

2018 SUSTAINABILITY REPORT

MAKING A DIFFERENCE
BY TAKING ACTION.



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EXECUTIVE STATEMENT

At Morguard, sustainability is about taking action.

In 2018, we continued our commitment to the environment by actively integrating the principles of sustainability into every aspect of our business. Our experience has taught us that when we take responsibility for the environment, good things happen. Our employees become advocates. Our tenants enthusiastically get involved. Our properties become healthier environments in which to live, shop and work. And the health of the communities we serve improves overall.

Sustainable Morguard is our company-wide sustainability program that focuses on the environmental, social and governance issues that are affecting our communities today. Thanks to the direct involvement of all our stakeholders – employees, tenants, shareholders, community members and institutional investor clients and investment partners – Sustainable Morguard has helped us to achieve many successes in 2018.

Among those successes? Large reductions in energy, water and waste at our properties. Deeper involvement by our employees, who made major contributions to the communities where they work and live. And continued recognition of Morguard for its achievements, including building quality and design, and an outstanding record of health and safety.

As a major real estate organization in North America, Morguard is well positioned to make a significant commitment to environmental sustainability. It's a commitment we take very seriously, not only for the health and well-being of the communities we serve, but as a way of nurturing long-term value for our shareholders, clients, tenants, and employees.

I want to take this opportunity to thank everyone for their passion and commitment to Sustainable Morguard, all of whom are making a positive difference by taking action, every day.

Sincerely,

K. RAI SAHI

Chairman and Chief Executive Officer
Morguard Corporation

PROFILE

Morguard Corporation (“Morguard”) is a fully integrated North American real estate organization, with 1,463 employees and total real estate assets owned and under management (“Morguard’s assets”) valued at \$15.9 billion. As a real estate owner, manager and developer, we recognize our responsibility to help build a sustainable future and strive to have a positive impact on the environment, the communities where we operate and the long term value of our properties.

ORGANIZATIONAL PROFILE

Morguard is primarily a real estate investment company whose principal activities include the acquisition, development and ownership of multi-suite residential, retail, office, industrial and hotels. Morguard is also one of Canada’s premier real estate investment advisers and management companies, representing major institutional and private investors. Morguard’s common shares are publicly traded and listed on the Toronto Stock Exchange (“TSX”) under the symbol “MRC”.

Morguard’s real estate strategy is to acquire a diversified portfolio of real estate assets both for our own accounts and for our institutional investor clients and investment partners. Morguard’s cash flows are well diversified given the funds from operations generated by our corporately owned assets, the cash distributions received from our investments in Morguard Real Estate Investment Trust, Morguard North American Residential Real Estate Investment Trust and Temple Hotels Inc., as well as the revenue earned from our management advisory and services platforms. Diversification of our real estate portfolio, by both asset type and location, serves to reduce investment risk. Morguard will divest non-core assets when proceeds can be reinvested to improve returns. A primary element of our business strategy is to generate stable and increasing cash flow and asset value by improving the performance of our real estate investment portfolio and by acquiring or developing real estate properties in sound economic markets.

Morguard provides real estate advisory services to major institutional investors, private investors and our public company investments. Services include acquisitions, development, dispositions, leasing, performance measurement, asset management and property management. For over 40 years, Morguard has established ourselves as one of Canada’s leading providers of real estate asset and property management services.

In addition to real estate, Morguard’s 60% ownership interest in Lincluden Investment Management Limited (“Lincluden”) offers institutional clients and private investors a broad range of global investment products across equity, fixed income and balanced investment portfolios.

Morguard operates in Canada and the United States. Our head office is in Mississauga, Ontario, Canada.

For more information about Morguard’s organizational structure and financial performance, please see the Morguard Corporation Annual Information Form and other continuous disclosure materials available at sedar.com and at morguard.com.

REPORT SCOPE AND BOUNDARY

The Morguard 2018 Annual Corporate Sustainability and Responsibility Report (the “Report”) provides transparent information on activities and management strategies for our owned and managed real estate assets in Canada and in the United States. These real estate assets include commercial (retail, office and industrial), multi-suite residential and hotels. Each asset class and region (Canada versus United States) has a unique variety of sustainable risks and opportunities. In addition, Morguard’s control over sustainable activity at a specific property can be limited based on negotiated lease terms and management agreements.

As a result, Morguard's sustainability program is designed with each asset class in mind. This means that at any given time, property-level sustainability programs can vary between and within asset classes. Meaning, the availability of property performance metrics differ across asset types and regions. Acknowledging these differences, scope is defined within each reporting area. In addition, although we acquired and disposed of assets during the reporting period, property performance metrics in this Report only reflect the properties that were operational during the entire reporting period.

This Report was prepared in accordance with the Core option of the 2018 Global Reporting Initiative ("GRI") Standard sustainability reporting guidelines, including the Construction and Real Estate Sector Supplement ("CRESS"). External quality assurance of our building performance data is provided by a third party, however formal assurance of the contents of this Report was not sought.

Morguard also publishes a separate sustainability highlights report that summarizes achievements, and profiles specific initiatives and properties. The Morguard 2018 Sustainability Highlights can be found at morguard.com.

All information is presented as at December 31, 2018, unless otherwise indicated.

We welcome report feedback or inquiries. Please contact sustainability@morguard.com

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OUR SUSTAINABILITY STRATEGY

Sustainability is a strategic priority for Morguard. Sustainability encompasses the risks and organizational responsibilities surrounding our environmental, social and governance (“ESG”) impacts. Given the scale and extent of its ESG impacts, sustainability is of particular concern to the real estate sector, including key stakeholders such as owners, tenants and those employed by the industry.

At a fundamental level, real estate organizations contribute to society through the development and management of shelter. People will always need buildings in which to live and work. Our sustainability challenge starts from this foundation as Morguard’s unique asset diversification of commercial, multi-suite residential and hotels provides us with the ability to impact both environments. We strive to identify and implement innovative initiatives that ensure that our business models and properties will contribute to a sustainable society.

OUR JOURNEY

All Morguard properties participate in Sustainable Morguard. Within Sustainable Morguard, different asset classes and regions are at varying levels of development in pursuing our sustainability goals and objectives. As part of the road ahead, we are embracing a more expansive approach to our sustainability strategy. For example, throughout 2018, we added industrial properties to our tracking, reporting and updates. Our goal is to continue with that strategy as we enter into a new reporting period. Through increased tracking and reporting of our properties, we will expand our Report boundaries in the next benchmarking iteration. This move towards increased inclusion in our reporting and management approach, will serve to move us closer to achieving our long-term objectives.

Sustainable Morguard, our company-wide sustainability program, helps us structure our efforts and act on ESG risks and opportunities that are most important to our stakeholders. These major areas of focus are:

- decreasing energy and water use; reducing waste and emissions;
- creating excellence in energy and environmental management that results in green building certifications;
- collecting consistent data that tracks and validates our performance towards our objectives;
- reporting transparency;
- engaging investors, employees and tenants to support our initiatives; and
- driving new sustainability ideas and policies that align with our focus areas.

SUSTAINABILITY PROGRAM MANAGEMENT

Sustainable Morguard is sponsored by our Senior Vice President, Finance and Chief Financial Officer, Services, Morguard Investments Limited, Pamela McLean, and our Senior Vice President, General Counsel and Secretary, Beverley G. Flynn. The committee that oversees the program meets regularly to review strategic initiatives.

Sustainability initiatives are developed throughout Morguard and driven by senior management through a number of sustainability mandates. These mandates establish cross-functional working groups to implement specific initiatives aimed at mitigating environmental impacts, reducing costs, building employee engagement and more. The working groups bring sustainability to life – they engage people at all levels of the organization, accelerate innovation and drive performance improvements.

OUR 2035 LONG-TERM OBJECTIVES

As part of the Sustainable Morguard program, we have established six long-term targets for 2035.

Our Voice: Advocating for Sustainable Real Estate

We will communicate our sustainability journey with passion, integrity, transparency and pride. In doing so, we will not only inspire others to join us but assure our stakeholders' support on our continued journey.

Responsible Property Investment: Creating Sustainable Returns

We will incorporate best practices and lessons learned on both ESG factors and financial factors to create new investment strategies and opportunities that align with our sustainability principles while managing risk effectively and creating lasting, real returns.

Reaching Net Zero: Partnering to Achieve Sustainable Buildings

We will operate our buildings in alignment with our sustainability principles, neutralizing our environmental impacts. We will achieve this by partnering with our tenants and partners and systematically applying innovative building solutions to reduce our combined environmental footprint.

Sustainable Development: Building and Supporting Our Communities

We will support the communities in which we operate through the construction of sustainable real estate and localized philanthropy. As a real estate developer, we have a significant impact on communities and therefore have a unique responsibility to contribute to their sustainability.

Responsible Employer: Empowering Our People

We will create a culture of respect, inclusion, health, safety and equal opportunity by removing barriers to employees meeting their needs. We will empower employees to ensure that Morguard retains, engages and attracts innovative talent that will contribute to the success of our sustainability journey.

Our Sustainable House: Leading by Example

We will set an example in our corporate offices and through our business practices – inspiring our stakeholders to follow our lead. As both a landlord and a tenant, we have a unique ability to demonstrate our commitment to sustainability in our properties. As a corporation, we will demonstrate best practices in responsible governance company-wide.

OUR VOICE – ADVOCATING FOR SUSTAINABLE REAL ESTATE

Morguard will use our voice to advocate for sustainable business practices in the real estate industry. In doing so, we will support our industry partners, promote our sustainability successes and create positive change.

We strive to communicate with passion, integrity, transparency and pride. We will work to continually improve the materiality of our reporting and maintain a presence in the sustainability dialogue of the commercial real estate industry

Helping to Spread the Word

As the guardian of millions of square feet of commercial, multi-suite residential and hotel real estate across North America, Morguard recognizes our responsibility to promote sustainability through our words and actions, but also through our support of agencies, conferences and discussion panels that promote green buildings and clean technologies.

In 2018, Morguard was a proud Platinum Sponsor of Conflux Canada, Ottawa's largest gathering of sustainability professionals. Christine Wickett, Morguard's Manager of Corporate Sustainability and Responsibility, introduced a panel discussion on the importance of proactive engagement and change management practices in the application of CSR strategies.

OUR STAKEHOLDERS AND MATERIALITY

Our engagement with stakeholders on Sustainable Morguard includes consultations with employees, management, key partners and tenants, and panel discussions with external sustainability experts.

In early 2017, we went through a rigorous process to refresh our formal materiality assessment and gather insight from our stakeholders on the importance of specific environmental, social and governance issues. Regularly updating our materiality assessment ensures that we stay abreast of changing stakeholder interests and are able to balance them with impacts as a business.

This assessment resulted in an updated materiality map that identified the top areas of concern for our key stakeholders. The environmental impacts of the properties we manage (e.g. energy, water, carbon, and waste management) was identified as the most important issue, with tenant and employee care also highlighted. This assessment helped guide our initiatives for 2018.

MATERIALITY ASSESSMENT

SIGNIFICANCE TO STAKEHOLDERS	HIGHLY MATERIAL	<ul style="list-style-type: none"> • Tenant engagement • Development and land management • Renewable energy • Climate change risk and mitigation • Labour practices in supply chain 	<ul style="list-style-type: none"> • Energy, water and waste • Green building design and certification • Environmental regulatory compliance • Workplace health and safety • Employee engagement and satisfaction • Greenhouse gas emissions • Ethics and transparency • Board governance and oversight • Responsible property investing
	MATERIAL	<ul style="list-style-type: none"> • Development impacts on communities • Responsible material sourcing and supply chain • Employee diversity • Community investment 	<ul style="list-style-type: none"> • Employee recruitment and retention • Indoor air quality • Senior management succession planning and development
		MATERIAL	HIGHLY MATERIAL
		SIGNIFICANCE TO BUSINESS	

Sustainability impacts that are of high interest to our stakeholders and have a high impact on our business viability (the top right quadrant of the map) are the most material and therefore require greater transparency and increased resources. These impacts also have the greatest potential to drive business and provide value to our stakeholders.

COMMITMENT TO EXTERNAL INITIATIVES

Morguard regularly engages with organizations that specialize in sustainability issues. Energy Advantage, Deloitte LLP, Quinn & Partners, Risk Check Environmental Ltd., and the Trucost Environmental Impact Review have all helped to focus and shape Sustainable Morguard.

We are also committed to engaging with industry associations on initiatives that drive sustainable change. These engagements promote innovative strategies that increase efficiency and decrease operating costs in our properties, while encouraging responsible business practices industry-wide. Over the years, Sustainable Morguard has built many strong partnerships with industry leading hubs and programs including but not limited to the financial support of the CaGBC Building Lasting Change Conference and Conflux Canada.

Real Property Association of Canada (“REALPAC”) - Active member and sits on Corporate Responsibility & Sustainability, Human Resources, and Energy committees.

Building Owners and Managers Association (“BOMA”) Canada - Active member and sits on Resiliency Committee.

Canadian Green Building Council (“CaGBC”) - Active member and member of Corporate Real Estate Sustainability Leaders Roundtable.

United States Green Building Council (“USGBC”) - Active member.

RESPONSIBLE PROPERTY INVESTMENT – CREATING SUSTAINABLE RETURNS

MANAGEMENT APPROACH

A strategic and responsible approach to sustainability is essential to maintaining the long-term value of Morguard's assets. We use our experience and research on ESG and financial factors to create asset strategies, recognizing that sustainability can both mitigate significant risks and increase value.

