

BROADSTONE



2022

Environmental, Social & Governance Report



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A Message From Our CEO

On behalf of Broadstone Net Lease, I am pleased to present our inaugural environmental, social, and governance (“ESG”) report. At BNL, our mission is to create long-term value for our shareholders through a diversified approach to investing in and managing net lease real estate across all market cycles by building a service-oriented culture and fulfilling environment for our people. Operating in a responsible and ethical manner, investing in our employees and communities, and promoting sustainable practices are the core pillars that support our ability to achieve that fundamental mission. While BNL’s dedicated ESG-related initiatives have grown over the last several years, the principles underlying our efforts have served as a foundation for how BNL has operated since its inception in 2007.

This report highlights several of our recent key ESG achievements. I am incredibly proud of these accomplishments, which in many instances represent the culmination of projects that have spanned many years and for which our employees have dedicated countless hours of time and energy. It is important to note, however, that these achievements are just the first step of our journey. We are continuously progressing with respect to our corporate responsibility and sustainability goals, and dedicated ESG-related initiatives and considerations are at the forefront of every aspect of our business.

To guide us through this journey, we took several transformative steps during 2022, including enhancing the processes of our ESG Committee, which reports at least quarterly to the Nominating and Corporate Governance Committee of our Board of Directors, and conducting an ESG gap analysis in partnership with a third-party consultant. These steps have allowed us to identify short- and long-term ESG goals that will serve as our roadmap for years to come.

I hope you enjoy discovering more about our commitments to, and progress with, ESG-related initiatives in this report. I would like to thank our employees, our Board of Directors, and all our stakeholders for their continued support as we embark on this journey. We have achieved much through their efforts and have our sights set on more to come. I am excited to share our progress to date and look forward to providing further updates in the future.

A portrait of John D. Moragne, the CEO of Broadstone Net Lease. He is a man with short brown hair, smiling, wearing a dark suit jacket over a light-colored shirt. The background is a blurred indoor setting with large windows.A handwritten signature in white ink that reads "John D. Moragne".

John D. Moragne

Chief Executive Officer

ESG Overview

Key updates on our activities to date

Over the course of the last several years, we have taken a number of steps to embed ESG considerations within our business model and improve our ability to engage our stakeholders on this critical topic. Key highlights of our recent ESG activity include:



Formation of our ESG and DE&I Committees



Completion of an external review of our ESG performance and maturity



Development of short- and long-term roadmaps for ESG-related initiatives

Key data on our tenants and portfolio

48% of our tenants have published sustainability or ESG reports, and/or have a sustainability-related disclosure on their website

75% of our Top 20* tenants have published sustainability or ESG reports, and/or have a sustainability-related disclosure on their website

Key goals for the year ahead

As part of our ESG Roadmap, we have committed to executing a number of key actions over the next 12 months. These include:



Undertaking a full ESG materiality assessment supported by engagement with a range of internal and external stakeholders



Calculating our Scopes 1 & 2 Greenhouse Gas ("GHG") emissions



Increased alignment with the Taskforce for Climate-related Financial Disclosures



Tracking and target-setting for an expanded suite of ESG metrics

United Nations' Sustainable Development Goals



Based upon a review of our ESG focus areas against the United Nations' Sustainable Development Goals ("SDGs"), we have identified 7 SDGs that align with our current ESG-related initiatives. During 2023, we plan to conduct a thorough materiality assessment based upon input from internal and external stakeholders. The outcomes of this process will influence our ESG-related initiatives, which may therefore be subject to change in the future.

Our target

To provide assistance with respect to food security in the communities in which we operate



To promote the health and safety of all our employees and those in the communities in which we operate



To promote access to educational opportunities in the communities in which we serve and amongst our employees



To ensure women's full and effective participation in the workforce and equal opportunities for leadership



Key achievements

We provide monetary donations to a number of food banks in the communities in which we operate.

As a company, we also sponsor a range of community service events and charities that promote wider food access.

Full details can be found in our Social section on pages 26 & 27.

We provide our employees with a broad range of benefits to promote their physical and mental well-being.

We also donate to various organizations supporting community health and well-being.

Full details can be found in our Social section on pages 25-27.

We donate to various charities that seek to promote equitable education opportunities and increase access to educational resources.

We offer employees benefits that promote learning opportunities both within and beyond the scope of employment.

Full details can be found in our Social section on pages 23-27.

We actively promote gender equality amongst our workforce and leadership and, in 2022, we commissioned a gender pay equity review across our organization to analyze our compensation practices in the context of gender equality.

Full details can be found in our Social section on pages 21 & 22.

United Nations' Sustainable Development Goals



Our target

To provide our employees with rewarding work, and promote access to quality employment in the communities in which we operate



To facilitate the utilization and deployment of sustainable materials and green energy assets, to the extent possible, at our properties



To substantially reduce our waste generation through prevention, reduction, recycling, and reuse



Key achievements

We facilitate the professional development of all our employees and provide donations to various organizations that deliver equitable workforce development programs.
Full details can be found in our Social section on pages 23-27.

We actively pursue opportunities to incorporate sustainable and energy-efficient materials into property improvements and seek opportunities to partner with our tenants to promote sustainable property development.
Full details can be found in our Environmental section on page 30.

We have established a number of 'Go Green' Initiatives at our offices, designed to minimize unnecessary waste and promote recycling wherever possible.
Full details can be found in our Environmental section on page 30.

Section 1

Broadstone Overview



Business Overview*

Broadstone Net Lease (“BNL”) is a Real Estate Investment Trust (“REIT”) headquartered in Rochester, New York. We invest in, own, and manage commercial real estate properties that are net leased to a diversified group of tenants on a long-term basis.

Since our establishment in 2007, we have focused on investing in real estate operated by creditworthy tenants in industries with positive business drivers and trends. We see opportunity for long-term net leases by targeting properties that represent a fundamental part of each tenant’s business. By offering tenants long-term leases, they can better retain operational control over their strategically important locations, and therefore fund their core business operations, rather than real estate ownership, with their earnings and borrowing.



2022 Business Highlights

Over the course of 2022, our property portfolio grew to 804 properties, with 797 properties located across 44 U.S. states and 7 properties located across 4 Canadian provinces.

Our properties are approximately 99.4% leased with an Annualized Base Rent (“ABR”) weighted average remaining lease term of approximately 10.9 years, excluding renewal options.



