budgeted \$250 CAD per qualifying property, which can be pooled with other properties to make a more significant donation on a regional basis. Each office determines the local charitable causes to support for the properties in their respective jurisdictions.



GROUP VOLUNTEER ACTIVITIES

Notwithstanding the challenges associated with current COVID-19 pandemic-related restrictions, Granite aims to provide all our employees with an opportunity to participate in a group volunteer activity for one day each year. Each office determines the group volunteer activity that they will undertake.

OFFICE-LEVEL CHARITABLE GIVING

The remainder of the annual corporate charity budget is divided between the offices for charitable donations to causes to be determined by each office. Group volunteer activities requiring a charitable contribution are funded from the individual office charity budgets.

COMMUNITY ENGAGEMENT THEMES:

Granite's community engagement program touches on a number of themes, including the following:

- **HEALTH AND WELL-BEING:** Granite's employee wellness challenge is intended to provide extra motivation for Granite employees to stay active through a friendly competition. The inaugural iteration of this challenge featured Granite's employees competing as teams to walk or run the greatest distance in May of 2021. Collectively, we walked over 10 million steps during the challenge period for a total distance of approximately 7,900 km.
- **INTER-OFFICE TEAMS:** Granite's employee wellness challenge is also intended to encourage team-building within the company as participants are assigned to randomly-created teams that are intentionally blended with representation from multiple offices. All ten of the teams in the inaugural wellness challenge featured employees from at least two different offices and six of the ten teams included employees from three different Granite offices.
- **EDUCATIONAL PROGRAMS:** One of the sustainability initiatives of Granite's ESG+R program is the installation of beehives at properties where there is a suitable place for them. The primary intent of this initiative is to promote biodiversity in the vicinity of our properties. However, we also provide workshops for our tenants to learn about bees in general and the important role they play in our ecosystem and/or to participate in the collection of honey from the hive. This initiative began last year with the installation of a single hive on a property in Concord, Ontario. We added another hive in 2021. We will consider adding hive locations as suitable properties are identified as tenants consent to the initiative.

KEY MEMBERSHIPS AND COMMITMENTS

The following is a list of charities that Granite supported through donations in 2020:



In June 2020, Granite was recognized in a newspaper ad in the National Post taken out by Second Harvest Food Rescue. Granite was listed among other Community and Corporate Supporters in the Canadian Blood Services Donor Report for 2019-2020.

TOTAL AMOUNT OF CHARITABLE
CONTRIBUTIONS (\$) IN 2020:

\$58,986.69

(FOR NORTH AMERICA)

€11,750

(FOR EUROPE)

TOTAL NUMBER OF ITEMS (TOYS,
SCHOOL SUPPLIES, FOOD, ETC.)
DONATED IN 2020:

>376 ITEMS

+ 15 BOXES OF GROCERIES

TOTAL NUMBER OF HOURS
VOLUNTEERED IN 2020:

**AT LEAST
164 HOURS**

TOTAL NUMBER OF
EVENTS IN 2020:

5

(RBC RUN; BLOOD DRIVE;
SPONSORED FAMILIES AT
CHRISTMAS; TREE PLANTING;
SIGNING HOLIDAY CARDS FOR
SENIORS AND REHAB PATIENTS)



RBC RACE FOR THE KIDS

Several employees (and many family members) participated in this event to raise awareness and funds for kids' mental health. Through a combination of employee donations, fundraising, and Granite's corporate donation, they raised a total of \$4,169.



PROPERTY ENGAGEMENT

Our ESG+R policies are stronger when we work together with our third-party property managers and tenants. The following policies are in place to encourage participation from all parties:

- Procedures for Monitoring Tenants' Environmental Performance During Lease Tenure and on Lease Termination;
- Environmental Due Diligence Procedures for Property Acquisitions;
- Environmental Due Diligence Procedures for Property Dispositions;
- Spills/Discharges Management and Response Procedure; and
- External Environmental Complaints Management and Response Procedure.

The foregoing procedures contemplate the exercise of due diligence by Granite employees in handling environmental matters and the communication of environmental risk assessments to an environmental committee, a transaction team, executive management, and/or the board of trustees and board of directors of Granite (collectively, the "Board") as appropriate in the circumstances.