Responsible property investment ("RPI") and ESG are integrated in our business and advisory services. When we investigate a potential property acquisition, a team is assembled to carry out an in-depth financial, physical and environmental analysis. This analysis includes a range of environmental indicators that could contribute to risk, efficiency, returns and value. It is through processes such as this that we look to improve our environmental risk analysis and add value to our portfolio.

Our investment approach identifies and addresses ESG risks and opportunities associated with owning and managing real property. Morguard, with leadership from our in-house sustainability department, has developed tools such as this Report and introduced new processes in our property business planning that increase partner and shareholder disclosure on sustainability performance and ESG matters. We also work with our institutional investor clients and investment partners to ensure compatibility with their responsible investing and sustainability programs.

Property business plans are the primary method in which we engage property owners. We have committed to greater disclosure on sustainability in these documents. Business plans for our commercial and a selection of our multi-suite residential properties include:

- An overview of our proprietary GREEN LINK program (which targets resource efficiency, waste reduction, interior environment quality and value creation) and detailed insights from property management on planned sustainability initiatives;
- Detailed property performance charts and metrics including energy and water use, energy intensity, GHG emissions and waste diversion;
- Green building awards, certifications and audits (energy, water, waste, air); and
- Leasing insights including tenant engagement efforts and feedback on sustainability initiatives.

Heritage Building Transformation

Robson Central, owned by the Healthcare of Ontario Pension Plan ("HOOPP") and managed by Morguard, is a 60-year old office/retail heritage building in Vancouver. Originally a library, the building required significant updates to reduce energy consumption in a challenging 24-hour / 7-day environment while maintaining high performance and comfort for tenants.

The Morguard team implemented an ambitious plan to reduce energy consumption, allowing the building to operate more efficiently and reduce costs. The team recommissioned the building to ensure equipment and systems would operate optimally and implemented a direct digital control system, an innovative analytics software to continuously monitor and improve building performance and energy consumption.

The building recognized a remarkable 20 per cent reduction in normalized energy intensity versus the previous year; with the building's energy spend dropping to 54.2 equivalent kilowatts per hour (ekWh) per square foot (SF) from 68.6 ekWh/SF the previous year. For this dramatic reduction in energy usage and costs, HOOPP awarded the team at Robson Central the 2018 LEAP Energy Saver – Performance Award.

Our program includes sustainability reporting on a quarterly basis, meeting our RPI objective to develop and implement greater sustainability disclosure.

We will continue to develop the program by further integrating ESG factors into all applicable decision-making processes and ensuring our investment strategies and opportunities align with our sustainability principles. This will help ensure that the value of our assets is preserved and enhanced while providing excellent risk metrics to our shareholders and partners.

REACHING NET ZERO – PARTNERING TO ACHIEVE SUSTAINABLE BUILDINGS

MANAGEMENT APPROACH

Morguard's mandate is to add value to our real estate portfolio by identifying, recommending and implementing cost-saving sustainability initiatives that deliver positive returns and protect or enhance asset value. This means we manage our properties efficiently and professionally. One of our long-term objectives is to operate our buildings (in partnership with our stakeholders) in alignment with our sustainability principles. Our tenants are at various stages of their own sustainability journeys, ranging from residential tenants who have the ability to control their own utility usage industrial businesses that effectively control most of their own environmental impacts to small office tenants for whom we manage most building functions – from lighting to recycling. We work to meet these tenants “where they are at” and partner with them to apply innovative building solutions that lower costs and reduce our combined environmental footprint. Our management strategy through 2018 and going forward is to align our properties with one strategic direction and approach to responsible property management. Given the varying needs of our tenants and constraints in collecting all-encompassing reporting for each asset class, this will prove to be a lofty task and responsibility that Morguard proudly accepts.

Working Together to Achieve a Low Carbon Future

At 11th Avenue Place, a Calgary office building owned by HOOPP and managed by Morguard, tenant BluEarth Renewables and Morguard have uniquely collaborated to foster a positive, green workplace and significantly increase resource conservation for all tenants and guests.

New programs rolled out at the property include updated monitoring and analytics equipment to encourage mindful energy consumption, on-site fitness facilities for tenants, shared conference facilities for reduced energy consumption, and optimized reduction and diversion of waste from landfill and incineration disposals.

For synchronizing sustainability efforts with its tenants, 11th Avenue Place was recognized with the 2018 LEAP Tenant Leader – Commercial Award by HOOPP. 11th Avenue Place has become a model within the Calgary community of conscious engagement with environmental initiatives with a long-term effect. The project is a testament to Morguard's commitment to working collaboratively with investors and tenants to promote responsible energy consumption and drive a cultural shift toward environmentally-friendly alternatives in the communities where we operate.

GREEN LINK AND TENANT ENGAGEMENT

Most of our Canadian commercial properties are supported by our proprietary GREEN LINK program, which targets resource efficiency, waste reduction, interior environment quality and value creation in preparation for additional external green building certification. GREEN LINK implements energy, waste and water audits and presents cost-saving initiatives such as lighting retrofits and water use reductions. GREEN LINK also ensures that properties implement best practices that result in long-term cost and risk reductions and enhanced tenant engagement and communication.

Commercial leasing is also a critical point of engagement with tenants. The standard Morguard lease includes a number of green provisions that start a dialogue with tenants about our shared efficiency objectives. We

look to increase our use of green provisions to align with evolving industry best practices and to meet the needs of our tenants and Sustainable Morguard.

Innovative tenant engagement means providing new, more effective ways to engage tenants on current and future sustainability issues. One of the methods that Morguard uses to engage office tenants is property-level tenant satisfaction surveys that incorporate sustainability topics. These surveys are conducted on a three year rotation in conjunction with our BOMA BEST certification program.

The results of these satisfaction surveys provide us with greater insight into the needs of our tenants on sustainability. Our results confirm that tenants desire and expect a rigorous sustainability program from a leading property manager, and that tenants view Morguard as an environmentally responsible company and property manager.

Supporting Innovative Partners and Programs

In 2018, at Coquitlam Centre in Coquitlam, BC, Morguard collaborated with tenant H&M and sustainability partner, I:CO, to collect and recycle used clothing and home textiles. I:CO's innovative textile recycling platform means that clothing and home textiles in any condition, from gently used to falling apart, can be diverted from landfill.

The Coquitlam Centre team helped raise awareness of the Earth Day event through advertising and their social media channels, and team members were on hand to help collect and process the donated textiles. To encourage participation in the textile collection, Coquitlam Centre also donated over 250 \$5 gift cards and provided participants with a chance to win a \$250 Coquitlam Centre Gift Card via an on-site draw.

The collected items were sorted into three categories: re-wear (clothing that can be worn again is sold as second hand clothing), re-use (clothing and textiles that aren't fit to be worn again but still have some life left are turned into new things like cleaning cloths) and re-cycle (everything else is turned into textile fibers and re-used for things like insulation).

The program was a resounding success, with roughly 2,000 pounds of material diverted from landfill. Proceeds from the sale of collected clothing were donated to a local UNICEF chapter.

GREEN BUILDING CERTIFICATIONS

Green building certifications and award programs have become industry best practices in many asset classes. There are several benefits to these programs:

- Demonstrating our leadership in the real estate industry, bolstering our management platform;
- Attracting and retaining tenants by validating operating efficiencies;
- Ensuring rigour when implementing cost-saving and efficiency initiatives;
- Meeting the needs of tenants looking for space in certified buildings to attract and retain their workers, differentiate their offerings, improve their image, reduce costs and satisfy their own stakeholder demands; and
- Providing an opportunity for learning and improvement by allowing for the benchmarking of results, highlighting areas for potential enhancement, including emission reductions, increases in occupancy and rent premiums and ultimately value creation.

A complete listing of our green building certifications by property can be found in Appendix C.

LEED CERTIFICATIONS

Morguard targets CaGBC, USGBC or LEED certification as a minimum standard on all new development projects. LEED provides a concise framework for identifying and implementing practical and measurable green-building initiatives, including rating systems for the design, construction and operation of high-performance green buildings and neighbourhoods. All development projects targeting LEED certification establish individual efficiency goals according to the desired LEED certification level. Life cycle analysis tools are used in all LEED projects.

Our LEED certifications include assets from Canadian and U.S. assets, including residential, offices and industrial. We added one new LEED-designated property in 2018 through acquisition. As of December 31, 2018, Morguard managed 13 certified properties, with five additional projects underway that are targeting LEED designation.

LEED CERTIFIED BUILDINGS IN OPERATION

Property	Asset Class	City	Province/ State	Level of Certification	Type of Certification
Performance Court	Office	Ottawa	ON	Gold	New Construction
215 Slater Street	Office	Ottawa	ON	Gold	New Construction
Quinte Courthouse	Office	Belleville	ON	Gold	New Construction
77 Bloor Street West	Office	Toronto	ON	Gold	Existing Building
York Research Tower	Office	North York	ON	Gold	New Construction
Maple Leaf Foods Dist. Centre	Industrial	Puslinch	ON	Gold	New Construction
11 th Avenue Place	Office	Calgary	AB	Gold	New Construction
Alta at K Station	Residential	Chicago	IL	Gold	New Construction
Archives of Ontario	Office	North York	ON	Silver	New Construction
Petroleum Plaza	Office	Edmonton	AB	Silver	Commercial Interiors
Coast at Lakeshore East	Residential	Chicago	IL	Silver	New Construction
Quarry Park	Office	Calgary	AB	Certified	New Construction
Northgate at Falls Church	Residential	Falls Church	VA	Certified	New Construction

LEED CERTIFICATIONS IN PROGRESS IN 2018

Property	Asset Class	City	Province/ State	Targeted Level of Certification	Type of Certification
Etobicoke Wellness Centre	Office	Toronto	ON	Gold	New Construction
The Heathview North Tower	Residential	Toronto	ON	Gold	New Construction
The Heathview South Tower	Residential	Toronto	ON	Silver	New Construction
Translink Logistics Centre	Industrial	Regina	SK	Silver	Commercial Interior
41 rue Victoria	Office	Gatineau	QC	Silver	New Construction

CANADIAN COMMERCIAL GREEN BUILDING CERTIFICATIONS

BOMA BEST CERTIFICATIONS

Morguard participates in numerous industry awards and building certification programs. Most significantly, we obtain certification of our Canadian office properties and enclosed shopping centres through BOMA's Building Environmental Standards ("BOMA BEST") program, a national initiative that sets industry standards for the energy and environmental performance of buildings. We target BOMA BEST certification for all Canadian office properties over 100,000 square feet and all large, enclosed shopping centres, unless already certified through another program such as Leadership in Energy and Environmental Design ("LEED").

In 2018, Morguard certified four new properties and re-certified nine properties in our office and retail assets, during the year. In total, Morguard manages 55 properties currently certified through the BOMA BEST program. Our three retail properties that are not certified are currently progressing through the certification/re-certification process.

OFFICE PORTFOLIO

Level	Number of Properties	SF
Platinum	8	1,663,667
Gold	10	2,889,316
Silver	20	3,361,426
Bronze	0	0
Certified	0	0

38/60 of Canadian office properties over 100,000 SF:

Office properties totalling 7,914,409 SF/11,442,808 SF = **69%**

RETAIL PORTFOLIO

Level	Number of Properties	SF
Platinum	2	1,386,537
Gold	9	5,820,178
Silver	3	1,314,980
Bronze	1	382,704
Certified	2	936,599

17/20 properties of Canadian enclosed shopping centres:

Retail properties totalling 9,840,998 SF/10,960,415 SF = **90%**

CANADIAN RESIDENTIAL GREEN PROPERTY CERTIFICATIONS

The Certified Rental Building (“CRB”) initiative remains the only tenant focused “quality-assurance” program of its type in Canada and North America. It assists rental-housing consumers in identifying professionally managed multi-suite residential apartment buildings while providing a seal of approval for prospective apartment dwellers. The quality commitment to renters was further enhanced in 2014 with the addition of the new Living GREEN Together™ sustainability standards. As a result, participating multi-suite residential property managers/owners benefit from reduced energy consumption, a lower environmental operating footprint and providing residents with a Green Apartment Living option.

Of the eligible properties in Ontario we have reached 80% certification on our residential properties.

RESIDENTIAL PORTFOLIO

Certification	Number of Properties
Certified Rental Building	20

HOTEL GREEN PROPERTY CERTIFICATIONS

Designed for the hotel and meetings industry, Green Key Global is a leading international environmental certification body. Green Key Eco-Ratings Programs help members leverage corporate sustainability and responsibility activities to support property-level sustainable initiatives and improve overall fiscal performance and community relations. Morguard currently owns 39 hotels, representing 5,903 rooms, with a Green Key Eco-Rating. This represents 79% of our hotel portfolio.

HOTEL PORTFOLIO

Green Key Level	Number of Properties
1-Key	3
2-Key	2
3-Key	15
4-Key	11

GREEN BUILDING AWARDS

Beyond industry certifications, Morguard properties and employees have been recognized by clients and industry partners for green initiatives. The table below outlines the awards Morguard received in 2018.

