



BROADSTONE

 NET LEASE, INC.

# 2023 Sustainability Report

Broadstone Net Lease, Inc. | NYSE: BNL

*Photo: Mountain Equipment Company  
Burlington, Ontario, Canada*

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# A Message From Our CEO



On behalf of Broadstone Net Lease, I am pleased to present our second annual Sustainability Report. As a publicly traded net lease REIT, our core job is to drive growth, consistent performance, and predictable returns for our investors through multiple real estate cycles. As our sustainability strategy evolves and matures, we remain committed to doing well by doing good and creating long-term value for our shareholders through responsible and sustainable practices and initiatives.

BNL's commitment to sustainability initiatives is reflected in our efforts to assess and address environmental impacts within our control, invest in our employees and the communities in which we operate, and implement and maintain best-in-class governance practices. During 2023, we continued to make progress in each of these areas, including completing the initial calculations of our Scopes 1 and 2 greenhouse gas emissions, advancing initiatives that promote wellness and inclusion in the workplace, and committing to and refining policies that require ethical and responsible business practices.

While I am proud of our achievements to date, I recognize that we must continue to advance these initiatives while delivering long-term value and growth. To accomplish this effectively, feedback from our stakeholders is crucial. During 2023, we invited various groups of our stakeholders to participate in a materiality assessment to identify the issues that are important to each respective group. The results of this assessment, in conjunction with our prior gap analysis, will help inform our short- and long-term sustainability strategy and help ensure that our efforts are consistent with our stakeholders' expectations.

I invite you to read this report and discover more about our commitment to, and progress with, our sustainability initiatives. I would like to express my gratitude to our employees, board of directors, and other stakeholders for their support as we continue this journey. It is through their efforts that we have achieved so much, and we remain focused on accomplishing even more in the future. I am excited to share our progress to date and eagerly anticipate providing further updates in the coming years.

A handwritten signature in white ink that reads "John D. Moragne". The signature is written in a cursive, flowing style.

**John D. Moragne**  
Chief Executive Officer

# Business Overview





# Company Overview

Broadstone Net Lease ("BNL") is an industrial-focused, diversified net lease real estate investment trust ("REIT") that invests in primarily single-tenant commercial real estate properties. We have thoughtfully constructed a highly diversified portfolio that spans several core property types, including industrial, restaurant, healthcare, retail, and office.

We pride ourselves on establishing long-standing relationships with creditworthy tenants who occupy properties with strong real estate fundamentals. As owners of commercial real estate, we recognize the importance of environmental sustainability, social responsibility, and good governance practices, and strive to embed these factors into our day-to-day operations.

Established in 2007, we have offices in Victor, New York (corporate headquarters) and Phoenix, Arizona.