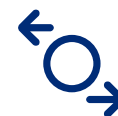
\$907.2mm
Invested



\$389mm
Annualized Base Rent



99.9%
Base Rent Collected



\$496mm+
Of Common Stock Sold

Key Portfolio Metrics



99.4%
Occupancy



39.1mm
Rentable Square Feet



804
Properties



10.9 years
Weighted Average
Lease Term



44 **4**
U.S. CA
States Provinces



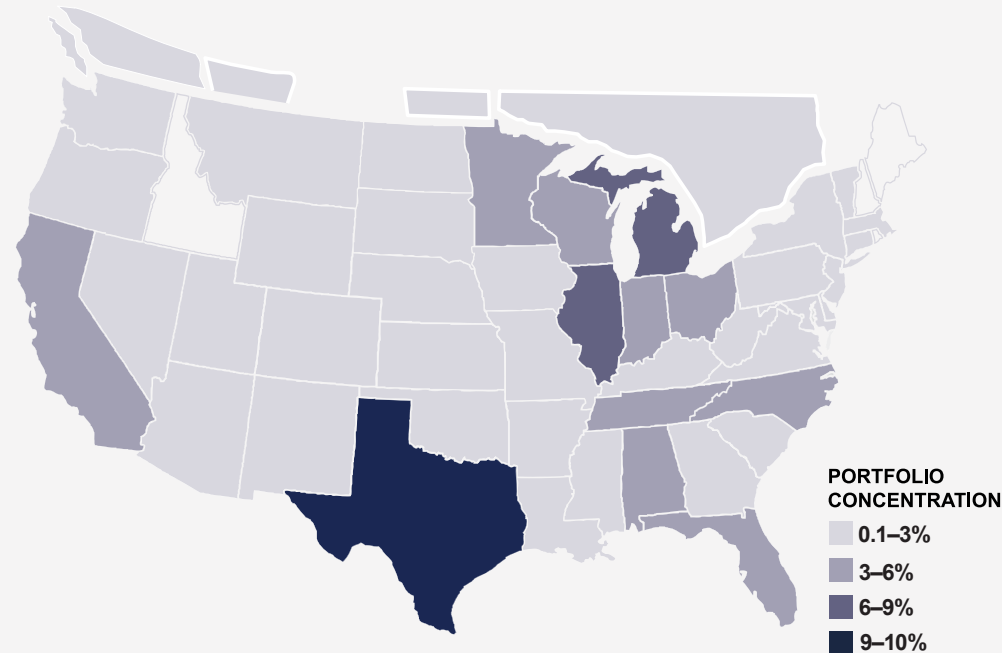
55
Industries

Portfolio Diversification*

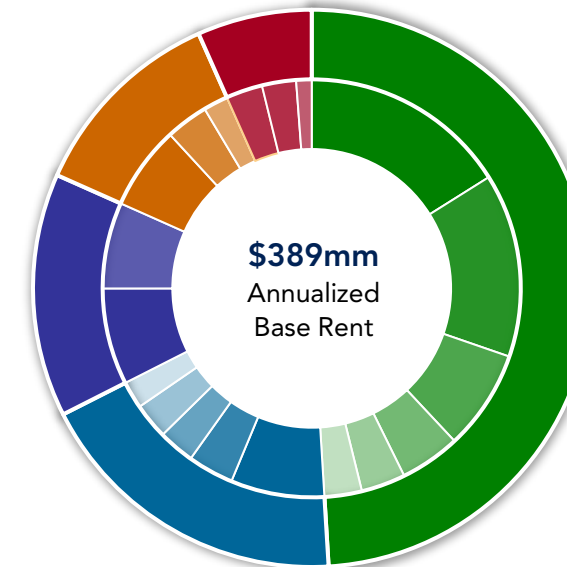
Geographical Diversification

Our properties are located across 44 U.S. states and 4 Canadian provinces, with no single geographic concentration exceeding 9.7% of our Annualized Base Rent.

	State	ABR* as a % of Total Portfolio
1	TX	9.7%
2	MI	8.4%
3	IL	6.2%
4	WI	5.4%
5	CA	4.8%
6	OH	4.8%
7	FL	4.2%
8	IN	4.0%
9	MN	3.9%
10	TN	3.9%
Top 10 States		55.3%



Property Type Diversification (by ABR*)



Industrial	51%
■ Manufacturing	16%
■ Distribution & Warehouse	13%
■ Food Processing	11%
■ Flex and R&D	5%
■ Cold Storage	3%
■ Industrial Services	3%
Healthcare	17%
■ Clinical	7%
■ Healthcare Services	3%
■ Animal Health Services	3%
■ Surgical	2%
■ Life Science	2%
Restaurant	13%
■ Quick Service Restaurants	7%
■ Casual Dining	6%
Retail	12%
■ General Merchandise	7%
■ Automotive	3%
■ Home Furnishings	2%
■ Child Care	0%
Office	7%
■ Corporate Headquarters	3%
■ Strategic Operations	3%
■ Call Center	1%

“

The key to operating as a responsible corporate citizen is setting the correct tone at the top of the organizational structure. We take pride in conducting ourselves in a responsible and ethical manner and our focus on governance-related matters has resulted in the implementation of foundationally strong governance practices and stakeholder-friendly positions. Further, we are committed to maintaining and adapting these governance practices to the ever-changing regulatory landscape when necessary. In doing so, we will continue to operate in a manner that closely aligns our interests with those of our stockholders.

Section 2

Governance

John D. Callan Jr.

Senior Vice President,
General Counsel &
Corporate Secretary



Our Work So Far

- ✓ Establishment of ESG Committee
- ✓ Delegation of oversight of ESG-related initiatives to Nominating & Corporate Governance Committee
- ✓ Enhancements to suite of governance-related policies in connection with our IPO
- ✓ Enhancement of internal risk management processes, and procedures
- ✓ Opted out of certain anti-takeover provisions afforded by Maryland law



Our Board of Directors

We strongly believe in the importance of creating and maintaining a culture of inclusion and connectedness at the Board, management, and workforce levels.

Our Board's composition reflects diversity across various demographics and backgrounds, with each member possessing expertise in areas including real estate, capital markets, finance and accounting, and compliance. We believe that such diversity better equips BNL to succeed as a business and continue to deliver value for our stakeholders.