Property	Asset Class	City	Province	Award	Organization
201 City Centre Drive	Office	Mississauga	ON	Earth	BOMA Toronto
Holt Renfrew Centre	Retail	Toronto	ON	Earth	BOMA Toronto
Performance Court	Office	Ottawa	ON	The Outstanding Building of the Year	BOMA Ottawa
Performance Court	Office	Ottawa	ON	The Outstanding Building of the Year	BOMA National
400 St Mary	Office	Winnipeg	MB	Earth	BOMA Manitoba
Robson Central	Office	Vancouver	BC	LEAP	HOOPP
11th Avenue Place	Office	Calgary	AB	LEAP	HOOPP

Morguard believes green building certifications and awards communicate to our stakeholders that we are among the leaders in the industry, take pride in our properties and work hard to manage our facilities with efficiency in mind. Certifications and awards help to validate sustainability initiatives that enhance property value, reduce emissions and operating costs and have the potential to attract and retain tenants.

INNOVATION – BENCHMARKING AND RENEWABLES

ENERGY BENCHMARKING - ENERGY STAR PORTFOLIO MANAGER

Energy Star enables benchmarking of like properties against a national standard to help prioritize necessary capital upgrades and operational improvements. In 2015, we successfully piloted a program of properties within our Canadian office portfolio and immediately recognized the value of the benchmarking tool. At the end of 2018, 159 of our managed Canadian office, retail, and industrial properties were participating in the Energy Star Portfolio Manager (“ESPM”) program. Of those, 28 had an Energy Star score of 75 or higher, which qualifies them for certification. During 2018, certification was completed on seven properties.

ONTARIO ELECTRICITY INDUSTRIAL CONSERVATION INITIATIVE

The Ontario Industrial Conservation Initiative (“ICI”) is a form of demand response that allows participating customers to manage their global adjustment (“GA”) costs by reducing demand during peak periods. GA is charged to consumers by the province to cover the cost of building new electricity infrastructure, maintaining existing resources and providing conservation and demand management programs. It is also used to provide price certainty to legacy Ontario nuclear and hydro generators. Commercial properties with an average monthly peak demand of over 1.0 megawatts (“MW”) are eligible to opt-in to the ICI program. In doing so their GA costs are based upon their demand profile rather than their kilowatt-hour (“kWh”) usage. The decision to opt-in is based upon an annual review by Morguard of the property’s usage and demand profile.

Customers who participate in the ICI pay GA based on their percentage contribution to the top five peak Ontario demand hours (i.e. peak demand factor) over a 12-month base period. By reducing demand during peak periods, ICI participants can both reduce their global adjustment costs and help defer the need for investments in new provincial electricity infrastructure.

During 2017, Morguard identified and implemented the program at four properties for which the ICI program looked favourable. From program inception in July 2017, those locations, along with an additional two properties identified in 2018, have reduced their electricity costs by a combined total of \$809,391.

Property	Asset Class	City	Province	Savings		
				2017	2018	Total
33 City Centre	Office	Mississauga	ON	\$43,742	\$49,710	\$93,452
Standard Life	Office	Ottawa	ON	139,383	147,634	287,017
Albert and Bank	Office	Ottawa	ON	77,908	67,668	145,576
181 Queen Street	Office	Ottawa	ON	-	49,438	49,438
150 Elgin Street	Office	Ottawa	ON	-	12,971	12,971
Bramalea City Centre	Retail	Brampton	ON	86,360	134,576	220,936
Total				\$347,393	\$ 461,998	\$809,391

RENEWABLES ENERGY CREDITS

Renewable Energy Certificates (“RECs”) are tradable, non-tangible energy commodities that represent proof that an amount of electricity (MWh) was generated from an eligible renewable energy resource and fed into the energy grid on behalf of the certificate owner.

Morguard partners with Bullfrog Power to purchase renewable energy credits, particularly for developments targeting LEED certification. In 2018, we purchased total of 585.14 MWh of green electricity from Bullfrog Power, displacing 87.25 tonnes of CO₂e (GHG emissions) for the following properties:

Property	Asset Class	City	Province
11th Avenue Place	Office	Calgary	AB
60 Bloor	Office	Toronto	ON
Performance Court	Office	Ottawa	ON

BUILDING PERFORMANCE DATA – MONITORING OUR PROPERTIES

With an owned and managed portfolio of over 300 properties across North America, the environmental performance and impact of our buildings is the core of our sustainability program. Through company-wide programs like Sustainable Morguard, our goal is to continually reduce our energy usage, greenhouse gas emissions, and water usage while increasing our waste diversion rates.

We have had continued success since the program was implemented in 2010. Our 2018 results again demonstrate reductions in energy and water usage across our managed portfolio as compared to our baseline year of 2015 for energy, GHG, water and waste. Noted below are both current and historical benchmarks. Current benchmarks and historical reductions account for Canadian office and retail performance only. Canadian multi-suite residential is not included in these benchmark numbers as their data has not been weather normalized.

Morguard Summary of Performance for 2018.

5.3% less energy usage
4.8% less greenhouse gas emissions
3.8% less water usage
1.6% decrease in waste diversion rate

Morguard Historical Reductions in our First Five Years (2015 from a 2010 baseline for office and retail)

14% less energy usage
 24% less greenhouse gas emissions
 19% less water usage

In 2016, we updated our baseline year to 2015 from 2010 to allow us to focus on recent performance of our current building portfolio. Updating the baseline also allowed us to benchmark our Canadian Residential portfolio. This portfolio was not actively participating in our energy monitoring program until 2015. Moving forward, our plan is to update our baseline every five years, consistent with industry best practices. Monthly environmental performance measurement for energy, emissions and water is operational for all of our retail, office and some industrial properties.

REPORTING BOUNDARY

This section of the Report provides a comparison of 2018 performance to 2015 as a baseline year. Only buildings that were fully operational over the total reporting period are included in the data. Newly acquired and newly developed buildings and buildings sold during the period are excluded from this analysis, as are some properties where there were inconsistencies or anomalies in the data due primarily to construction.

In this section, we have managed to the Canadian retail, multi-suite residential and office assets, and U.S. multi-suite residential and retail assets. Each section will offer further information on how the data was evaluated.

ENHANCED WASTE DATA COLLECTION

In 2018, we further enhanced our waste data reporting by contracting a 3rd party to obtain waste records directly from the waste-haulers who serve our properties. A quarterly report detailing total waste, recycling, and waste to landfill by property by month is distributed to our property management teams. The result is more complete waste data over a greater number of locations.

In 2018, we captured waste data on 92 properties, a significant increase from our 2015 tracking of 80 properties. The more rigorous process, along with the more complete data set, has resulted in a significant

increase in the reported total waste generated, waste recycled, and waste to landfill. The waste diversion rate remains close to 50%. The increase in reported waste has resulted in an increase in waste-related greenhouse gas emissions as evidenced in the waste and GHG performance as reported in the Canadian Retail Properties and Canadian Office Properties sections below.

ENERGY, WATER, WASTE, AND GHG PERFORMANCE

Our energy performance data is based on actual metered energy use as obtained from electricity, natural gas, and water utility bills. The associated energy-related greenhouse gas emissions are derived using the most recent (2016) emissions factors as provided by Environment Canada, Greenhouse Gas Division, National Inventory Report. This energy and greenhouse gases (“GHG”) data represents approximately 93.7% (23.1 million square feet) of current square footage of our owned and managed Canadian retail and office properties, based on gross leasable area (“GLA”). Properties which were not operational over the entire reporting period were excluded from the performance results.

WEATHER ADJUSTMENT AND NORMALIZATION

The tables below provide a summary of energy, water, and waste performance as well as the related greenhouse gas emissions for the various asset classes in our portfolio. To allow for more accurate indicators of our performance, we have also provided a weather-adjusted and occupancy-adjusted comparison of 2018 versus 2015 when available. Weather normalized data can be found in retail and office, non – normalized for U.S. and residential. We are working towards normalized data for residential and U.S. assets in the future.

In 2018, our weather adjustment modelling for the Canadian office and retail portfolios was based upon a regression analysis of energy and water performance versus weather data specific to the nearest weather station of each individual property. This allowed current and future energy and water performance to be measured against a weather adjusted 2015 baseline. Details of our normalization process are outlined in Appendix B – Building Performance – Weather and Occupancy Model. Occupancy adjustment was applied to the Canadian office and retail portfolio only.

CANADIAN RETAIL PROPERTIES

For our Canadian retail properties we are currently managing to energy, waste, water and GHG emissions.

ANNUAL ENERGY CONSUMPTION (ekWh) - Canadian Retail Portfolio

With weather adjustments considered, energy use at our retail properties is 9.6% lower than our 2015 baseline. When considered as abated costs, the annual operating cost savings are approximately \$2.27 million.

	Actual				Actual 2018 versus Weather Adjusted 2015			Abated Energy Costs
	2015 (ekWh)	2016 (ekWh)	2017 (ekWh)	2018 (ekWh)	2015 (ekWh)	2018 (ekWh)	Change (%)	Change (\$ CAN)
Electricity	153,710,708	147,022,462	140,472,857	135,868,611	153,488,365	135,868,611	-11.5%	(2,209,800)
Natural Gas	47,203,847	41,692,892	45,665,982	48,185,761	50,108,724	48,185,761	-3.8%	(62,688)
Total	200,914,556	188,715,354	186,138,839	184,054,373	203,597,088	184,054,373	-9.6%	\$(2,272,488)

ANNUAL WATER CONSUMPTION - Canadian Retail Portfolio

Water consumption at our retail portfolio decreased slightly in 2018. When compared to the 2015 weather-adjusted baseline, water usage was down 1.2%.

	Actual				Actual 2018 versus Weather Adjusted 2015		
	2015 (m ³)	2016 (m ³)	2017 (m ³)	2018 (m ³)	2015 (m ³)	2018 (m ³)	Change (%)
Water	1,160,515	1,150,779	1,107,280	1,107,048	1,120,986	1,107,048	-1.2%

WASTE PERFORMANCE (tonnes) - Canadian Retail Portfolio

The percentage of total waste recycled decreased slightly in 2018 as compared to previous years.

	2015	2016	2017	2018
Properties Represented	24	27	25	34
Total Waste Generated	9,909	9,891	9,499	13,459
Total Recycled	5,011	5,367	5,159	6,759
Waste to Landfill	4,898	4,524	4,344	6,700
% of Total Waste Recycled	50.6%	54.3%	54.3%	50.2%

ENERGY, WATER, and WASTE RELATED GREENHOUSE GAS EMISSIONS - Canadian Retail Portfolio

Greenhouse gas emissions related to energy, water and waste improved, with 2018 emissions dropping 3.1% when compared to weather-adjusted 2015 levels.

	Actual				Actual 2018 versus Weather Adjusted 2015		
	2015 (tCO ₂ e)	2016 (tCO ₂ e)	2017 (tCO ₂ e)	2018 (tCO ₂ e)	2015 (tCO ₂ e)	2018 (tCO ₂ e)	Change (%)
GHG	45,182	40,715	39,673	44,140	45,513	44,104	-3.1%

ENERGY INTENSITY (ekWh/SF) - Canadian Retail Portfolio

We had a significant decrease in energy intensity at our retail portfolio. When compared to the 2015 weather-adjusted baseline, energy intensity in 2018 decreased by 9.6%.

	Weather Adjusted		
	2015	2018	Change (%)
Energy	15.1	13.6	-9.6%

WATER INTENSITY (L/SF) - Canadian Retail Portfolio

We had a decrease in water intensity at our retail portfolio. When compared to the 2015 weather adjusted baseline, water intensity in 2018 decreased by 1.2%.

	Weather Adjusted		
	2015	2018	Change (%)
Water	86.9	85.8	-1.2%

GHG INTENSITY (tCO₂e/1000SF) - Canadian Retail Portfolio

We had a decrease in GHG intensity at our retail portfolio. When compared to the 2015 weather adjusted baseline, GHG intensity in 2018 decreased by 3.1%.

	Weather Adjusted		
	2015	2018	Change (%)
GHG	3.4	3.3	-3.1%

CANADIAN OFFICE PROPERTIES

For our Canadian office properties we are currently managing to energy, waste, water and GHG emissions

ANNUAL ENERGY CONSUMPTION (ekWh) - Canadian Office Portfolio

For our office portfolio, with weather and occupancy adjustments considered, energy use is 2.5% lower compared to our 2015 baseline. When these results are considered as abated costs, the energy savings are approximately \$1.48 million in annual operating cost savings.

	Actual				Actual 2018 versus Weather and Occupancy Adjusted 2015			Abated Energy Costs
	2015 (ekWh)	2016 (ekWh)	2017 (ekWh)	2018 (ekWh)	2015 (ekWh)	2018 (ekWh)	Change (%)	Change (\$ CAN)
Electricity	211,527,566	205,560,696	199,630,896	196,985,728	211,123,952	196,985,728	-6.7%	(1,589,645)
Natural Gas	100,847,220	96,395,006	103,883,429	111,543,500	105,170,586	111,543,500	6.1%	107,252
Total	312,374,786	301,955,701	303,514,326	308,529,228	316,294,538	308,529,228	-2.5%	\$(1,482,393)

ANNUAL WATER CONSUMPTION (m³) - Canadian Office Portfolio

Water consumption decreased in 2018. When compared to the 2015 weather-adjusted baseline, water usage was down 8.7%.

	Actual				Actual 2018 versus Weather and Occupancy Adjusted 2015		
	2015 (m ³)	2016 (m ³)	2017 (m ³)	2018 (m ³)	2015 (m ³)	2018 (m ³)	Change (%)
Water	592,170	584,092	543,351	540,527	591,737	540,527	-8.7%

WASTE PERFORMANCE (tonnes) - Canadian Office Portfolio

The percentage of total waste recycled decreased by 4.6% in 2018 versus 2015.

