

## **Spirit Realty Capital, Inc.**

### **Environmental Management System**

At Spirit Realty Capital, Inc. (“Spirit” or the “Company”) we believe that doing the right thing for our environment leads to better results for our shareholders and company as a whole. By implementing sound environmental practices throughout the operation of our business, we demonstrate our solid commitment to be responsible and conscientious in everything that we do as we strive to both increase shareholder returns and make the communities in which we operate a better place to live and work. Lastly, we aim to be socially responsible investors by making investment decisions which consider not only financial factors, but also the environmental impact of our tenants and properties.

Spirit recognizes that the ownership of commercial real estate can have a significant impact on the environment. As a result, Spirit is committed to implementing environmentally sustainable practices at our headquarters and considering environmental factors and risks in our investment decisions. Our approach to these matters is set forth in this Environmental Management System (the “EMS”), which has been approved and adopted by the Nominating & Corporate Governance Committee (the “Committee”) of our Board of Directors (the “Board”).

#### **Governance and Oversight**

The Committee is responsible for oversight on environmental, social and governance (“ESG”) matters. In this capacity, the Committee reviews key environmental related issues, policies, and procedures, including this EMS, and makes recommendations to the Board as appropriate. The Committee also receives key environmental updates from the Executive Leadership Team at least quarterly and on an as-needed basis.

At the Company level, Spirit has formed various internal working groups and committees to discuss, plan, and execute on the Company’s environmental initiatives. These include the:

- *Spirit ESG Task Force* – a committee dedicated to thinking strategically about how various ESG matters influence stakeholder value and how to best message Spirit’s commitment to ESG.
- *Spirit Think Green Committee* – a committee focused on making environmentally smart choices for Spirit’s headquarters and volunteering with or donating to community organizations that are committed to environmental sustainability.

These employee-organized groups report directly to our Executive Leadership Team.

#### **Plan-Do-Check-Act Framework**

Spirit utilizes an iterative four-stage “Plan-Do-Check-Act” framework with respect to environmental management. This generally works as follows:

*Plan:* The Company, via the ESG Task Force or Think Green Committee, in consultation with the Executive Leadership Team and with oversight from the Board, establishes the

This Environmental Management System includes certain examples of activities that reflect our current approach to implementing environmental risk management and environmental sustainability practices. These activities have been included for illustrative purposes only and are subject to change at our sole discretion.

Company's environmental objectives and develops the processes, controls, procedures, improvements, training, or changes (the "Actions") required to achieve those objectives. Objectives are broadly aimed at improving the environmental footprint of the Company, both at our headquarters and within our portfolio.

*Do:* The Company, via the ESG Task Force, the Think Green Committee, and other internal and external stakeholders, carries out the proposed Actions identified in the planning stage on a "testing" scale.

*Check:* The Company assesses the results of the tested Actions in light of the high-level objective to improve the Company's environmental footprint and any other more granular objectives, identifying what brought us closer to our stated environmental objectives and what failed to have the desired impact, while also considering viability, effectiveness, and implementation hurdles.

*Act:* The Company elects to adopt, alter, abandon, or retry the Actions. What worked is standardized and implemented on a broader scale. The Company repeats the cycle with fresh planning and adjusted Actions if stated objectives were not met.

### **Activities at our Headquarters**

Our commitment to sustainability and reducing our environmental footprint is largely demonstrated by how we manage our day-to-day activities in our corporate headquarters, including:

- Active recycling of materials such as aluminum, paper and plastic and use of recycled paper where possible.
- Use of an automatic lighting control system to reduce energy consumption.
- Encouraging employees to power down equipment at the end of the day.
- Use of ENERGY STAR certified computers, monitors, copiers, conference room displays and printers.
- Encouraging a paperless environment.
- Use of "green" cleaning products.
- Use of low VOC paint.
- Use of water machines to encourage employees to use reusable water bottles and use of compostable cups where use of reusable water bottles is not practical.