Laurie A. Hawkes
Chairman of the Board



John D. Moragne
*Chief Executive Officer
Board Member*



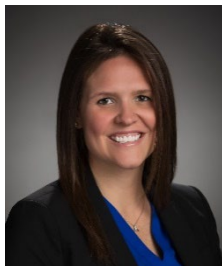
Denise Brooks-Williams
Board Member



Michael A. Coke
*Chair of Audit Committee
Board Member*



Jessica Duran
Board Member



Laura Felice
Board Member



David M. Jacobstein
*Chair of Compensation Committee
Board Member*



Shekar Narasimhan
*Chair of Real Estate Investment
Committee
Board Member*

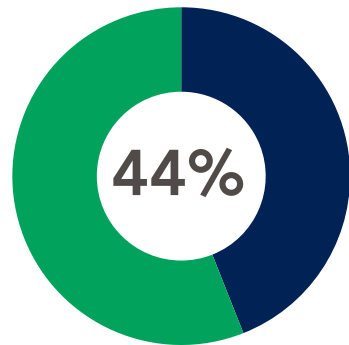


Geoffrey H. Rosenberger
*Board Member
(Retiring from the Board in 2023)*

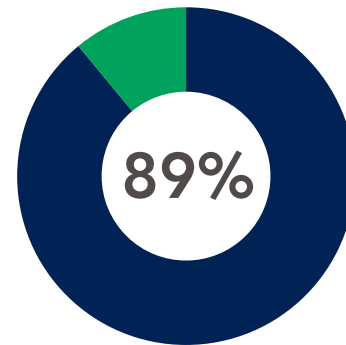


James H. Watters
*Chair of Nominating and Corporate
Governance Committee
Board Member*

Board Features & Composition*



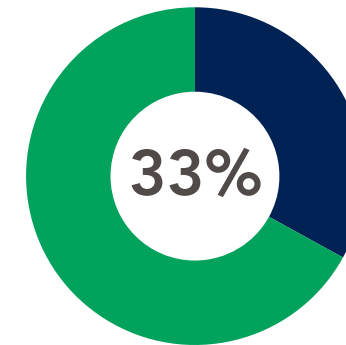
Of Board Members self-identify as female



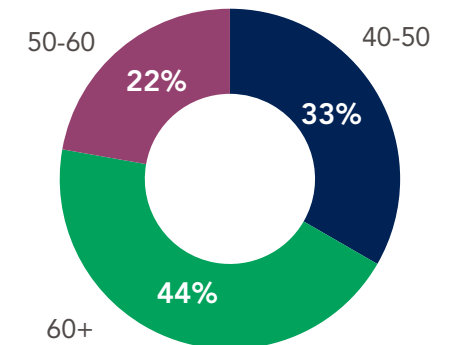
Of Board Members are independent



Average Board Member tenure



Of Board Members are racially/ethnically diverse



Board composition by age



Our Board conducts a self-evaluation annually



Our Chairman is an independent Non-Executive Director



Our Board's standing committees are fully independent



We enforce term limits for all Non-Executive Directors



Our Board is not classified

Our Board Committees

Our Audit Committee, Compensation Committee, and Nominating & Corporate Governance Committee are each governed by a written charter outlining its general responsibilities and requirements. These charters, approved by the Board and reviewed annually, are available on our website at <https://investors.bnl.broadstone.com>.

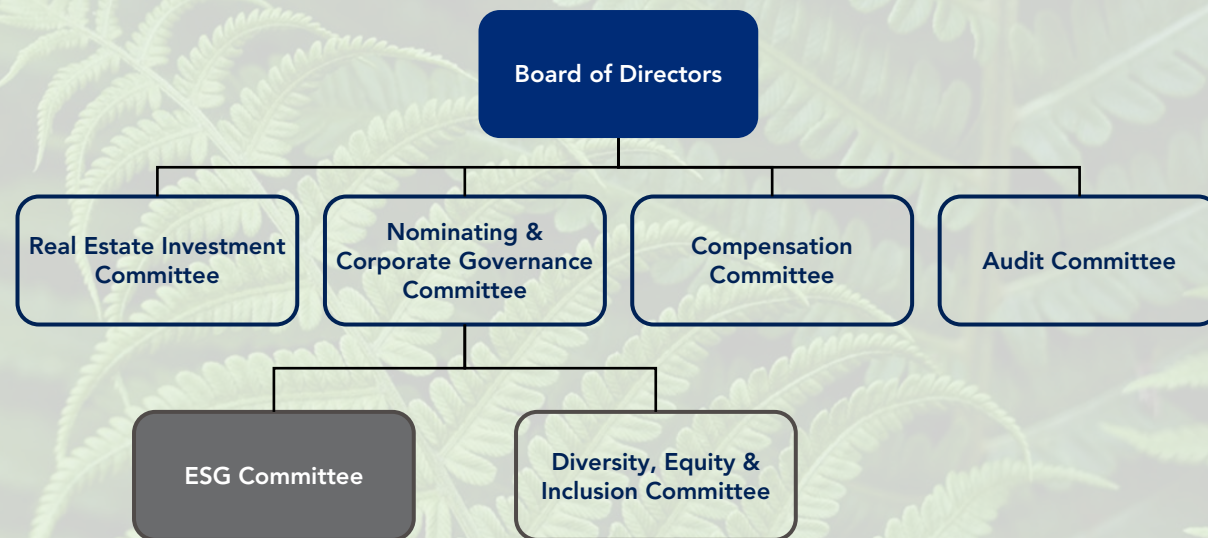
Audit Committee – Our Audit Committee assists the Board in fulfilling its duty to provide oversight of the preparation of our financial statements. As part of this responsibility, the committee monitors our external auditors' qualifications, independence, and performance. The Audit Committee is also responsible for reviewing the implementation of, and continuous improvements to, our risk management policies, as well as oversight of cybersecurity issues and processes.

Real Estate Investment Committee – Our Real Estate Investment Committee is responsible for providing oversight of the implementation of our investment strategy, criteria, and process. This includes approving, or recommending that the full Board of Directors approve, transactions in excess of certain thresholds, assisting management with the review of potential transactions, and periodically reviewing completed acquisition and disposition transactions with management.

Nominating & Corporate Governance ("N&CG") Committee – Our N&CG Committee oversees the continued effectiveness of the Board. This includes reviewing the Board's composition and structure on an ongoing basis, implementing and monitoring governance-related policies, and conducting annual Board and management evaluations. The N&CG Committee also holds responsibility for oversight of ESG-related initiatives.

Compensation Committee – Our Compensation Committee is responsible for issues relating to the compensation of BNL's executive officers and non-employee directors. This includes approval of compensatory arrangements and equity issuances with such officers and directors, and an annual assessment of whether the company's compensation programs encourage unnecessary or excessive risk taking.

ESG Governance



Our ESG Governance Structure

Overview

Since 2021, we have reviewed and amended our governance framework to ensure appropriate oversight and management of ESG-related issues. A key outcome of this process was the formal delegation of responsibility for oversight of ESG-related issues to the N&CG Committee.

The N&CG Committee reports to the Board regarding ESG matters on a quarterly basis. Additionally, each of the Board's other committees oversee different aspects of ESG-related issues inherent to their responsibilities.

ESG Committee

In 2021 we formed an internal ESG Committee to oversee various ESG-related initiatives. Our ESG Committee is comprised of our:

- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Senior Vice President, General Counsel & Corporate Secretary (**Chair**)
- Senior Vice President, Human Resources and Administration
- Senior Vice President, Property Management
- Senior Vice President, Corporate Strategy and Investor Relations

Our ESG Committee reports to the N&CG Committee on a quarterly basis regarding ESG-related initiatives and related issues.