	2015	2016	2017	2018
Properties Represented	56	58	57	58
Total Waste Generated	4,408	4,327	4,216	5,141
Total Recycled	2,367	2,246	2,199	2,524
Waste to Landfill	2,042	2,079	2,017	2,617
% of Total Waste Recycled	53.7%	51.9%	52.2%	49.1%

ENERGY, WATER, and WASTE RELATED GREENHOUSE GAS EMISSIONS - Canadian Office Portfolio

Greenhouse gas emissions related to energy, water and waste decreased in 2018 when compared to the 2015 weather-adjusted baseline. Emissions fell by 3,553 tCO₂e, or 6.0%.

	Actual				Actual 2018 versus Weather Adjusted 2015		
	2015 (tCO ₂ e)	2016 (tCO ₂ e)	2017 (tCO ₂ e)	2018 (tCO ₂ e)	2015 (tCO ₂ e)	2018 (tCO ₂ e)	Change (%)
GHG	58,216	53,715	54,343	55,379	58,932	55,379	-6.0%

ENERGY INTENSITY (ekWh/SF) - Canadian Office Portfolio

We had a decrease in energy intensity at our office portfolio. When compared to the 2015 weather adjusted baseline, energy intensity in 2018 decreased by 2.5%.

	Weather and Occupancy Adjusted		
	2015	2018	Change (%)
Energy	33.0	32.2	-2.5%

WATER INTENSITY (L/SF) - Canadian Office Portfolio

We had a decrease in water intensity at our office portfolio. When compared to the 2015 weather adjusted baseline, water intensity in 2018 decreased by 8.7%.

	Weather and Occupancy Adjusted		
	2015	2018	Change (%)
Water	71.6	65.4	-8.7%

GHG INTENSITY (tCO₂e/1000SF) - Canadian Office Portfolio

We had a decrease in GHG intensity at our office portfolio. When compared to the 2015 weather adjusted baseline, GHG intensity in 2018 decreased by 6.0%.

	Weather and Occupancy Adjusted		
	2015	2018	Change (%)
GHG	6.2	5.8	-6.0%

CANADIAN RESIDENTIAL PROPERTIES

The Canadian residential results are based upon a non-weather-adjusted comparison of 2018 versus 2015 results. For our Canadian residential properties we are currently managing to energy, water and GHG emissions.

ANNUAL ENERGY CONSUMPTION (ekWh) - Canadian Residential Portfolio

In our Canadian multi-suite residential portfolio, a 6.1% decrease in natural gas consumption was offset by a slight increase in electricity usage. Overall, total energy consumption decreased 4.2% over 2017.

	Actual				
	2015 (ekWh)	2016 (ekWh)	2017 (ekWh)	2018 (ekWh)	Change (%)
Electricity	63,778,557	64,225,495	62,997,989	64,286,351	0.8%
Natural Gas	172,676,045	155,683,431	155,384,926	162,134,911	-6.1%
Total	236,454,602	219,908,926	218,382,915	226,421,262	-4.2%

ANNUAL WATER CONSUMPTION (m³) - Canadian Residential Portfolio

Water consumption rose by 4.8% in 2018 over the previous year.

	Actual				
	2015 (m³)	2016 (m³)	2017 (m³)	2018 (m³)	Change (%)
Water	1,869,309	1,921,421	1,906,606	1,958,430	4.8%

ENERGY AND WATER RELATED GHG - Canadian Residential Portfolio

Total greenhouse gas emissions related to energy and water decreased by 6.4% as compared to 2017. Emissions related to water decreased by 10.1% while emissions related to electricity and natural gas fell by 7.5% and 6.1%, respectively.

	Actual				
	2015 (tCO2e)	2016 (tCO2e)	2017 (tCO2e)	2018 (tCO2e)	Change (%)
Electricity	6,258	5,662	5,529	5,787	-7.5%
Natural Gas	31,841	28,696	28,632	29,890	-6.1%
Water	241	220	220	216	-10.1%
Total	38,340	34,577	34,380	35,893	-6.4%

ENERGY INTENSITY (ekWh/SF) - Canadian Residential

We had a decrease in energy intensity at our residential portfolio. When compared to 2015, energy intensity in 2018 decreased by 4.2%.

	Actual				
	2015	2016	2017	2018	Change
Electricity	10.1	10.2	10.0	10.2	0.8%
Natural Gas	27.4	24.7	24.7	25.8	-6.1%
Total	37.6	35.0	34.7	36.0	-4.2%

WATER INTENSITY (l/sqft/yr) - Canadian Residential

We had an increase in water intensity at our residential portfolio. When compared to 2015, water intensity in 2018 increased by 4.8%.

	Actual				
	2015	2016	2017	2018	Change
Water	275.2	282.9	280.7	288.4	4.8%

U.S. RESIDENTIAL AND RETAIL PROPERTIES

The U.S. multi-suite residential and retail results are based upon a non-weather-adjusted comparison of 2018 versus 2017 results. For the U.S. we have managed to both residential and retail properties, energy.

ANNUAL ELECTRICITY CONSUMPTION – U.S. Retail and Residential (kWh)

In our U.S. portfolio, overall electricity use increased by 4.0% over our 2017 baseline year. Retail electricity use decreased 0.3%, while residential electricity use increased 6.9%.

	Actual 2018 versus Actual 2017		
	2017 (kWh)	2018 (kWh)	Change (%)
ELECTRICITY			
U.S. Retail	6,963,963	6,941,694	-0.3%
U.S. Residential	10,278,248	10,983,590	6.9%
Total	17,242,211	17,925,284	4.0%

SUSTAINABLE DEVELOPMENT – BUILDING AND SUPPORTING OUR COMMUNITIES

MANAGEMENT APPROACH

The United Nations Environmental Programme (“UNEP”) reports that buildings use about 40% of global energy, 25% of global water and 40% of global resources and emit approximately 1/3 of GHG emissions. Morguard’s development team is committed to reducing our impact. All new development targets CaGBC, USGBC or LEED certification and delivers meaningful amenities and services to surrounding communities. Development also focuses on enhancing the performance and competitiveness of our existing portfolio with green retrofit programs and leveraging relationships with Municipal and Provincial authorities to incorporate and encourage transit-oriented projects across the country, while also ensuring there are no significant impacts from our products or services on biodiversity.

However, at Morguard, sustainable development initiatives mean managing through a complex set of challenges in order to deliver best-in-class real estate solutions and create value for our portfolio. While the social benefits and impact of initiatives are clear, the projects have returned real economic value to owners, creating a portfolio that is socially conscious and financially sound.

Enhancing Asset Performance (Revisited)

The program at 60 Bloor Street West in Toronto, first outlined in the Morguard 2017 Sustainability Report, is underway and on target to achieve LEED Gold certification upon completion in early 2020. The almost two year redevelopment program will result in a fully sprinklered building enhanced with LED lighting throughout. An optimization of the mechanical system will result in greater thermal comfort and control for tenants as well as substantially reduced energy consumption targeting \$1.20 - \$1.40 psf of savings.

The curb appeal of 60 Bloor will be enhanced with the use of two storey high clear structural glazing to showcase retail tenants and a new over-clad glazing system on the office tower enhanced with glass fins that will be lit to create a wonderful and harmonious façade at night. Like any retrofit program involving a fully occupied working building, the work is complicated by limitations on noise during the day and noise bylaw requirements at night.

The building has also achieved Wired Certification with this retrofit and is on target for a Fitwell certification with the transformation of fire exit stairs to convenient and attractive, LED lit stairways inviting all to burn calories not electricity.

The investment will move 60 Bloor Street West firmly into Class A office category. Tenant retention and higher rental rates are expected as a result of this major upgrade to this high profile office building at the northeast corner of Bay and Bloor.

CHARITY PROGRAMS – SUPPORTING OUR COMMUNITIES

Morguard is committed to being a supportive partner in the communities in which we operate. We strive to have a lasting, positive impact through responsible development and property management, supporting community initiatives and encouraging employee volunteerism.

To help our communities prosper, Morguard supports a broad range of social causes through partnerships with established charitable organizations. When it comes to our people, we focus efforts on teamwork and education. We allow the passions of Morguard's employees to motivate them to help make our communities better places to live and do business.

Using Morguard's North American presence, we champion issues at the local, regional and national level that have an impact on the built environment. Our goal is to ensure both socially and physically sustainable communities for generations to come.

Our efforts to strengthen the communities in which we operate include both direct charitable giving and providing support to social cause marketing campaigns. Once again, in 2018 Morguard employees, tenants and other business partners came together to raise funds and awareness for a wide variety of charitable causes. Among them:

- “BeYou” Campaign – In partnership with Big Brother Big Sisters of Canada, Morguard's annual BeYou campaign helps young women across Canada increase their self-esteem, personal growth and self-worth. Local ambassadors, free interactive workshops and events that catered specifically to young women in the community were held at Morguard Canadian enclosed shopping centres. The 2018 BeYou Campaign garnered nearly 123 million impressions in print, television, radio and online, a 7% increase over 2017, and received notable participation by major figures such as Sophie Grégoire Trudeau, the spouse of the Prime Minister of Canada, and mentions on media including CTV News and eTalk.
- Morguard Charity Golf Classic (Canada) – In 2018, the Morguard Annual Charity Golf Classic raised \$150,000, bringing the cumulative total to over \$1,300,000. Past recipients include LOFT Community Services, Trillium Heath Partners Foundation, Habitat for Humanity Mississauga, The Princess Margaret Hospital, the Mississauga Foodbanks, and the Centre for Addiction and Mental Health (“CAMH”).
- Leukemia and Lymphoma Society (U.S) – Morguard team members in the U.S. raised over \$38,000 for the Leukemia and Lymphoma Society (“LLS”) in 2018. The money was raised through a variety of charity events, including a golf fundraiser and Light The Night walks
- Easter Seals Drop Zone – Since 2011, Morguard has been the host and presenting sponsor of Easter Seals Drop Zone Ottawa in support of families of children with physical disabilities. The Drop Zone event features a 20-storey rappel down the outside of a Morguard office building. Morguard has hosted and been the main sponsor of the event for seven years, raising over \$750,000 in total, including \$53,000 in 2018.
- Local programs with national participation – Morguard offices and properties across North America participated in local community initiatives including food bank collection, toy drives, winter coat drives, Christmas Hampers, the Shoebox Project and National Denim Day.

MORGUARD'S CHARITABLE DONATIONS

The chart below outlines our direct financial charitable donations as a percentage of earnings before taxes and market value adjustment. These figures include donations to charitable organizations and corporate sponsorships.

	2016	2017	2018
Q1 Total	\$59,146	\$34,830	\$37,171
Q2 Total	\$20,362	\$49,747	\$34,466
Q3 Total	\$99,109	\$26,906	\$75,659
Q4 Total	\$43,776	\$87,227	\$120,090
Total net charitable contributions and sponsorships	\$222,394	\$198,710	\$267,386
Earnings before income taxes & Market value adjustment	\$369,123,000	\$259,839,000	\$324,898,000
Charitable giving as percentage of earnings before income taxes and market value adjustment	0.06%	0.08%	0.08%

Striving to improve the communities in which we operate, either by reducing the impacts of our developments or through localized philanthropy, is not only our responsibility – it is also good business. It enhances public relations efforts, mitigates related risks, reduces costs and, ultimately, ensures that our properties are valuable to the communities of which they are a part. Engaging employees in such community-building activities improves satisfaction and retention, while positively contributing to society.

RESPONSIBLE EMPLOYER – EMPOWERING OUR PEOPLE

MANAGEMENT APPROACH

Sustainability is about more than just properties and the environment – it is also about people. We strive to create a workplace culture of respect, inclusion, health, safety and equal opportunity. By empowering our people, we aim to attract, retain and engage the high-quality talent needed to drive business success and ultimately lead to a sustainable company.

As a responsible employer, Morguard underwent an Employee Satisfaction survey – completed in 2018 which included feedback items related to employee engagement, company agility and innovation, and leadership effectiveness to name but a few. The survey had an overall response rate of 55 percent, and an engagement score of 75 percent. The survey gave employees an opportunity to let us know where they see room for Morguard to improve, but Morguard also performed favourably amongst employees with strong pride in working for the company as well as confidence in the future of the company.

CODE OF CONDUCT, EQUAL OPPORTUNITY AND DISCRIMINATION

Our Code of Business Conduct (“Code”) addresses matters of equal opportunity and workplace harassment. A concern for personal dignity and the individual worth of each person is an indispensable element of the standards established under our Code. Morguard provides equal employment opportunity to all qualified persons.

Celebrating the Women of Morguard

Each year, Morguard celebrates International Women’s Day at our properties across North America. With women making up 55% and 54% of our workforce in Canada and the U.S., respectively, it is an important day to honour, respect, and celebrate the women who have played inspiring roles in history and in our daily lives.

The Morguard head office in Mississauga hosts a popular interactive discussion panel made up of employees from all levels of the company. The panel features women and men, and has touched on important issues for women including feminism, work-life balance, women in Science, Technology, Engineering and Math (“STEM”), the women who have inspired us, diversity and inclusion, and our own responsibilities to the next generation.