GOVERNANCE

TRANSPARENCY AND DISCLOSURE

Transparency and accountability are paramount in the successful management of our investor and stakeholder relationships. To this end, we make and manage our investments in accordance with investor guidelines and requirements to make sure they are always first priority.

When it comes to effective corporate governance, we believe integrity and accountability are everything. In order to protect our stakeholder's interests, ensure legal compliance, and provide accountability in line with our business activities, Granite adopts the highest policies and standards, our Code of Conduct and Ethics being one of them. Additionally, we outline our policies and standards for ethical practices in our: Disclosure Policy, Diversity Policy, Environmental Policy, Hiring Policy to Protect Auditor Independence, Insider Trading and Anti-Bribery Policy, Internal Reporting Procedures and Majority Voting Policy. For further details of these policies, please visit: <https://granitereit.com/about-granite/governance/policies-and-procedures/>.

As evidenced by our transparency and disclosure of responsible investment practices, Granite REIT is committed to implementing investment strategies that align with our fiduciary responsibilities to our investors and stakeholders. Beginning in 2020, we completed the GRESB Assessment of our portfolio. The assessment evaluates the ESG+R performance of real estate portfolios globally.

CODE OF CONDUCT AND ETHICS

Granite provides all employees with a copy of our Code of Conduct and Ethics Policy, which can be found at <https://granitereit.com/about-granite/governance/>. This policy includes the following topics:

- Employment Practices
- Protection of Personal Information
- Respect for Human Rights
- Compliance with Law
- Conducting Business with Integrity, Fairness and Respect
- Compliance with Anti-Bribery Laws
- Fair Dealing
- Financial Reporting
- Securities Trading
- Public Disclosure of Material Information
- Compliance with Antitrust and Competition Laws
- Environment and Occupational Health and Safety
- Avoidance of Conflicts of Interest
- Use of Confidential Information
- Information Technology Systems and Security
- Corporate Policies
- Accessibility Policy

ANTI-BRIBERY AND ANTI-CORRUPTION

Our Code of Conduct and Ethics emphasizes a theme that is also central to our anti-bribery policy: Be ethical. We are committed to acting in line with our values and principles. We deliver real estate and construction-related services on the basis of price, quality, and service, and we do not provide bribes or other improper incentives.

Our Anti-Bribery policy prohibits bribery and improper incentives in our dealings with customers, suppliers, lenders, investors, regulators, or government officials, and all other individuals, businesses, and organizations with whom we interact. This includes funds, travel, gifts, kickbacks, split or shared commissions, any forms of hidden compensation, or any items of value. As part of a condition of employment, employees must adhere to these laws and policies.

DATA PRIVACY AND CYBER SECURITY

We take the confidentiality, integrity, and security of our stakeholders seriously. As a result, Granite employees are required to protect the confidentiality of all personal data under our control, and company personnel must comply with federal securities laws at all times. As an added security measure, we use electronic, physical, and procedural safeguards to protect personal data as needed.

OUR APPROACH TO CLIMATE RESILIENCE

Granite recognizes the important role building owners can play in fostering the efficient use of resources and respecting our environment. As a good steward for investors, we seek to practically incorporate sustainability in our actions and decision-making process while generating returns for our unitholders. Granite assesses both physical and transition climate-related risks as part of our ongoing due diligence and ESG+R program. Granite uses the integrated Measurable Four Twenty Seven (427) platform to provide climate risk analytics with 1 to 100 risk scores for seven categories of climate related risks: sea level rise, floods, hurricanes, heat stress, water stress, wildfires, and earthquakes.



Four Twenty Seven

Additionally, Granite REIT is continuously evaluating and identifying transition risks and views, increasing emissions regulations, reputation among stakeholders, and technology advancements as key transition risk priorities. Granite tracks local regulations and benchmarking requirements across its portfolio. We evaluate our assets to ensure they are in compliance with any local ordinances and rules pertaining to benchmarking the building as well as any auditing reporting requirements. We evaluate technology and potential new products that may assist the asset in reducing energy consumption and emissions.

As part of the ESG+R program, we continuously evaluate the renewable energy credit ("REC") market and evaluate the purchase of RECs on an annual basis and evaluate strategies that can help us reduce risks due to higher costs related to carbon and utility pricing. We have seen an increase in the number of ESG+R questions and climate risk questions from investors and stakeholders, and have identified this as a potential risk. We evaluate and update our ESG+R program and processes regularly to mitigate risks.