## 2023 Business Highlights<sup>1</sup>

### Key Financial and Business Performance Metrics

  
**\$165.6M**  
Invested

  
**\$392.2M**  
Annualized Base Rent

  
**99.8%**  
Rent Collected

  
**~14%**  
Total Shareholder Return

  
**\$1B**  
Total Revolver Capacity

### Key Property and Portfolio Metrics

  
**796**  
Properties

  
**99.4%**  
Occupancy<sup>2</sup>

  
**10.5 Year**  
WALT<sup>3</sup>

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

  
**53**  
Industries

  
**38.3M**  
Rentable sq. ft.

[1] All data as of December 31, 2023

[2] % of square footage

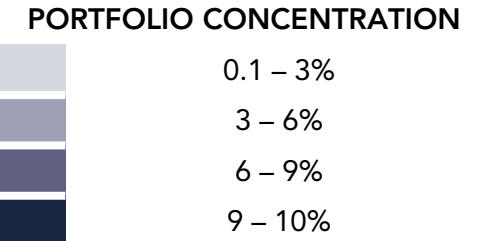
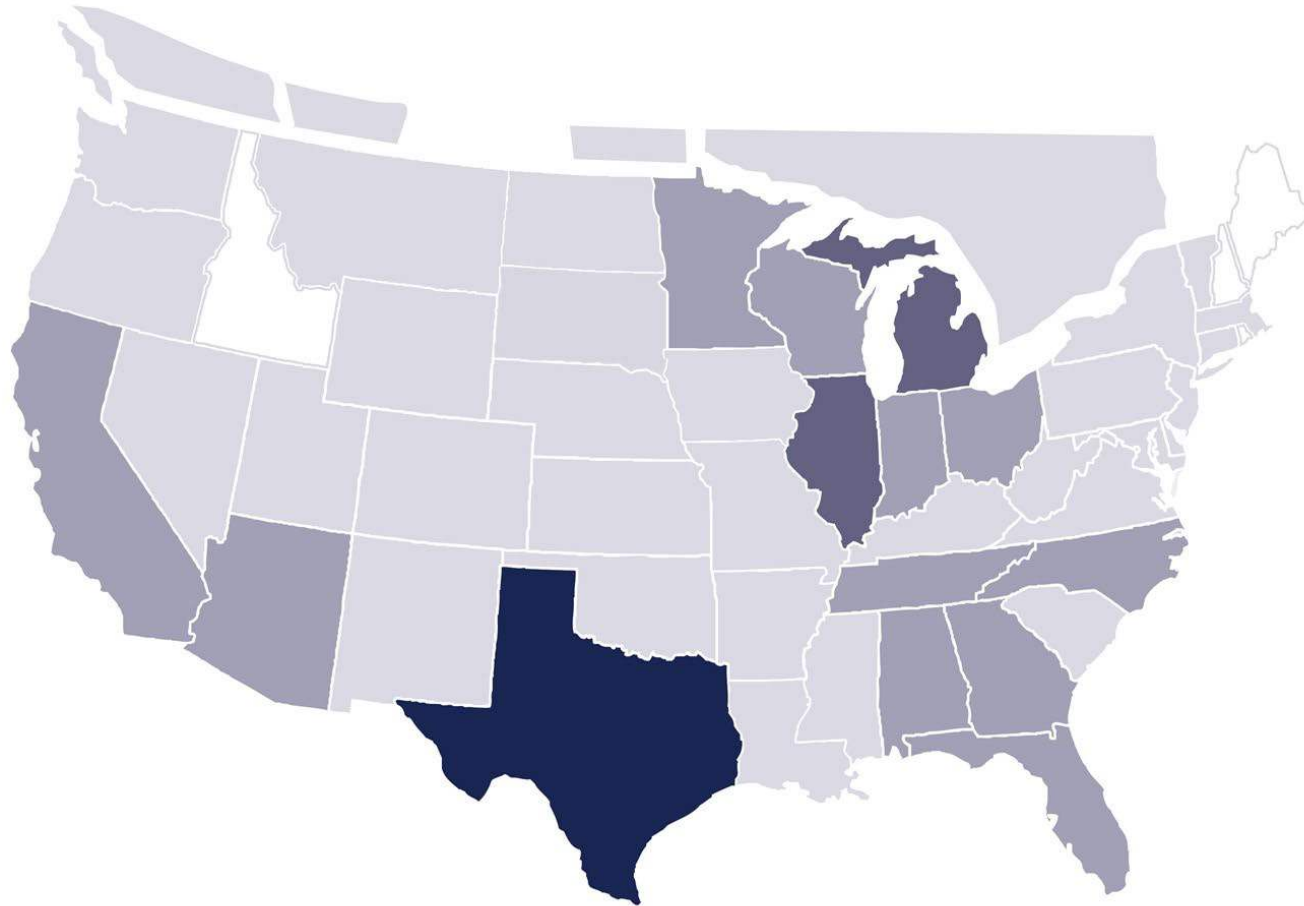
[3] Weighted Average Lease Term

Photo: Kith Kitchens  
Florence, AL

# Portfolio Geographic Diversification

## Significant Geographic Diversification<sup>1</sup>

We actively pursue geographic diversification across our portfolio with a total of 796 properties located across 44 U.S. states and 4 Canadian provinces.