Risk Management

Robust risk management is core to our business strategy, and appropriate governance and oversight of our risk management process is a key function of our Board of Directors. On a day-to-day basis, risk management is primarily overseen by our Enterprise Risk Management Committee.

Enterprise Risk Management Committee ("ERMC")

The ERMC is comprised of members of senior management, including the leaders of each of our business functions. The ERMC is responsible for risk identification and risk management, which includes an annual risk identification and assessment exercise that solicits and incorporates feedback from a wide variety of our employees to ensure that input is obtained from individuals with the applicable range of skills and expertise. As part of the annual risk assessment, the ERMC analyzes the potential impact, likelihood, current vulnerability, and projected speed of onset of each identified risk. The ERMC also identifies current and potential actions to mitigate the occurrence and impact of such risks.

ESG Risk Management

As ESG-related issues have become more prominent and increasingly critical to the successful execution of organizations' strategies, ESG-related risks have also grown in number and importance.

At BNL, we are conscious of the importance of embedding emerging ESG risks within our wider enterprise risk management framework. During 2022, we completed a project that identified and assessed our ESG-related risks, and provided a better understanding of how ESG-related issues may impact existing risks in our risk register.

We are deeply committed to ongoing improvement of our oversight of ESG risks and will continue to review our ESG risk exposure and enhance our understanding of the impact that ESG may have on other key BNL risks.

Board Oversight of Risk

Our Board is supported in its oversight of risk management by its four standing committees.

Audit Committee

- Oversees our financial risk exposure and the processes and actions put in place by management to monitor and control these exposures, including the guidelines and policies governing the process by which risk assessment and management is undertaken
- Monitors our ongoing compliance with applicable legal and regulatory requirements and the performance of our internal audit function
- Oversees the continued effectiveness of BNL's enterprise risk management framework, including risks related to ESG
- Oversees cybersecurity processes and procedures

Compensation Committee

- Assesses our compensation policies and programs and ensures that these continue to disincentivize inappropriate risk taking by our employees

Nominating and Corporate Governance Committee

- Oversees our corporate governance, including the membership of our Board and its committees, and the continued effective and compliant operation of our Board
- Facilitates the annual Board self-evaluation and oversees the Board's evaluation of the performance of senior management
- Oversees issues relevant to ESG-related initiatives

Real Estate Investment Committee

- Approves or recommends that the Board approves, as applicable, real estate transactions
- Oversees implementation of our investment strategy, criteria, and process

Policies & Governance

We are committed to ensuring our directors, officers, and employees conduct our business in accordance with the highest moral, legal, and ethical standards. We recognize that our reputation is one of our most important assets and require each of our employees to contribute to the care and preservation of that asset. We have formalized this commitment through the adoption of a range of policies, many of which are described below.

Code of Ethics and Business Conduct (“Code of Ethics”)

Our Code of Ethics, which applies to each of our employees, officers, and directors, is designed to promote the highest standards of integrity and deter unethical behavior. The Code of Ethics provides detailed policies regarding key ethical issues including confidentiality, conflicts of interest and corruption, and is built around five key principles:

- Honest and Ethical Conduct
- Full, Fair, and Accurate Disclosure
- Compliance
- Prompt Internal Reporting of Violations
- Accountability

All BNL employees, officers, and directors are required to provide a written acknowledgement stating their understanding of our Code of Ethics on an annual basis.

Human Rights Policy

We are committed to being a responsible corporate citizen by respecting and promoting human rights in our employment and business relationships, as well as supporting the wider protection and advancement of human rights for all. Further, we support and promote the principles of the United Nations’ Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, as well as the various human rights protections set forth in the laws of the United States and the states and communities in which we operate. Our commitments in this area have been formalized through our Human Rights Policy, which applies to our entire workforce and operations.

Vendor Code of Conduct

We strongly believe that we should consider the impact our actions have on all stakeholders, which includes considering the integrity and business practices of our vendors. Our Vendor Code of Conducts sets forth our expectations for ethical business practices, respect for labor and human rights, and vendor diversity. The Vendor Code of Conduct is applicable to our vendors, and any subcontractors of our vendors, that we engage as part of our day-to-day operations.

Policies & Governance

Whistleblower Policy

We are committed to handling all “whistleblower” reports expediently, objectively, and with the utmost seriousness. Our Whistleblower Policy provides the process through which individuals can submit reports regarding suspected misconduct, impropriety or unethical behavior, or violations of any law, rule, regulation, or company policy. To facilitate this process, we utilize a third-party platform through which anonymous and confidential reports can be submitted.

Insider Trading Policy

Our Insider Trading Policy provides our employees, officers, and directors with guidelines regarding compliance with applicable insider trading laws, rules and regulations, as well as the handling and use of material non-public information. Additionally, our Insider Trading Policy generally prohibits the hedging and pledging of our securities by any employee, officer, or director. All BNL employees, officers, and directors are required to provide a written acknowledgement stating their understanding of our Insider Trading Policy on an annual basis.

Compensation Clawback Policy

We maintain a Compensation Clawback Policy that allows the company to recoup incentive compensation earned by executive officers or other employees in the event of a material restatement of our financial statements. This policy, which we adopted as a best practice in 2020, will be reviewed and revised to comply with recently announced requirements from the Securities Exchange Commission and applicable exchange listing standards.

Stock Ownership Guidelines

We believe in the importance of aligning management’s interests with the interests of our stockholders. To accomplish this, we have adopted robust stock ownership guidelines that require our executive officers and non-employee directors to maintain an investment in our company, which varies based upon each applicable individual’s role with the company. For example, pursuant to our guidelines, our CEO and non-employee directors are each required to own shares of our Common Stock with a market value of at least: 6 times annual base salary (CEO) and five times annual cash retainer (non-employee directors).

Political Spending Policy

Consistent with our commitment to high standards of ethical, honest, and legal business conduct, we have established a Political Spending Policy that prohibits the use of corporate funds for political purposes. Pursuant to the policy, the company and its employees are permitted to belong to certain trade associations and similar organizations, such as Nareit.

Cybersecurity Policies

We have developed and adopted a comprehensive suite of guidelines, policies, and procedures designed to identify, assess, and mitigate risks with respect to information technology and cybersecurity matters. We employ third-party experts to review and test our information technology infrastructure, including regular penetration testing and continual monitoring of our infrastructure for suspicious activity, and conduct mandatory annual cybersecurity training for all employees.

“

At BNL, we are as passionate about our people as we are about real estate. BNL is committed to providing our employees with an inclusive and engaging workplace, while supporting their overall health and well-being. We believe that we have created a culture where people with unique talents can flourish, opinions and perspectives are valued, and contributions are rewarded. We also believe that it is our responsibility to give back to the communities that we call home and are passionate about doing so through company-sponsored service events and by giving our employees opportunities to prioritize community involvement.