At the property level, Morguard employees have celebrated with a range of positive events including luncheons, contests, tea parties, message boards, sponsorships and more. The team at St. Laurent Centre in Ottawa sponsored and took part in the Walk In Her Shoes challenge to raise money for women and girls in Malawi, Zambia and Mozambique. Intercity Shopping Centre in Thunder Bay celebrated by handing out flowers to tenants. And teams all over North America celebrated with positive messages and lots and lots of purple.

At Morguard, everyone has an important role to play - all the time, everywhere. Celebrating events like International Women’s Day reminds us all to keep working together to maintain a positive environment where we can all continue to succeed.

When joining Morguard, all employees sign and agree to abide by our Code and to maintain a workplace free of harassing or discriminating behaviour, particularly with respect to race, colour, gender, age, faith, national

or ethnic origin, sexual orientation, gender identity, or disability. We define harassment to include a variety of unacceptable conduct, including violence, unwelcome sexual advances, gestures, jokes, slurs, bullying and verbal or physical conduct that upsets the work performance of another. Violation of our Code can result in a range of disciplinary actions, including termination of employment. Employees are required to review and re-sign the code every two years.

OUR PEOPLE

In 2018, Morguard employed 1,463 people (1,199 in Canada and 264 in the U.S.). This number includes employees on a leave of absence (maternity, long-term disability and unpaid inactive leave) but excludes employees of our hotel portfolio as they fall under the management practices of the individual hotel management company.

Employees by Employment Contract – Canada

		2017	%	2018	%
Permanent Full-Time	Canada	963	80%	950	79%
Permanent Part-Time	Canada	130	11%	140	12%
Temporary Full-Time	Canada	69	6%	53	4%
Temporary Part-Time	Canada	49	4%	56	5%
Total Employees	Canada	1,211		1,199	

Employees by Employment Contract – U.S.

		2017	%	2018	%
Permanent Full-Time	U.S.	244	96%	258	98%
Permanent Part-Time	U.S.	10	4%	6	2%
Temporary Full-Time	U.S.	0	-	0	0%
Temporary Part-Time	U.S.	0	-	0	0%
Total Employees	U.S.	254		264	

Employees by Employment Type – Canada

		2017	%	2018	%
Administrative/Operations	Canada	777	64%	769	63%
Professional/Technical	Canada	229	19%	223	19%
Middle Management	Canada	98	8%	105	9%
Senior Management	Canada	88	7%	81	7%
Executives	Canada	19	2%	21	2%

Employees by Employment Type – U.S.

		2017	%	2018	%
Administrative/Operations	U.S.	148	58%	146	55%
Professional/Technical	U.S.	57	22%	61	23%
Middle Management	U.S.	39	15%	45	17%
Senior Management	U.S.	9	4%	11	4%
Executives	U.S.	1	<1%	1	<1%

DIVERSITY BY GENDER AND EMPLOYMENT TYPE

Employment by Gender and Type – Canada		2017	%	2018	%
Male	Canada	541	45%	540	45%
Female	Canada	670	55%	659	55%
MALE					
Administrative/Operations	Canada	335	43%	337	43%
Professional/Technical	Canada	90	39%	94	42%
Middle Management	Canada	50	51%	43	41%
Senior Management	Canada	51	58%	49	60%
Executive	Canada	15	79%	17	81%
FEMALE					
Administrative/Operations	Canada	442	57%	433	57%
Professional/Technical	Canada	139	61%	128	58%
Middle Management	Canada	48	49%	62	59%
Senior Management	Canada	37	42%	32	40%
Executive	Canada	4	21%	4	19%
Employment by Gender and Type – U.S.		2017	%	2018	%
Male	U.S.	116	46%	121	46%
Female	U.S.	138	54%	143	54%
MALE					
Administrative/Operations	U.S.	87	56%	89	61%
Professional/Technical	U.S.	16	28%	14	23%
Middle Management	U.S.	5	13%	9	20%
Senior Management	U.S.	7	78%	8	73%
Executive	U.S.	1	100%	1	100%
FEMALE					
Administrative/Operations	U.S.	61	41%	57	39%
Professional/Technical	U.S.	41	72%	47	77%
Middle Management	U.S.	34	87%	36	80%
Senior Management	U.S.	2	22%	3	27%
Executive	U.S.	0	-	0	0%

Diversity by Age and Gender - Canada		2017	%	2018	%
BY AGE					
Under 30	Canada	218	18%	221	19%
30–50	Canada	522	43%	520	43%
50+	Canada	471	39%	458	38%
MALE					
Under 30	Canada	76	35%	75	34%
30–50	Canada	229	44%	235	45%
50+	Canada	239	51%	230	50%
FEMALE					
Under 30	Canada	142	65%	146	66%
30–50	Canada	294	56%	285	55%
50+	Canada	234	49%	228	50%
Diversity by Age and Gender – U.S.		2017	%	2018	%
BY AGE					
Under 30	U.S.	54	21%	57	21%
30–50	U.S.	122	48%	131	50%
50+	U.S.	78	31%	76	29%
MALE					
Under 30	U.S.	22	41%	23	40%
30–50	U.S.	57	47%	59	45%
50+	U.S.	37	47%	39	51%
FEMALE					
Under 30	U.S.	32	59%	34	60%
30–50	U.S.	65	53%	72	55%
50+	U.S.	41	53%	37	49%

Employee Turnover – Canada

		2017	%	2018	%
Employee Turnover	Canada	257	21%	304	25%
BY GENDER					
Male	Canada	109	42%	121	40%
Female	Canada	148	58%	183	60%
BY AGE					
Under 30	Canada	95	37%	114	37%
30–50	Canada	90	35%	109	36%
50+	Canada	72	28%	81	27%

Employee Turnover – U.S.

		2017	%	2018	%
Employee Turnover	U.S.	98	39%	111	42%
BY GENDER					
Male	U.S.	52	53%	56	50%
Female	U.S.	46	47%	55	50%
BY AGE					
Under 30	U.S.	18	18%	32	29%
30–50	U.S.	57	58%	59	53%
50+	U.S.	23	24%	20	18%

Employee turnover in the U.S. is greater due to a different system of employment called “At Will Employment.” Through this system, there is no requirement for employees or employers to give warning to leave or termination of employment. That system, coupled with changes in ownership as Morguard acquires or divests property assets, can significantly affect employee turnover rates.

One possible area of review in future is for Morguard to take a deeper look into what services we can provide employees to increase retention and what strategies we can employ to help retrain employees for other positions if and when their existing role or property to which the role serves, is eliminated/divested.

EMPLOYMENT COMPENSATION AND BENEFITS

Our compensation and benefits program is intended to attract, motivate and retain high-quality employees. Base salary and bonus programs reward performance and responsibility.

In Canada, we deliver and review annual third-party employment surveys to ensure that our compensation and benefits plans are competitive with those of our peers in the real estate industry. In the U.S., we attend annual stewardship meetings with our third-party benefits advisor, who provides statistical data and advises on what we need to offer to remain competitive.

Employment	Vacation	Group Life Insurance, Extended Health Care, Employee Assistance, and Travel Assistance	Short-Term Disability Coverage	Long-Term Disability Coverage	Morguard Pension Plan
Canada Permanent	Paid vacation allowance; 15 days per annum, up to sixth year; increases thereafter	Yes, based on a minimum 20 hours of work per week	Yes – Full-time and part-time (working more than 20 hours/week) salaried employees Hourly paid employees or those working fewer than 20 hours/week through Canada Employment Insurance Program	Salary or hourly employees (working more than 20 hours/week), except those employees receiving lodging benefits	Salaried employees eligible
U.S. Permanent, Full time	One to five years' service: 80 hours paid, up to sixth year; increases thereafter	Employer paid 1X annual salary life with AD&D; employer shares cost of medical; employee pays 100% of dental and vision coverage	Accrued time in catastrophic illness bank	Full time only (35+ hours); salary or hourly employee pays 100% of LTD premium	401k plan; employer matches up to 5% of compensation if employee participates
Canada Temporary	4% of earnings	n/a	Canada Employment Insurance Program	n/a	n/a

COLLECTIVE AGREEMENTS

Less than 2% of our workforce is unionized. Four employees in Canada are governed by a collective agreement between Morguard and the International Union of Operating Engineers (Local 772). Seventeen employees in Canada are governed by a collective agreement between Morguard and the Universal Workers Union L.I.U.N.A. (Local 183).

All employees are treated with dignity and respect, and annual reviews are undertaken to ensure that compensation and benefits programs are competitive within the relative markets. Further, Morguard respects the applicable employment legislation in any jurisdiction in which it operates including abiding by Employment Standards Acts and provincial Ministries of Labour regarding minimum notice periods.

HEALTH AND SAFETY PROGRAMS

Our employees record over three million work hours annually in various environments, including construction sites and facility maintenance. We are committed to providing them with a clean, safe and healthy work environment.

To achieve this goal, all employees:

- Recognize a shared responsibility;
- Follow all safety rules and practices;
- Co-operate with the government officials who enforce safety legislation;
- Take necessary steps to protect ourselves and fellow employees;
- Attend required safety training; and
- Immediately report all accidents, injuries and unsafe practices or conditions.

Our Occupational Health and Safety (“OHS”) team works to identify, prevent and mitigate the risks of workplace accident, injury or illness and to provide the required tools to comply with the requisite health and safety legislation. The main components of our health and safety platform include employee and expert consulting, training, record-keeping, communication and monitoring of relevant legislation and industry best practices.

Our workforce is represented at all levels of the company through formal Health and Safety committees. These committees meet on a regular basis to discuss issues and concerns as well as new or updated legislation. Online health and safety training is assigned and tracked through education portals in Canada and the U.S.

Detailed property inspections are completed on a regular basis by on-site teams, as well as formal audits conducted with committee members. Any areas of concern identified by either inspections or audits are addressed and corrected in a timely manner.

Morguard’s OHS program is continuing to be effective in achieving intended outcomes – in 2018 the company was given a Canada’s Safest Employer award from Thomson Reuters for the sixth consecutive year. We will strive for continual improvement in the management system and performance measures:

- Relevant Training and Safety awareness
- Reduction / Improvement in Recordable Injuries
- Audit performance – OHS program and compliance

In 2019, Morguard’s OHS strategy will be to focus on programs aimed at eliminating the greatest risks to worker health and safety and the early and safe return to work (modified and transitional work) to reduce lost days and injury severity. There will be a continued emphasis on finding new ways to communicate front line safety awareness and share the knowledge and best practices across Morguard property management. Communication of safety hazards and situational awareness will include safety “toolbox talks,” Learnings from Incidents and Did You Know? Information.

Looking ahead, the focus on our core business operations will continue to build on and include comprehensive safety program and safe work practices. For construction projects, Morguard will target a flawless project launch through project safety planning with a project charter, stake-holders’ involvement and commissioning. We will focus on robust incident reporting, identifying the root cause and remedy of incident/injury, and honing our OHS program to focus on improving areas of concern.

OCCUPATIONAL HEALTH AND SAFETY¹

LOST-TIME INJURY RATES ²	2017	2018
Lost-time injury rate per 100 employees (Canada & U.S.)	1.5	1.2
Lost-time injury rate per 100 employees (Canada)	1.2	0.9
Lost-time injury rate per 100 employees (U.S.)	2.8	2.7
LOST WORK DAYS	2017	2018
Total number of lost work days (Canada & U.S.)	386	115
Total number of lost work days (Canada)	336	72
Total number of lost work days (U.S.)	50	43
REPORTED WORKPLACE INJURIES	2017	2018
Total reported workplace injuries that involve lost employee time (Canada & U.S.)	22	18
Total reported workplace injuries that involve lost employee time (Canada)	15	11
Total reported workplace injuries that involve lost employee time (U.S.)	7	7
WORKPLACE FATALITIES	2017	2018
Workplace Fatalities (Canada & U.S.)	0	0

¹The number of employees used for OH&S calculations is based on total employees. Excludes hoteling division.

² For calculating injury rates, the total number of hours worked by 100 employees in one year, based on 50 work weeks at 40 hours per week.

TRAINING AND PROFESSIONAL DEVELOPMENT

In Canada our learning management system (“LMS”), called Path, is a key content delivery platform of Morguard’s training and development program. It offers a library of on-demand resources with over 5,300 eLearning courses, videos, sessions and materials on topics that align to Morguard’s specific requirements including core competencies, company’s processes and tools, compliance, desktop productivity and other soft and technical skills. These offerings allow for knowledge transfer, course upgrades and assist in career goal setting for our employees.

In Canada, in 2018, the training focus across the organization was on training of Yardi 7S, a new property and accounting platform introduced in 2017. In 2018, we implemented a new budget and forecast module in Yardi 7S. The training associated with the Yardi 7S budget and forecast implementation was tracked and contained in Canada using Path. In doing so, we were able to leverage Path to schedule instructor-led training and track employee’s status of training.

Efforts to support ongoing training of Yardi 7S included creation of 16 new learning resources, mainly materials and sessions. Training for Yardi 7S attributed to 4,751 training hours in 2018.

In the U.S., our LMS, called Morguard Management Training (“MMT”) is provided through Grace Hill, a third party industry leader who develops online training courseware and administration solely for the property management industry. MMT offers a library of on-demand resources crafted by Grace Hill and Morguard. This library houses over 250 eLearning courses, videos, sessions and materials on topics that align to Morguard’s specific requirements including core competencies, company processes and tools, compliance, and other soft and technical skills. Additionally, through Grace Hill’s partnership with the National Apartment Association Education Institute, MMT now provides team members with access to courses that meet annual “Continuing Education” requirements necessary to maintain professional designations such as Certified Apartment Manager (“CAM”), National Apartment Leasing Professional (“NALP”), and more.