#### *Spirit One "Think Green" Committee*

"Think Green" is an employee focused on making environmentally smart choices for Spirit and contributing to sustainability initiatives in our community in order to reduce our environmental

footprint. The “Think Green” subcommittee is tasked with researching and implementing various methods of reducing our environmental impact as a company. The “Think Green” subcommittee is also in charge of choosing at least one environmentally focused community service project or nonprofit organization to volunteer with or donate to each year

## **Activities Within Our Portfolio**

### ***Pre-Acquisition Diligence***

Our commitment to sustainability begins before we acquire a property. In evaluating new investments, we obtain an environmental site assessment of the property (Phase I) as part of our analysis to understand the environmental condition of the property, including whether there is indication of any release of hazardous substances, chemical or waste storage, or other environmental concerns or risks, and to determine whether the property and the operations thereon meet certain environmental standards. If applicable, we may require additional environmental testing, including Phase II environmental site assessments, or require the seller to remediate environmental contamination in compliance with applicable laws prior to acquiring the property. We also thoroughly underwrite the financial health and responsibility record of our tenants that are engaged in potentially environmentally sensitive operations. By conducting appropriate environmental diligence and vetting our tenant’s credit and track record, we aim to ensure that environmental concerns are identified and addressed in a responsible manner.

### ***Green Leasing***

As a net-lease real estate investment trust, we primarily invest in single tenant real estate under absolute net-leases. Under this business structure each tenant is generally responsible for maintaining the leased improvements, including controlling their energy usage and the implementation of environmentally sustainable practices at each location.

Although our tenants are ultimately responsible for reducing energy usage and being environmentally conscience in their operations at the leased premises, to further align and collaborate with our tenants on environmental sustainability matters, including reducing energy and water usage, we have integrated into our base form lease agreement the following “green lease” provisions:

- Sustainability contacts at Spirit and tenant, so that representatives of each party wishing to discuss sustainability issues, include energy efficient capital improvement projects, can easily connect.
- A cost recovery clause allowing Spirit to recover the capital costs of energy efficient improvements, to the extent Spirit as Landlord performs any such capital improvements.
- A clause requesting that tenants provide energy and water consumption data to Landlord on a periodic basis.

### ***Sustainability Practices***

In an effort to further understand and mitigate the environmental impact of the properties in our portfolio, Spirit has implemented the following environmental sustainability practices:

- Spirit tracks energy consumption in common areas at all multi-tenant properties.
- Spirit tracks water usage in common areas at all multi-tenant properties.
- In connection with certain leases where Spirit maintains responsibility for capital improvements at the leased property or in common areas, Spirit considers energy efficiency, water consumption, and environmental impact when performing such improvements or repairs.
- Spirit seeks to ensure that any person responsible for managing leasing transactions between Spirit and its tenants (e.g., leasing agents or brokers) completes at least one hour of training covering the fundamentals of energy efficiency and energy benchmarking in commercial buildings.
- Spirit seeks to inform tenants, via training or educational opportunities and information, about efficiency and resource conservation practices aimed at assisting tenants in operating their leased property in environmentally sound ways.
- To further encourage our tenants to consider energy efficiency and environmental impact in their operations at our properties, Spirit can, in appropriate circumstances, fund our tenant's environmentally friendly capital improvement projects, thereby demonstrating our alignment with our tenants on reducing the environmental footprint of our properties.

### ***Environmental Risk Mitigation***

In addition to thorough pre-Acquisition diligence, Spirit manages and mitigates the potential environmental and climate-related risks that may be associated with our net-lease properties by:

- Maintaining comprehensive pollution insurance coverage for all of our properties, thus ensuring that should an unforeseen environmental issue occur, there are financial resources available to ensure safe and timely remediation.
- Preparing for natural disaster by carrying "All-Risk" property and rental value insurance to include fire, wind/hail, earthquake, flood and other extended coverage for our properties that we believe are appropriate and adequate given the relative risk of loss, insurance provided by our tenants and the industry best practices.