Section 3

Social

Molly Kelly Wiegel

Senior Vice President,
Human Resources &
Administration



Our Work So Far



Established Diversity, Equity & Inclusion ("DE&I") Committee



Improved employee training opportunities, including mandatory trainings on DE&I topics, such as unconscious bias and inclusive culture



Increased employee engagement through feedback from annual surveys and Culture Ambassador program



Continued to enhance our employee benefits and health and wellness programs

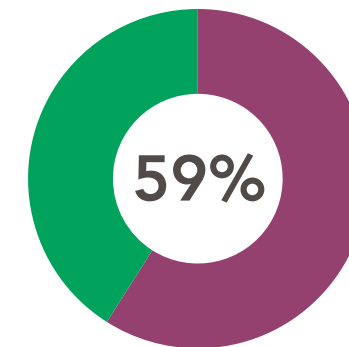


Made over \$120,000 in charitable donations in 2022, supporting a wide range of social initiatives

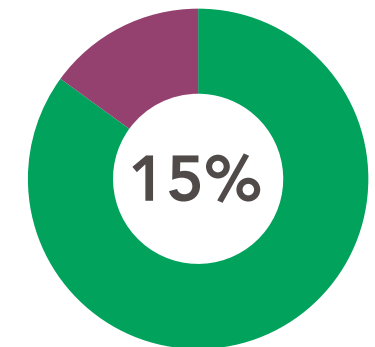


Maintained the health and safety of our employees, with no workplace incidents recorded since our internalization of management

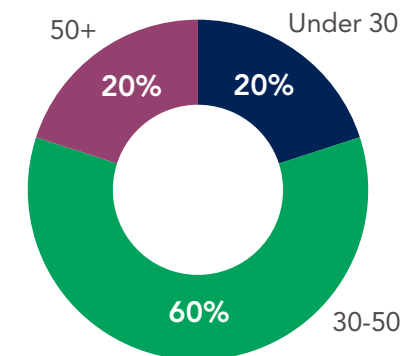
Key workforce metrics (as of March 31, 2023)



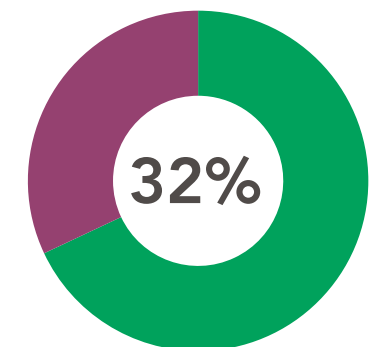
Of employees self-identify as female



Of employees are racially/ethnically diverse



Employee composition by age



Of BNL Officers self-identify as female

Diversity, Equity & Inclusion

We are committed to creating and maintaining a culture of inclusion and connectedness and believe that BNL is better able to grow and improve with a diverse Board of Directors, management, and team of employees. We value **diversity** as the collective representation of our visible and non-visible attributes, including our unique backgrounds, life experiences, perspectives, and ways of thinking. We promote **equity** through fair access to resources and opportunities, allowing all employees to make meaningful contributions and reach their full potential. We cultivate an **inclusive** workplace by creating a sense of belonging and respect, allowing each of us to bring our whole and authentic selves to BNL every day.

Our cross-functional DE&I Committee is responsible for setting and monitoring the implementation of initiatives that deepen our commitment to diversity, equity, and inclusion and support key elements of our DE&I plans. Areas of focus include:

- Internal and external benchmarking
- Awareness and skill building through DE&I related training and ongoing learning opportunities
- Enhanced recruitment and onboarding initiatives
- Evaluation of new and existing policies/programs for equity and inclusion
- Support of external DE&I-focused programs and organizations through membership, service and giving

Our DE&I Committee reports regularly to our Board of Directors and our employees and is overseen by our Chief Executive Officer.

Key DE&I Metrics



61% of individuals promoted since January 2022 self-identify as female



67% of individuals appointed as an officer since January 2022 self-identify as female

2022 DE&I Highlights



Women's Group – We began work on the formation of a Women's Group aimed at engaging, developing, and supporting the women in our workforce



Charitable Giving – We allocated a percentage of our annual budget specifically to non-profit organizations with DE&I related missions



Internship Program – We successfully launched our first annual summer rotational analyst internship program under the management of Human Resources and the DE&I Committee



DE&I Digest – We issue a quarterly newsletter to all employees with DE&I related content and resources and encourage employee awareness and participation

Diversity, Equity & Inclusion

Pay Equity Analysis

We are determined to take a proactive approach to ensuring fair and equitable pay among our employees. In collaboration with an independent compensation consultant, we conducted a gender pay equity study in 2022 to assess pay equity across our workforce and identify potential areas for improvement.

No issues of note or material risks were identified in our compensation practices. We are committed to maintaining fair and equitable pay practices and intend to conduct pay equity studies regarding both gender and race & ethnicity in 2024.



DE&I Training

In 2021, we launched a series of instructor-led DE&I-related education sessions through the engagement of a third party. Each session was mandatory for all employees and new hires are required to complete inclusive culture training as part of onboarding.

Managing Unconscious Bias

The first session, conducted in 2021, focused on unconscious bias in the workplace. The goal of this session was to raise awareness regarding unconscious biases and motivate our employees to engage in specific and effective behaviors for managing bias.

To accomplish this, participants explored the concept of unconscious bias, including what unconscious bias is, how it affects individuals and organizations, and how it influences employees. Additionally, employees were informed on methods to identify areas of their work in which bias may emerge and mitigate bias using evidence-based strategies to promote more objective, inclusive, and equitable decisions.

Inclusive Culture

Our 2022 training sessions focused on inclusive culture and were designed to give our employees the knowledge and skills needed to contribute to a healthy and effective culture in which people from all backgrounds can thrive.

Two sessions were available, with one session for individual contributors and another for people managers. During these sessions, employees discussed the individual and organizational benefits of inclusion and how to break through barriers to promote and foster inclusion. Additionally, these sessions incorporated aspects of the previous session regarding unconscious bias.

Employee Engagement & Culture

Building corporate culture, enhancing communication and transparency, providing personal and professional development opportunities, and improving the employee experience are always priorities at BNL. We value the opinions of our employees and believe that their feedback is key. Through information gathered from an annual engagement survey, we are able to identify BNL's cultural strengths, as well as opportunities for improvement. We use this information to continue to take meaningful action to further enhance our company culture.

**TOP
WORK
PLACES
2023**

Democrat & Chronicle

PART OF THE USA TODAY NETWORK



Employee Engagement & Culture

Educational Opportunities and Professional Growth

Our professionals enjoy fascinating, challenging work along growth opportunities that enable them to develop and excel in their roles and reach their full potential.