Training data noted below is based on yearly training of management and non-management staff. Management staff includes all employees with direct reports. Non-management refers to employees that have no direct reports.

TRAINING – CANADA

	2017			2018		
	Non- Management	Management	Total	Non- Management	Management	Total
Total Employees eligible for training ¹	909	261	1,170	871	253	1,124
Training hours by employee category						
Total training hours per employee category	12,772	4,438	17,210	7,780	3,736	11,516
Training hours per user	14.05	17.00	14.71	8.93	14.77	10.25
Total training hours by training type						
e-learning	2,069	545	2,614	2,030	656	2,686
Self-learning (user documentation and videos)	966	328	1,294	193	58	251
Class/WebEx-powered sessions	7,168	3,258	10,426	3,313	2,532	5,845
External	2,569	307	2,876	2,244	490	2,734
Total training hours by subject						
Morguard processes and tools	7,931	3,482	11,413	3,697	2,626	6,323
Compliance	1,906	571	2,477	1,724	572	2,296
Desktop productivity	186	31	217	108	28	136
Other soft and technical skills	2,749	354	3,103	2,251	510	2,761

¹ Represents an average number of employees in Canada who are eligible for access to the Morguard Learning Management System. (Temporary employees who are with us on a term less than six months are excluded.)

TRAINING – U.S.

	2017			2018		
	Non- Management	Management	Total	Non- Management	Management	Total
Total Employees eligible for training ¹	255	11	266	266	11	277
Training hours by employee category						
Total training hours per employee category	2,239	23	2,262	4,231	48	4,279
Training hours per user	8.78	2.06	8.50	15.90	4.40	15.45

¹ Represents an average number of employees in the U.S., "Management" consist of US Multi-Suite Residential, Commercial, Accounting, and Corp Executive Management Team.

PERFORMANCE REVIEWS

By ensuring that all eligible employees receive an annual performance review, we foster a culture of responsibility and recognition for the contributions that employees make toward achieving business goals. This initiative is a critical tool for engaging employees in the organization's strategic priorities and providing effective feedback and opportunities for professional development.

We track performance review matters separately in Canada and the U.S. In Canada, temporary or new permanent employees with fewer than three months of service, and employees on leave for the entire performance review period, are ineligible for annual reviews. In the U.S., temporary or new permanent employees with fewer than six months of service are ineligible for annual reviews.

ANNUAL EMPLOYEE PERFORMANCE REVIEWS (CANADA)

	2017	2018
Performance reviews completed	811	851
Eligible employees	1,006	970
Percent coverage	81%	88%

ANNUAL EMPLOYEE PERFORMANCE REVIEWS (U.S.)

	2017	2018
Performance reviews completed	174	203
Eligible employees	189	203
Percent coverage	92%	100%

People are the means through which any organization takes action to improve its performance. We strongly believe that an engaged and motivated workforce is our greatest asset in enhancing stakeholder value and, ultimately, leading to a sustainable company.

Recognizing Our People

Celebrating our successes is important, and Morguard understands the need to provide recognition programs that are fair, equitable, value employee performance and support business objectives.

Our annual Keeper of the Flame award recognizes employees that best exemplify Morguard's Six Foundations for Success. In 2018, sixteen employees received the prestigious award and were recognized at an awards ceremony held at the Mississauga head office. Employees are also eligible for our REACH Award, which recognizes employees who have gone above and beyond on specific projects.

A new addition to our recognition program is the Waste Management Project of the Year. The award, sponsored by Sustainable Morguard, recognizes the employee or team who create and implement innovative projects that help keep material out of the waste stream. The winner in 2018 was Candace McKenzie and the team at Shoppers Mall in Brandon, MB, for their program to reduce the consumption and disposal of plastic bags. During the month of October, Candace and her team collected almost 2,000 plastic bags from mall guests. The 38 pounds of plastic were then converted into benches for local parks.

OUR SUSTAINABLE HOUSE – LEADING BY EXAMPLE

ENVIRONMENTAL/SOCIAL IMPACTS

The Environmental Affairs Department continues to provide in-house remediation services with a goal to minimize the negative impact on environmental receptors and ensure the health and well-being of our occupants. This is done by successfully remediating soil, groundwater, asbestos and mould at our buildings.

MANAGEMENT APPROACH

As both a landlord and a tenant, we strive to take action in our corporate offices first, inspiring our stakeholders to join us. We regularly pilot innovative sustainability initiatives in our own offices before applying them in tenant spaces.

As a corporation, we demonstrate our commitment to sustainability through compliance in environmental affairs and implementation of responsible governance practices.

The Buzz on Going Green

Through our partnership with Alveole, Morguard has implemented seven new bee-hives atop our buildings, including East York Town Centre, 65 Overlea Blvd., 200 Yorkland Blvd., 77 Bloor Street West and 131 Bloor Street West in Toronto, ON; Bramalea City Centre in Brampton, ON; and 2351 Boul Alfred Nobelin St. Laurent, QC. Without pollinators, much of the food we eat and the natural habitats we enjoy would not exist. Taking action now to protect pollinators and reduce toxic pesticide use is a positive step for our environment and economy. Through this initiative Morguard's properties create a sustainable food source for honey bees to house and pollinate local plants.

As an added bonus, the honey created from these beehives is then harvested, bottled and donated to our tenants as a sweet thank-you for supporting Morguard. In 2018, the honey produced by the Morguard hives weighed more than 187 kg.

GREENING OUR OFFICES

Morguard is actively working to reduce the environmental impacts of operations at our 13 corporate offices across Canada and the U.S. Our strategy is to engage our employees in doing their part and, in turn, use the lessons learned to engage our tenants in improving their spaces. Office representatives follow an internal best-practice information guide on reducing our offices' environmental footprints and addressing opportunities such as consumable supplies, kitchen and cleaning materials, catering and composting. Most recently, we have introduced a Sustainability Committee to further dialogue at the property and office level on corporate sustainability and responsibility ("CSR") related objectives, concerns and local innovations.

Walking the Walk on Sustainability

Morguard's regional office in Edmonton is "walking the walk" on sustainability. The office provides non-disposable dishware and cutlery for team members, as well as a refillable water cooler system. For their catering needs, the team uses A Cappella, a company that uses 100% biodegradable service items, locally sourced produce, and organically and locally grown foods whenever possible.

The office has separate recycling containers for electronics. Hazardous materials like batteries, paint and oils are disposed of using the City of Edmonton's Eco Station system, which ensures the materials are disposed of in a safe and responsible manner. A florescent bulb crusher is onsite to not only recycle glass, but ensure the proper disposal of captured mercury vapor.

Paper products for the office are purchased using the LEED-EB, Green Seal or ECO Logo Standards, using large roll or multi roll dispensers wherever possible. Paper towel dispensers are hands-free operations with set sheet lengths. Garbage can liners must incorporate a 10% recycled content at a minimum.

Washrooms use hands-free fixtures for taps, soap dispensers and flush valves. Cans and bottles are returned to the recycling depot, with proceeds going to Child Find Alberta.

The dedication of the Edmonton team to finding sustainable solutions in all areas of the business demonstrates Morguard's commitment to ingraining sustainability at the ground floor of our operations.

SUPPLY CHAIN

Morguard understands our responsibility to not only manage our own direct emissions, but also the emissions of our suppliers in areas including cleaning, carpeting, building/development, maintenance and property supplies.

As part of our GREEN LINK program, we have included green procurement strategies in both our sustainability and purchasing policies. Our properties participate in greening their supply chain through the purchase of building and maintenance products that meet the leading environmental standards, including EcoLogo and Greenseal. Our policies consider green cleaning and demolition standards, including standards for *Environmental Protection Act* (Ontario), Ontario Regulation 103/94 and ensuring low volatile organic compounds in all chemical products to prevent harmful chemicals from reaching our environment.

ENVIRONMENTAL POLICIES AND PROCEDURES – ENVIRO LINK

Morguard monitors the compliance of all Morguard properties with relevant environmental legislation, identifies potential risks, and implements environmental policies and procedures using our environmental management system ("EMS").

Our EMS incorporates policies, procedures and reporting related to environmental legislative compliance, best practices and employee training. It is applied to remediations and assessments during all stages of the property cycle, including acquisition, development and daily property management. It is tailored to issues surrounding PCBs, asbestos, CFCs, mould and storage tanks, as well as tenant relations and incident reporting.

A key component of our EMS is ENVIRO LINK – a web-based portal that is used to track all work and assessments completed at every Morguard property by property management, our Environmental Affairs group and third-party consultant.

LAND CONTAMINATION, REMEDIATION, AND COMPLIANCE

We are committed to environmental compliance and best practices in safe land remediation, the removal or treatment of toxic materials/hazardous waste and the restoration of natural environments.

Morguard applies significant resources to ensure that environmental matters meet legislative compliance and the needs of our tenants, partners and community. In 2018, the operating budget for our internal environmental team was approximately \$1.2 million. Project costs and resources go toward environmental matters ranging from Phase 1 Environmental Site Assessments and annual asbestos inspections to full-scale soil and groundwater remediation.

In 2018, ENVIRO LINK tracked 25 spills with an approximate volume of 3,255 L of fluid spilled and a single airborne release of 10 L of R-123 refrigerant from a damaged chiller unit. This year had the same number of spills as the previous year and a spill volume increase of 2,445 L compared to last year. This increase was largely due to a single glycol spill of 3,028 L. Tracking includes even very minor spills such as a fuel leak from a customer's vehicle in a shopping centre parking area. Morguard was not fined or sanctioned for non-compliance with environmental laws and regulations in 2018.

As part of Morguard's continued effort to improve the environmental health of our managed properties, our Asbestos Management Program takes a proactive approach to the removal of asbestos containing materials. The removal of asbestos not only creates a healthier and risk-free environment for our tenants and occupants, but it alleviates future regulatory expenditures for these materials and strengthens relationships with tenants. In 2018, over \$5 million was spent on the removal of asbestos across our portfolio.

Along with our EMS and sustainability principles, we have applied tools such as the "precautionary approach" to our sustainability activities. The precautionary approach states that where there are threats of serious or irreversible damage, a lack of full scientific certainty will not be used as a reason for postponing cost-effective measures to prevent environmental degradation or public harm.

We believe that taking responsibility for identifying and managing the environmental impacts of our business is a vital step toward achieving sustainability. It adds value to our properties, ensures that employees and tenants are safe, reduces legal and public relations risks and demonstrates a commitment to being a leading property manager.

Our commitment to lead by example, from the greening of Morguard's offices to the utilizing of first-class EMS, is intended to inspire others to join us on our sustainability journey.

RESPONSIBLE GOVERNANCE

MANAGEMENT APPROACH

Morguard is committed to excellence in corporate governance and recognizes that it is essential to the well-being of our business. Our Chairman and CEO, and our Board of Directors support increased alignment across all organizational, asset and regional boundaries as it relates to sustainability performance and program development.

For full disclosure of Morguard's governance practices, including executive compensation, please see Morguard Corporation's most recent Management Information Circular and Annual Information Form, which are posted to SEDAR and accessible from the Investor Relations section of morguard.com.

Our Board of Directors and its four subcommittees (Audit; Investment; Human Resources, Compensation and Pension; and Corporate Governance and Nominating) regularly review and update governance practices in keeping with their fiduciary duties and our strategic vision. The Board receives routine information from management on all aspects of the Morguard operation, including sustainability risks and opportunities, and is involved in a yearly corporate planning process that culminates in an annual strategic plan. The annual strategic plan forms the basis on which the Board evaluates the performance of management, both in executing the plan and in identifying corporate risks and opportunities. The Corporate Governance and Nominating Committee of the Board provides review, guidance, and approval of the Report; and in so doing ensures that ESG performance indicators are reviewed at least annually.

BUSINESS CONDUCT

Our commitment to high ethical standards and corporate responsibility is reflected in our Code of Conduct, which applies to all directors, officers and employees. The Human Resources Committee of the Board monitors compliance and ensures that all employees review and formally acknowledge their compliance with our Code every two years.

We strive to maintain positive, professional and appropriate relationships with public officials and government agencies and strictly forbid any inappropriate lobbying activities. Our Code of Conduct provides specific guidance with respect to customer and government relationships, gifts and entertainment, bribery, money laundering and the avoidance of conflicts of interest. It specifically forbids the giving, offering, authorizing, or taking of bribes of any kind, including, but not limited to, money, favours, unusual gifts or entertainment, or the like.

In 2018, Morguard completed an employment equity internal audit to ensure internal pay equity; that men and women in positions that are evaluated and provide equal value are compensated equally. We did discover a few minor discrepancies, so salary adjustments were made.

Known or suspected violations of our Code must be immediately reported to a supervisor or other senior authority within the company. Our Whistleblower Policy ensures that nobody who, in good faith, reports such a violation will suffer any negative consequences. Detailed procedures are available to all staff and include a confidential Ethics Hotline.

RESPONSIBLE CONTRACTING

We require contractors and suppliers to maintain rigorous operational and ethical standards. Pre-qualification guidelines incorporate strong standards for the hiring of building service contractors, including maintenance, security, and cleaning staff. These guidelines serve to reduce public relations risk, increase goodwill and ensure that contractors provide professional service to Morguard's properties and tenants while respecting their own employees. In Canada these processes have been externally reviewed and ranked as leading practices among commercial real estate companies. The principles of our national Pre-Qualification contractor agreement include;

1. Responsible Employment Practices;
2. Fair Wages and Benefits;
3. Working Hours;
4. Working Conditions;
5. Discrimination and Harassment;
6. Freely Chosen Employment and;
7. Child Labour

Morguard has recently updated its Corporate Sustainability and Responsibility Policy to include sustainable procurement practices and has Green Purchasing Guidelines embedded into material services for property management and development and will continue to update vendors on changes to our policy and programs that will heighten our responsiveness to meeting the needs of our industry and reducing our emissions.

FUTURE PLANNING

Morguard understands that the changing space of CSR requires continuous improvement and a strategic outlook which endeavors to create long term goals and targets that drive sustainable change. While we have achieved strong savings in energy, waste and water, in 2019 we intend to further our practices to involve innovative solutions to old ways of doing business. Our plans include the application and management of occupant engagement programs, further insight into Climate Change Mitigation and Resiliency best practices and an increase in our internal data management strategies to ensure we are managing to our own metrics while creating reasonable goals and objectives for our 5-10 year planning cycle.

With these goals in mind, Morguard has partnered with organizations such as the BOMA's Climate Resiliency Committee and CaGBC's Corporate Real Estate Sustainability Leaders Roundtable to further dialogue on important issues facing our industry and define creative solutions to solving some of the world's most pressing ESG issues.

We continue to work closely with our partners on furthering our role as a responsible property investor and frequently participate in strategic discussions and awards programs designed to increase our stakeholder stewardship and develop proactive relationships that enable shared value to ESG initiatives.

Some examples of areas of focus for 2019 include:

- Further review and updating of existing ESG data management system;
- Aligning our CSR strategies and programs across all organizational boundaries;
- Increasing engagement with valued stakeholders;
- Addressing our Energy Management goals and targets with updated goals set for 2020; and
- Continuing with open and transparent reporting.

To be a strong player in the market, customers are demanding that businesses increase their triple bottom line approach to include more than just fiscal requirements – true value means something more! At Morguard we believe creating stronger partnerships with our clients and owners while embracing inclusion not only in our own reporting, but in our interest to participate in pertinent industry discussions surrounding sound and sustainable investment practices, has enabled us to stay on the cusp of innovative approaches in the application of responsible business. Some areas of deeper consideration in the next five years include:

- Climate mitigation and resiliency to determine strategies to lower risk and cost to our investors;
- Tenant and Employee Engagement to create positive and progressive change where we live and work;
- Looking beyond the building as we approach wellness strategies and certification within and beyond the building; and
- Embracing partnerships that enable Sustainable Communities in which we live, work and play.

We continue to move forward on this journey we embarked on almost a decade ago and look forward to your feedback as we create best practice approaches to responsible property investing.

APPENDIX A – GLOSSARY

BOMA	Building Owners and Managers Association
BOMA BEST	BOMA Building Environmental Standards
CaGBC	Canadian Green Building Council
CRB	Certified Rental Building
CRESS	construction and real estate sector supplement
CSR	corporate sustainability and responsibility
ekWh	equivalent kilowatt hours
EMS	environmental management system
ESG	environment, social, and governance
GHG	greenhouse gas
GLA	gross leasable area
GREEN LINK	Morguard's proprietary green building program
GRI	Global Reporting Initiative
HDD	heating degree days
ICSC	International Council of Shopping Centers
KW	kilowatts
LEED	Leadership in Energy and Environmental Design
PJ	petajoule
REALpac	Real Property Association of Canada
REC	Renewable Energy Credit
RPI	responsible property investment
SF	square feet
tCO ₂ e	tonnes of carbon dioxide equivalent
USGBC	United States Green Building Council

APPENDIX B – BUILDING PERFORMANCE – WEATHER AND OCCUPANCY MODEL

In 2016, in addition to updating our baseline, we also implemented a more rigorous weather adjustment modelling for the Canadian Retail Properties and Canadian Office Properties. This involved completing a regression analysis of energy and water performance versus weather data specific to the nearest weather station of each individual property. This allows current and future energy and water performance to be measured against a weather adjusted 2015 baseline.

The weather modelling is on a utility account basis. For each utility account, an equation is developed based upon statistical analysis, which relates energy and water use to the heating and cooling-degree days specific to a facility's weather conditions, and heating and cooling balance points specific to the property. The set of equations represent the weather model. Weather data from multiple weather stations is collected daily and applied on a monthly basis to derive the weather-adjusted baseline.

An occupancy adjustment of 10 kWh per square foot of vacant space was applied to electricity use for the Canadian Office Properties. The adjustment is based upon an assumed portion of 62% of electricity use being related to occupancy. An increase in occupancy would result in an expected increase in electricity of 10 kWh per year per change in occupied square footage. Occupancy data was collected by property on a monthly basis. The change in occupied space was averaged over the year, and a corresponding adjustment was then made to the 2015 baseline.

OCCUPANCY ADJUSTMENT MODEL

Electricity End-Use	% Share
Office Equipment	4%
Computers	10%
Lighting	17%
Occupancy Related HVAC	31%
Total	62%
Whole building electricity use (kWh/ft ²)	16.0
Assumed reduction for vacant space (kWh/ft ²)	10.0

APPENDIX C – PROPERTY CERTIFICATIONS

MULTI-SUITE RESIDENTIAL

CANADA

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
●	The Pinnacle	–	AB	3rd Party
●	Wyldeewood Estates	–	AB	3rd Party
●	Mayfair Village South	–	AB	MRC
●	Square 104	–	AB	MRG
●	Margaret Place	CRBP	ON	MRG
●	Aspen Grove I	CRBP	ON	MRC/3rd Party
●	Aspen Grove II	CRBP	ON	MRC/3rd Party
●	Meadowvale Gardens	CRBP	ON	MRG
●	The Arista	CRBP	ON	MRG
●	The Elmwoods	CRBP	ON	MRG
●	The Forestwoods	CRBP	ON	MRG/3rd Party
●	The Maplewoods	CRBP	ON	MRG/3rd Party
●	The Valleywoods	CRBP	ON	MRG/3rd Party
●	Tomken Place	CRBP	ON	MRG
●	126 Sparks	–	ON	MRC
●	160 Chapel	CRBP	ON	MRG
●	Fifty on the Park	CRBP	ON	3rd Party
●	Leaside Towers	CRBP	ON	MRC
●	Rideau Towers I	CRBP	ON	MRG/3rd Party
●	Rideau Towers II	CRBP	ON	MRG
●	Rideau Towers III	CRBP	ON	MRG
●	Rideau Towers IV	CRBP	ON	MRG
●	Rouge Valley Residence	CRBP	ON	MRG
●	The Bay Club	CRBP	ON	MRC
●	The Colonnade	CRBP	ON	MRC
●	The Heathview	LEED Gold (Pending) LEED Silver (Pending)	ON	MRC

2015 and 2018 building performance results (BPR)

- Property included
- Property excluded

U.S.

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	STATE	OWNERSHIP
○	Retreat at City Center	EHO	CO	MRG
○	Settlers' Creek	EHO	CO	MRG
○	The Retreat at Spring Park	EHO	TX	MRG
○	Grand Venetian at Las Colinas	EHO	TX	MRG
○	Verandah at Valley Ranch	EHO	TX	MRG
○	Garden Lane	EHO	LA	MRG
○	Colonial Manor Apartment Homes	EHO	LA	MRG
○	Steeplechase Apartment Homes	EHO	LA	MRG
○	Magnolia Place Apartment Homes	EHO	LA	MRG
○	The Georgian Apartments	EHO	LA	MRG
○	Villages of Williamsburg	EHO	LA	MRG
○	Greenbrier Estates	EHO	LA	MRG
○	Alta at K Station	EHO, LEED Gold	IL	MRC
○	Coast at Lakeshore East	EHO, LEED Silver	IL	MRG
○	The Marquee at Block 37	EHO	IL	MRC
○	Briarhill Apartments	EHO	GA	MRG
○	The Savoy Luxury Apartments	EHO	GA	MRG
○	Barrett Walk Luxury Apartment Homes	EHO	GA	MRG
○	210 Watermark	EHO	FL	MRG
○	Santorini Apartments	EHO	FL	MRC
○	Vizcaya Lakes	EHO	FL	MRC
○	Blue Isle Apartment Homes	EHO	FL	MRG
○	2940 Solano at Monterra	EHO	FL	MRG/3rd Party
○	Emerald Lake Apartments	EHO	FL	MRC
○	Governors Gate I	EHO	FL	MRG
○	Governors Gate II	EHO	FL	MRG
○	Jamestown Estates	EHO	FL	MRG
○	Woodcliff Apartment Homes	EHO	FL	MRG
○	Woodbine Apartment Homes	EHO	FL	MRG
○	Mallory Square	EHO	FL	MRG
○	Village Crossing Apartment Homes	EHO	FL	MRG
○	The Lodge at Crossroads	EHO	NC	MRG
○	Perry Point Ultimate Apartments	EHO	NC	MRG
○	Northgate at Falls Church	EHO LEED Certified	VA	MRG
○	The Fenestra at Rockville Town Square	EHO	MD	MRC/MRG

RETAIL

CANADA

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
●	Sevenoaks Shopping Centre	BOMA Gold	BC	3rd Party
●	Cottonwood Shopping Centre	BOMA Silver	BC	3rd Party
●	Coquitlam Shopping Centre	BOMA Gold	BC	3rd Party
●	Pine Centre Mall	–	BC	MRT
●	Shelbourne Plaza	–	BC	MRT
●	Airdrie Co-op Centre	–	AB	MRT
●	Heritage Towne Centre	–	AB	MRT
●	Bonnie Doon Shopping Centre	BOMA Silver	AB	3rd Party
●	Prairie Mall	–	AB	MRC/MRT
●	Parkland Mall	BOMA Certified	AB	MRT
●	The Centre	BOMA Certified Maple Leaf Silver	SK	MRT
●	Lawson Heights	–	SK	3rd Party
●	Shoppers Mall	BOMA Gold	MB	MRT
●	Charleswood Centre	–	MB	MRT
●	Crossroads Station Shopping Centre	–	MB	3rd Party
●	Southdale Centre	–	MB	MRT
●	Aurora Centre	–	ON	MRT
●	Bramalea City Centre	BOMA Platinum	ON	MRC/3rd Party
●	Cambridge Centre	BOMA Gold	ON	MRT
●	Market Square	–	ON	MRT
●	Wonderland Corners	–	ON	MRT
●	Kingsbury Centre	–	ON	MRT
●	Northgate Shopping Centre	BOMA Gold	ON	3rd Party
●	Hampton Park Plaza	–	ON	MRT
●	St. Laurent	BOMA Gold	ON	MRT
●	New Sudbury Centre	BOMA Gold	ON	3rd Party
●	Intercity Centre	BOMA Gold	ON	3rd Party
●	Centerpoint Mall	BOMA Silver	ON	MRC
●	East York Town Centre	BOMA Bronze	ON	MRC
●	Guildwood Village Shopping Centre	–	ON	MRC
●	Holt Renfrew Centre	BOMA Platinum BOMA Earth	ON	3rd Party
●	The Colonnade	–	ON	MRC
●	Woodbridge Square	–	ON	MRT/3rd Party
●	Place Rosemere	BOMA Gold	QC	3rd Party

U.S.

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	STATE	OWNERSHIP
●	Westgate Shopping Center	–	LA	MRC
●	Gonzales Plaza	–	LA	MRC
●	Southland Mall	–	LA	MRC
●	Airline Park Shopping Center	–	LA	MRC
●	North Shore Square	–	LA	MRC
○	Alta at K Station	LEED Gold	IL	MRC
●	Weeki Wachee Village	–	FL	MRC
●	Rainbow Square	–	FL	MRC
●	Florida Shores Plaza	–	FL	MRC
●	Lantana Plaza	–	FL	MRC
●	Town & Country Shopping Center	–	FL	MRC
●	Westward Shopping Center	–	FL	MRC
○	Northgate at Falls Church	LEED Certified	VA	MRG