We encourage professional growth for our employees through internal training and development and offer access to various educational resources and webinars, reimbursement for continuing education, and opportunities for tuition assistance and reimbursement. We also encourage our employees to participate in industry conferences and networking events and individual leadership and management training.

Our digital training platform, which is available to all employees, provides access to an extensive collection of courses and resources, including mandatory and voluntary training modules. As part of our commitment to employee professional development, we hold mid-year and year-end performance conversations with all employees to review of annual goals and development plans.



Culture Ambassadors

In 2021, we formed a group of Culture Ambassadors comprised of 11 employees, with a goal of leveraging and advancing our corporate culture. Throughout 2021 and 2022, our Culture Ambassadors engaged with employees across all departments, levels and tenures to identify the traits and behaviors that define our culture, including cultural strengths and opportunities for growth. All employees were given the opportunity to engage with our Cultural Ambassadors as part of the process.

The Culture Ambassadors reported their findings directly to executive management, and their feedback was incorporated into our short and long-term planning in an effort to further enhance the satisfaction of our employees and provide meaningful opportunities to grow professionally. A summary of the findings and plan was also presented at a company-wide town hall meeting.

Recent Organizational Events

- Corporate Book Club (led by our CEO)
- Launch of a BNL Library
- Summer Kickoff at Jazz Fest
- Fall Fun on the Farm Event
- Employee Appreciation Celebration
- Virtual “Feud Time” Happy Hour

PAWS Committee

Our “PAWS Committee” helps identify and coordinate certain philanthropic, appreciation, wellness, and social activities and events. This committee, which is cross-functional and employee-led, meets regularly and supplements corporate-driven and DE&I-related initiatives.

Health, Well-Being & Employee Benefits

Our employees are our most valuable assets. To reward their commitment, we invest heavily in their financial, physical, and mental health and wellness and continually review and improve our offerings. We employ numerous strategies and initiatives to nurture the overall well-being of our employees and their dependents, including:

Financial benefits

- Competitive compensation programs
- Competitive long-term incentive plans, including annual equity awards for all employees
- 401(k) with generous employer match and immediate vesting
- Dependent care Flex Spending Account
- Financial planning and retirement savings education and resources
- Company-paid insurance programs including Life and AD&D, and Short- and Long-term Disability Income Protection
- Supplemental insurance programs, including life insurance, accident, and specialized disease benefit plans
- Employer-paid legal services
- Cell phone stipend and paid parking

Health benefits

- Medical Insurance plans, with options for both 100% employer-paid and employer contribution
- Dental and Vision Insurance with employer contribution
- Medical Flex Spending Account or Company-funded Health Savings Account
- Employee Assistance Program
- Health concierge service to assist with navigating the healthcare system
- Active & Fit Exercise Rewards Program
- Onsite Flu shot clinic
- Pet protection plans with employer contribution

Well-being benefits

- A variety of paid time off benefits, including competitive vacation allowances, personal and sick leave, holidays, bereavement leave, jury duty leave, and a one-week annual corporate shutdown
- Generous primary and secondary caregiver leave
- Hybrid work schedule
- Office ergonomics and home office tech set up
- Company-sponsored wellness programs, including onsite chair massages and health and fitness activities
- Calm App Premium Subscription



Philanthropy & Community

External giving and support for our local communities are important components of our culture at BNL. We are passionate about giving back and are determined to be a force for social good in the communities that we call home. We primarily focus our charitable endeavors in the communities in which we have corporate offices (Rochester, NY, Phoenix, AZ and Dallas, TX), as well as communities in which our home-based employees are located. We encourage employees to get involved with community work and philanthropic activities and aim to offer supportive programs for them to do so.

2022 Charitable Contributions

BNL gave over \$120,000 in charitable donations in support of more than 25 organizations and a variety of community causes, including programs that strive to:

- Inspire individuals to make a positive difference
- Work to eliminate racism and empower women
- Partner with families to rebuild relationships
- Enrich the lives of people with long term illness and special needs
- Encourage learning and discovery
- Work to combat food insecurity
- Provide support for at risk children and teens
- Promote urban entrepreneurship
- Provide free legal services for eligible individuals for a range of civil legal matters, including housing and consumer, family, education and immigration



United Way Day of Caring

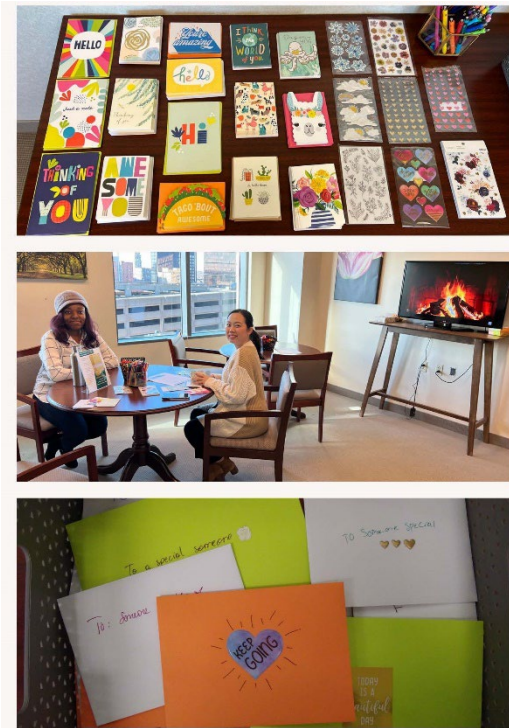
In May 2022, more than 30 employees participated in the United Way of Greater Rochester and the Finger Lakes Day of Caring. This event took place at local stables located on a small farm situated on 10 acres of trails, meadow, and pasture.

The stables are home to a local not-for-profit, equine assisted program that provides life-enriching, horse related experiences to children and teens living with long term illness, special needs, and/or other serious life challenges. Tasks included helping with various projects around the grounds such as painting, cleaning, raking, planting/gardening, and minor construction.

Philanthropy & Community

Employee Volunteering Days

In addition to corporate charitable giving, we provide employees with numerous opportunities to prioritize community involvement through corporate-sponsored volunteer time and donation drives led by a dedicated employee committee. Beginning in 2023, each of our full-time employees is entitled to 16 hours of paid volunteer time off to provide them with the flexibility to pursue philanthropic activities. Such paid time off is in addition to any participation in company-sponsored philanthropic activities, which does not require the use of paid time off.



Company-sponsored opportunities

In addition to corporate contributions, we regularly facilitate opportunities for employees to make a difference through giving and service. Recent opportunities included:

- Community-service events at, and sponsorship of additional events to benefit, local food banks
- Engagement in a literacy program in which employee volunteers visit a school in the City of Rochester, NY once per month to read with local students
- Company- and employee-sponsored donations of meals to local families and individuals in need, including a “Thanksgiving Appeal” program and a “PB&J Factory”
- Sponsorship of an annual Holiday Lights Tour, including facilitating participation for all Rochester-based employees, the proceeds of which benefit a local child advocacy center
- Participation in a “cards of encouragement” program in which employees created uplifting messages for local individuals of all faiths
- Participation in annual school supply donation drives
- Participation in annual winter apparel drives



As a net lease REIT that invests in, owns, and manages primarily single-tenant commercial real estate properties, it is our responsibility to consider sustainable practices. While there are complexities inherent in our net lease business model that limit our ability to implement many such practices, we are committed to exploring and adopting environmentally friendly and sustainability-driven initiatives, both at our corporate offices and across our portfolio. We strive to make improvements in this area in both the short- and long-term and are committed to continuing to invest with a sustainable mindset.

Section 4

Environmental

Andrea T. Wright
Senior Vice President,
Property Management



Our Work So Far

As a net lease REIT, we have limited ability to influence physical changes across our property portfolio. Our tenants typically take responsibility for the management of leased premises and retain control over their maintenance. Nevertheless, we have identified a range of ways through which we can manage our environmental impact as a business, and we are motivated to partner with tenants to drive sustainability and reduce environmental risk. Where we have control over maintenance and upgrades to a property, we actively seek opportunities to reduce greenhouse gas emissions associated with building energy use and have significant appetite for capital expenditure to realize such opportunities.

1	2	3	4	5
<p>Environmental due diligence: As part of the due diligence process for any property acquisition, we commission a Phase 1 Environmental Site Assessment (“Phase 1”). The Phase 1 aims to identify any potential environmental risks associated with a property. When a Phase 1 identifies potential environmental risks such as hazardous substances, we engage in additional environmental due diligence and risk assessment, which may include a Phase 2 Assessment. Material findings from the due diligence process are reported to our internal Investment Committee and are considered when determining whether to proceed with an acquisition.</p>	<p>Tenant partnerships: We actively engage with our tenants on environmental issues relating to our leased properties. Although tenants typically retain the power to make any changes to a leased property, we have partnered with tenants to help facilitate improvements that reduce the environmental impact of the property. These include installation of solar panels and electric vehicle charging stations, as well as renovations and expansions that incorporate environmentally efficient building materials. In these instances, we offer to waive all legal fees associated with our review of, and consent to, any applicable projects and waived all legal fees for such projects in 2022.</p>	<p>Portfolio investment: In instances where we retain control over our properties, we actively pursue opportunities to drive improved environmental performance. For example, in 2022, we funded the installation of white TPO, or “cool roofs,” at 4 portfolio properties. Cool roofs are intended to lower the roof surface temperature of a property, decreasing the amount of heat transferred into the building and thus reducing pollution and greenhouse gas emissions associated with air conditioning.</p>	<p>Alignment with the Task Force for Climate-related Financial Disclosures (“TCFD”): We have begun the process of alignment with the recommendations of the TCFD. This initial TCFD alignment exercise has been undertaken as part of BNL’s wider ESG program, and our disclosure can be found in Section 6 of this report. BNL recognizes that our TCFD disclosures will evolve and develop over time as further progress is made on BNL’s management of climate risks and opportunities.</p>	<p>‘Go Green’ initiatives: We have undertaken a number of ‘Go Green’ initiatives across our corporate offices to reduce our environmental impact. Further detail on these initiatives can be found on page 30.</p>

Environmental Initiatives

Our 'Go Green' Initiatives

We have undertaken a number of 'Go Green' initiatives across our three corporate offices. These are designed to reduce our environmental impact through engagement and partnership with our employees. Initiatives include:



Paper Reduction



Energy Conservation and Waste Recycling



Refreshment Waste Reduction



Bi-annual Electronics Recycling



ENERGY STAR-Certified Devices,
Equipment, and Appliances



Driving Change Across Our Portfolio

We are committed to improving the environmental performance of properties in our portfolio and have recently completed or committed to a number of such projects.

Industrial Property Expansion

In 2022, BNL funded a \$17MM+ expansion project on behalf of a tenant at one of our industrial properties. The expansion integrated a range of sustainable building solutions, including installation of:

- High energy efficiency Insulated Metal Panels ("IMPs") for all exterior walls
- Suspended "walkable" ceiling systems to trigger improved energy performance
- 11 new high efficiency HVAC Make-up Air Units
- TPO "cool roofs" to drive improved energy efficiency

Sustainable Acquisitions

We also consider sustainability as part of our investment process. In 2022, we acquired multiple properties with sustainable features such as vegetative roofs, electric vehicle charging stations, rooftop solar panels, and rainwater harvesting systems for use in the property's greywater plumbing needs, such as water conserving toilets and site irrigation.

Solar Panel Installation

In 2022, a tenant completed the installation of more than 4,100 solar panels over 200,000 square feet of roofing of a BNL property. The installation is designed to produce nearly 2,000,000 kWh of renewable energy per year and thereby abate more than 2,800,000 lbs per year of CO₂. In addition to approving the project, BNL waived all legal fees associated with our review and approval of the proposed project. We are currently exploring opportunities with respect to solar panel installations across our portfolio.

2023 Tenant Improvement Allowance

We have approved funding for an additional \$30MM+ property expansion project with an existing tenant. This expansion will include installation of sustainable building components such as "cool roofs," IMPS, HVAC units, and suspended ceiling systems.

Our Plans for the Future

Over the course of 2022, we worked closely with a consultant to develop an ESG Roadmap to guide our ESG-related initiatives over the coming years. Our ESG Roadmap includes a number of specific initiatives aimed at reducing our environmental impact as a business, and managing our exposure to key environmental risks.

A core element of our ESG Roadmap is our commitment to increased engagement and collaboration with our tenants on key environmental issues, particularly climate change. Given our business model, partnership with our tenants is critical to our success in managing our environmental impact and risk.

The environmental initiatives that BNL intends to execute over the course of the next year include:

- **Enhanced tenant engagement:** A process of formal engagement with our tenants on climate and ESG issues. As part of this tenant engagement process, BNL will seek to understand the environmental priorities of our tenants in order to identify shared goals and means through which we can partner and collaborate to achieve these goals. We will also work toward commencement of the process of capturing data regarding the environmental performance of our properties, which will support us in quantifying the environmental impact of our portfolio.
- **Increased investment in our portfolio:** Further investment to drive improved environmental performance across our leased properties. For example, we have already executed contracts for “cool roof” installations at 2 additional properties, to be completed in 2023.
- **Scopes 1 & 2 GHG emissions calculations:** Quantification, analysis, and disclosure of our Scopes 1 and 2 GHG emissions. BNL has agreed to commence the process of gathering and analyzing our Scopes 1 and 2 emissions data over the course of 2023. We aim to collect 100% of the required data through 2023 and make our first disclosure of Scopes 1 and 2 emissions in our 2023 ESG Report.
- **Increased TCFD alignment:** Further disclosure of our environmental commitments, targets, and actions including additional steps towards full alignment and disclosure against the TCFD. Our inaugural 2022 TCFD disclosure can be found in Section 5 of this report.