OFFICE

CANADA

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
●	111 Dunsmuir	BOMA Platinum	BC	MRT
●	Chancery Place	BOMA Gold	BC	MRT
●	969 Robson Street	HOOPP LEAP	BC	3rd Party
●	Seymour Place	–	BC	MRT
○	11th Avenue Place	LEED Gold Bullfrog Powered HOOPP LEAP Energy Star	AB	3rd Party
●	207 and 215 9th Avenue SW	BOMA Gold Energy Star	AB	MRT
●	505 3rd Street SW	BOMA Gold Energy Star	AB	MRT/3rd Party
●	7315 8th Street NE	–	AB	MRT
●	Centre 810	–	AB	MRT
●	Citadel West	–	AB	MRT
●	Deerport Centre	BOMA Silver	AB	MRT
●	Duncan Building	–	AB	MRT
●	NovAtel Building	–	AB	3rd Party
○	Quarry Park	LEED Certified Energy Star	AB	3rd Party
●	44 Capital Blvd	BOMA Silver Energy Star	AB	3rd Party
●	Petroleum Plaza	LEED Silver	AB	MRT/3rd Party
●	Scotia Place	BOMA Gold	AB	MRT/3rd Party
●	Ford Credit Building	–	AB	3rd Party
●	Greystone Business Park	–	AB	3rd Party
●	Whitemud Business Park	–	AB	3rd Party
●	Keewatin Square	–	SK	MRC
●	155 Carlton Ltd.	–	MB	3rd Party
●	325 Broadway Avenue	BOMA Silver	MB	3rd Party
●	363 Broadway Avenue	BOMA Silver	MB	3rd Party
○	400 St. Mary	BOMA Gold BOMA Earth Energy Star	MB	MRC/3rd Party
●	444 St. Mary	BOMA Silver	MB	MRC/3rd Party
●	Quinte Consolidated Courthouse	BOMA Platinum LEED Gold	ON	MRC/3rd Party
●	Bramalea City Centre (Office)	–	ON	MRC/3rd Party
●	365 March Road LP	BOMA Silver	ON	3rd Party
○	123 Commerce Valley Drive	BOMA Gold	ON	MRC
●	201 City Centre Drive	BOMA Platinum BOMA Earth Energy Star	ON	MRC/3rd Party
●	2920 Matheson East	BOMA Gold	ON	MRC/3rd Party
●	33 City Centre Drive	BOMA Platinum	ON	MRC/3rd Party
●	55 City Centre Drive	BOMA Platinum	ON	MRC/3rd Party
●	77 City Centre Drive	BOMA Platinum	ON	MRC/3rd Party
●	59 Camelot Drive	BOMA Silver	ON	MRC
●	99 Metcalfe Street	BOMA Silver	ON	3rd Party
●	131 Queen Street	BOMA Silver	ON	MRC
●	215 Slater Street	LEED Gold BOMA Platinum	ON	3rd Party
●	301 Laurier Avenue	–	ON	MRT/3rd Party
●	350 Sparks Street	–	ON	MRC
●	Albert and Bank	BOMA Gold	ON	3rd Party
●	Blair Road	BOMA Silver	ON	3rd Party
●	CBC Ottawa Broadcast Centre	BOMA Silver	ON	MRC
●	Green Valley Office Park	BOMA Silver	ON	MRT

2015 and 2018 building performance results (BPR)

- Property included
- Property excluded

OFFICE

CANADA

Continued

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
●	Heritage Place	BOMA Silver	ON	MRT/3rd Party
●	Performance Court	BOMA Platinum LEED Gold Bullfrog Powered BOMA TOBY	ON	MRC/3rd Party
●	St. Laurent Business Centre	BOMA Silver	ON	MRT
●	Standard Life	BOMA Silver	ON	MRT/3rd Party
●	Time Square	BOMA Silver	ON	MRT
●	60 Bloor Street West	–	ON	3rd Party
●	77 Bloor Street West	BOMA Gold LEED Gold	ON	MRT/3rd Party
●	200 Yorkland	BOMA Silver	ON	MRT
●	Leaside Corporate Centre	BOMA Silver	ON	MRC/3rd Party
●	York Research Tower	LEED (Pending)	ON	3rd Party
○	41 Rue Victoria	LEED Silver (Pending)	QC	MRC
●	Place Innovation	BOMA Gold and Silver	QC	MRC / MRT

OFFICE

U.S.

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	STATE	OWNERSHIP
○	Coast at Lakeshore East	LEED Silver	IL	MRG
○	Northgate at Falls Church	LEED Certified	VA	MRG

INDUSTRIAL

CANADA

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
○	Translink Logistics Centre	Bullfrog Powered	SK	3rd Party
○	1205 Corporate Drive	Solar Powered	ON	3rd Party
○	Maple Leaf Foods Dist. Centre	LEED Gold	ON	MRC/3rd Party

HOTEL

CANADA

BPR	PROPERTY	COMPLIANCE/ CERTIFICATIONS	PROV.	OWNERSHIP
○	Inn at the Quay	Green Key	BC	TPH
○	Acclaim Hotel Calgary Airport	Green Key	AB	TPH
○	Hilton Garden Inn	Green Key	AB	TPH
○	Clearwater Residence Hotel – Timberlea	Green Key	AB	TPH
○	Clearwater Suite Hotel	Green Key	AB	TPH
○	Franklin Suite Hotel	Green Key	AB	TPH
○	Merit Hotel & Suites	Green Key	AB	TPH
○	Nomad Hotel & Suites	Green Key	AB	TPH
○	Radisson Hotel & Suites Fort McMurray	Green Key	AB	TPH
○	Vantage Inn and Suites	Green Key	AB	TPH
○	Days Hotel and Suites	Green Key	AB	TPH
○	Cambridge Red Deer	Green Key	AB	TPH
○	Temple Gardens Mineral Spa Resort Hotel	Green Key	SK	TPH
○	Wingate by Wyndham Regina	Green Key	SK	TPH
○	Saskatoon Inn & Conference Centre	Green Key	SK	TPH
○	Holiday Inn Winnipeg South	Green Key	MB	TPH
○	Residence Inn	Green Key	ON	TPH
○	Hilton Garden Inn Toronto Airport West	Green Key	ON	TPH
○	Courtyard Marriott	Green Key	ON	TPH
○	Holiday Inn Express	Green Key	ON	TPH
○	Towne Place Suites by Marriott	Green Key	ON	TPH
○	Days Inn & Suites	Green Key	ON	TPH
○	Days Inn North	Green Key	ON	TPH
○	Courtyard by Marriott Toronto Airport	Green Key	ON	MRC
○	Hotel Carlingview Toronto Airport	Green Key	ON	MRC
○	Residence Inn by Marriott Toronto Airport	Green Key	ON	MRC
○	Cambridge Suites Hotel Halifax	Green Key	NS	TPH
○	The Prince George Hotel	Green Key	NS	TPH
○	Cambridge Suites Hotel Sydney	Green Key	NS	TPH
○	Days Inn and Suites	Green Key	NT	TPH
○	Stanton Suites Hotel	Green Key	NT	TPH

2015 and 2018 building performance results (BPR)

- Property included
- Property excluded

APPENDIX D – GRI CONTENT INDEX

Morguard's 2018 Corporate Sustainability and Responsibility Report was prepared in "accordance with" the "Core" option of the 2016 Global Reporting Initiative ("GRI") Standard sustainability reporting guidelines, including the Construction and Real Estate Sector Supplement ("CRESS").

AIF = Available within the Annual Information Form and other continuous disclosure materials at morguard.com.

GRI Standard Disclosure	Page number (s) and/or URL(s)	Omission		
		Part Omitted	Reason	Explanation
Organizational profile				
102-1 Name of the organization	2			
102-2 Activities, brands, products, and services	2	To the best of our knowledge at the time of reporting, none of our products or services are banned or the subject of public debate. All of our developments include a stakeholder engagement process to respond to questions.		
102-3 Location of headquarters	3			
102-4 Location of operations	3			
102-5 Ownership and legal form	AIF			
102-6 Markets served	2-3			
102-7 Scale of the organization	2-3			
102-8 Information on employees and other workers	27-31			
102-9 Supply chain	40	Morguard uses a large number of suppliers, including property cleaning, maintenance, security and professional services firms. A full accounting of these organizations is beyond the scope of this Report.		
102-10 Significant changes to the organization and its supply chain	7 & 42			
102-11 Precautionary Principle or approach	41			
102-12 External initiatives	7			
102-13 Membership of associations	7			
Strategy				
102-14 Statement from senior decision-maker	1			
Ethics and integrity				
102-16 Values, principles, standards, and norms of behavior	4, 5, 8, 9, 39, 40, 42 & 43			
Governance				
102-18 Governance structure	42			
102-19 Delegating authority	3,4 & 42			

102-20 Executive-level responsibility for economic, environmental, and social topics	3, 4 & 42			
102-21 Consulting stakeholders on economic, environmental, and social topics	4, 6, 7, 42 & 43			
102-22 Composition of the highest governance body and its committees	AIF	vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation	Information unavailable	Specific information on 102-22 vi, vii, & viii was unavailable at the time of publication
102-23 Chair of the highest governance body	AIF			
102-24 Nominating and selecting the highest governance body	AIF	Criteria used for nominating and selecting highest governance body members, including whether and how; iv. expertise and experience relating to economic, environmental, and social topics are considered.	Information unavailable	Specific information on 102-24 vi was unavailable at the time of publication
102-25 Conflicts of interest	AIF			
102-26 Role of highest governance body in setting purpose, values, and strategy	4, 42, AIF			
102-27 Collective knowledge of highest governance body	42			
102-28 Evaluating the highest governance body's performance		Whole indicator	Information unavailable	Process not implemented specifically for ESG
102-29 Identifying and managing economic, environmental, and social impacts	6, 9, 42			
102-30 Effectiveness of risk management processes	42			
102-31 Review of economic, environmental, and social topics	42			
102-32 Highest governance body's role in sustainability reporting	42			
102-33 Communicating critical concerns	42			
102-34 Nature and total number of critical concerns		Whole indicator	Information unavailable	Total number and nature of critical concerns are not currently tracked and are deemed confidential to

				internal management
102-35 Remuneration policies	AIF			
102-36 Process for determining remuneration	AIF			
102-37 Stakeholders involvement in remuneration		Whole indicator	Information unavailable	Process not implemented specifically for external stakeholders
102-38 Annual total compensation ratio		Whole indicator	Information unavailable	Process not implemented specifically for total compensation ratio calculation
102-39 Percentage increase in annual total compensation ratio		Whole indicator	Information unavailable	Process not implemented specifically for total compensation ratio calculation
Stakeholder engagement				
102-40 List of stakeholder groups	6 & 7			
102-41 Collective bargaining agreements	32			
102-42 Identifying and selecting stakeholders	6			
102-43 Approach to stakeholder engagement	6 & 7			
102-44 Key topics and concerns raised	6 & 7			
Reporting practice				
102-45 Entities included in the consolidated financial statements	2, AIF			
102-46 Defining report content and topic Boundaries	2, 16			
102-47 List of material aspects	7			
102-48 Restatements of information	2, 16			
102-49 Changes in reporting	2, 16			
102-50 Reporting period	Jan 1 to Dec 31, 2018			
102-51 Date of most recent report	May 2, 2019			
102-52 Reporting cycle	Annual, 2			
102-53 Contact point for questions regarding the report	3			

102-54 Claims of reporting in accordance with the GRI Standards	2	
102-55 GRI content index	50	
102-56 External assurance, report, statements, or opinions.	3	
GRI 103: Management Approach		
103-1 Explanation of the material topic and its Boundary	4, 5, 8, 9, 10, 24, 27, 39, 42	Our management approach on key material topics is included in the opening of the following sections: “Responsible Property Investing” - pg 8, “Net Zero” - pg 10, “Sustainable Development” – pg 24, “Responsible Employer” – pg 27, “Our Sustainable House” – pg 39, and “Responsible Governance” – pg 42
103-2 The management approach and its components	8, 10, 24, 27, 39, 42	Morguard has strived to include information pertaining to our “management approach” throughout the report. Morguard has partially included insights into our management approach and its components, to the best of our ability at the time of disclosure.
103-3 Evaluation of the management approach	-	Morguard has omitted insights into the evaluation of our management approach as formal and consistent processes are not implemented at the time of disclosure on all material topics.

GRI Standard	Disclosure	Page number(s) or clarifications
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	A1F
Indirect Economic Impacts		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	24
Anti-corruption		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	42
Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There was no legal actions against Morguard in 2018 regarding anti-competitive behavior, anti-trust, or monopoly practices
GRI 300 Environmental Standards Series		
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	16-23
	302-2 Energy consumption outside of the organization	17

	302-3 Energy intensity	19, 21 & 23
	302-4 Reduction of energy consumption	16-23
	302-5 Reductions in energy requirements of products and services	16-23
Biodiversity		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	16-23
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	16-23
	305-2 Energy indirect (Scope 2) GHG emissions	16-23
	305-3 Other indirect (Scope 3) GHG emissions	16-23
	305-4 GHG emissions intensity	19 & 21
	305-5 Reduction of GHG emissions	16-23
Effluents and Waste		
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	16-20
	306-3 Significant spills	41
Environmental Compliance		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	There were no legal actions against Morguard in 2018 regarding environmental laws or regulations
GRI 400 Social Standards Series		
Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	29-31
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	32
	401-3 Parental leave	32

Labor/Management Relations		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	32
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	32
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	33 & 34
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	36 & 37
	404-2 Programs for upgrading employee skills and transition assistance programs	36 & 37
	404-3 Percentage of employees receiving regular performance and career development reviews	38
Local Communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	11, 27, 38 & 39

Construction and Real Estate Sector Disclosures			
GRI CRES	Aspect	Indicators	Page number(s) or clarifications
CRE1	Energy	Building energy intensity	19, 21 & 23
CRE2	Water	Building water intensity	19, 21 & 23
CRE3	Emissions	Greenhouse gas intensity from building energy	19 & 21
CRE4	Emissions	Greenhouse gas emissions intensity from new construction and redevelopment activity	At the time of reporting emissions for our construction or redevelopments or developments are not separately tracked

CRE5	Land Degradation, Contamination, and Remediation	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	Due to confidentiality constraints we are unable to publish specific data on our remediation's
CRE6	Occupational Health and Safety	Percentage of the organization operating in verified compliance with an internationally recognised health and safety management system	Morguard uses an internally developed award winning H&SMS, however at the time of reporting it is not externally verified for compliance to international standardization across North America.
CRE7	Local Communities	Number of persons voluntarily and involuntarily displaced and/or resettled by development broken down by project	There were no displacements due to our developments in 2018
CRE8	Product and Service Labeling	Type and number of sustainability certification, rating, and labeling schemes for new construction, management, occupation and redevelopment	11