Section 5

Task Force on Climate-related Financial Disclosures ("TCFD")



Task Force on Climate-related Financial Disclosures (TCFD)

Pillar	Topic	TCFD Recommended Disclosures	Description
Governance	The organization’s governance around climate-related risks and opportunities	Describe the board’s oversight of climate-related risks and opportunities.	<p>Our Board has delegated responsibility for oversight of ESG to our Nominating and Corporate Governance (“N&CG”) Committee, including responsibility for oversight of all climate-related risks and opportunities. The N&CG Committee reports to the Board regarding ESG matters on a quarterly basis and, where required, makes recommendations to the Board on all ESG-related issues.</p> <p>Our Board is further supported in its oversight of climate-related issues by the remaining 3 Board standing committees, which each oversee climate-related risks and opportunities associated with their specific mandates.</p> <p>Read more about our approach to climate and ESG governance on page 15.</p>
		Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>On a day-to-day basis, ESG issues (including climate-related issues) are overseen by our ESG Committee. The ESG Committee reports directly to the N&CG Committee. Our Enterprise Risk Management Committee (“ERMC”) also supports our Board and standing committees in the management of risk, including climate-related risks.</p> <p>Read more about our approach to climate and ESG governance on page 15.</p>
Strategy	The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Over the course of 2022, we took notable steps to increase our oversight of ESG risks and opportunities at both our corporate headquarters and across our portfolio of leased properties. As part of this process, we have identified a number of both physical and transition climate risks. These include:</p> <p>Physical climate risk – our main exposure to physical climate risk is the risk that climate drives increased frequency and impact of certain natural disasters such as storms or flood events. These events could impact both our portfolio properties and our own operations.</p> <p>Transition climate risks – we have identified key risks across the following categories, in line with the TCFD:</p> <ul style="list-style-type: none">• Reputational – risk of reputational damage due to perceived shortcomings in BNL’s strategy for managing our climate impact and participating in the energy transition.• Market – risk of evolving consumer preferences due to climate change, potentially impacting the viability of some of BNL tenants’ business models, or the competitiveness of BNL and its property portfolio. There is also a risk that perceived shortcomings in BNL’s strategy for managing our climate impact materially affects our ability to access financial markets upon favorable terms.• Policy / Legal – risk of non-compliance with new climate-related legislation or regulation; risk of litigation and other disputes due to perceived shortcomings in BNL’s strategy for managing our climate impact.• Technology – risk of requirements for increased investment in BNL assets and technology to ensure that these continue to perform in line with changing expectations or regulations due to climate change. <p>As part of our assessment of all risks, including climate-related risks, we analyze the projected speed of onset of each risk in order to differentiate between longer- and shorter-term risks.</p> <p>For further information on our approach to risk management, please see page 16.</p>

Task Force on Climate-related Financial Disclosures (TCFD)

Pillar	Topic	TCFD Recommended Disclosures	Description
Strategy (cont.)	The actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning (cont.)	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	We have further developed our understanding of climate-related risks and opportunities over recent years, and these considerations are increasingly integrated into BNL’s strategy and decision-making. As part of our review of climate-related risks and opportunities, we have established potential risk mitigation plans to manage the impact of our climate-related risks and realize climate-related opportunities. For further information on our environmental initiatives, please see pages 29-31.
		Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We do not currently undertake any qualitative or quantitative analysis of the impact of different potential future climate scenarios on our business.
Risk Management	The processes used by the organization to identify, assess, and manage climate-related risks	Describe the organization’s processes for identifying and assessing climate-related risks.	Robust risk management is core to our business strategy, including the management of climate-related risks. Over the course of 2022, we commissioned an external review of our ESG risk exposure, including exposure to climate risks. This review included the identification and assessment of climate-related risks, as well as analysis of how climate and ESG risks could affect the profile of other identified risks. The outputs of this exercise were then submitted to our ERM Council for review, challenge and validation in line with our risk management framework. The ERM Council is charged with approving our identification of risks, including climate-related risks, and our assessment of risks against the below criteria: <ul style="list-style-type: none">• Impact• Likelihood• Vulnerability• Speed of onset Read more about our risk management framework in on page 16.
		Describe the organization’s processes for managing climate-related risks.	Our 2022 review of climate and ESG risks included analysis of potential risk mitigation actions. These risk mitigation actions were also submitted to the ERM Council for review and approval. Over the course of 2023, we plan to undertake further work to prioritize climate and ESG risks and agree how these risks will be managed going forward. Read more about our risk management framework on page 16. We actively engage with our tenants on environmental issues in relation to our leased properties and plan to further deepen this engagement on specific climate and ESG issues over the course of 2023. Where we retain control over our leased properties, we actively pursue opportunities to improve their environmental performance and manage risks, including climate-related risks. For further information on our environmental initiatives, please see pages 29-31.
		Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Climate-related risks are managed in accordance with our risk management framework. However, given the emerging nature of climate-related risks, and ongoing uncertainty around their potential impact, likelihood, and speed of onset, we commissioned an external review of climate and ESG risks in 2022 to support the integration of these risks into our existing risk management framework and processes. We plan to conduct further work on climate and ESG risks through 2023 and aim to disclose the outcomes of this work in our 2023 TCFD disclosure. Read more about our risk management framework in on page 16.

Task Force on Climate-related Financial Disclosures (TCFD)

Pillar	Topic	TCFD Recommended Disclosures	Description
Metrics and Targets	The metrics and targets used to assess and manage relevant climate-related risks and opportunities	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Not currently available.
		Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Not currently available. Scope 1 and 2 greenhouse gas emissions will be disclosed in our 2023 ESG Report.
		Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Not currently available.

Section 6

About This Report



Disclaimer

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies, and prospects, both business and financial. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “intend,” “anticipate,” “estimate,” “would be,” “believe,” “continue,” or other similar words. Forward-looking statements, including our 2023 guidance, involve known and unknown risks and uncertainties, which may cause BNL’s actual future results to differ materially from expected results, including, without limitation, general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, property acquisitions, and the timing and uncertainty of completing these acquisitions, and uncertainties regarding future distributions to our stockholders. These and other risks, assumptions, and uncertainties are described in Item 1A “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 23, 2023, which you are encouraged to read, and will be available on the SEC’s website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company assumes no obligation to, and does not currently intend to, update any forward-looking statements after the date of this presentation, whether as a result of new information, future events, changes in assumptions or otherwise.

BROADSTONE



2022

Environmental, Social &
Governance Report