#	State	ABR as a % of Total Portfolio
1	TX	9.7%
2	MI	8.4%
3	IL	6.2%
4	WI	5.9%
5	CA	5.0%
6	FL	4.2%
7	OH	4.2%
8	IN	4.1%
9	MN	4.0%
10	TN	3.9%
<b>Top 10 States</b>		<b>55.6%</b>

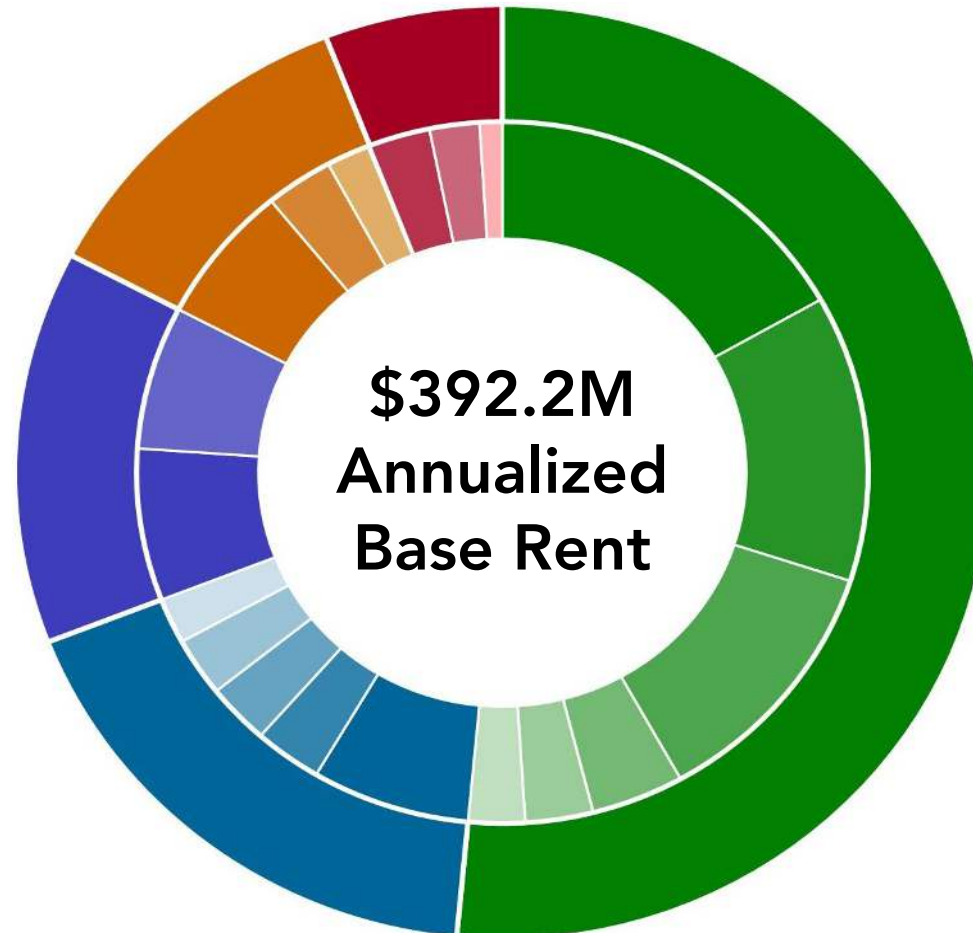
[1] All data as of December 31, 2023 and does not incorporate previously announced information regarding our ongoing healthcare portfolio simplification strategy.



# Portfolio Industry Diversification

## Property Type Diversification (by ABR)<sup>1</sup>

We continue to ensure significant tenant and industry diversification as a defensive hedge against economic distress.



### TENANT SECTOR

- Industrial
- Healthcare
- Restaurant
- Retail
- Office

<b>Industrial</b>	<b>52%</b>
Manufacturing	17%
Distribution & Warehouse	13%
Food Processing	12%
Flex and R&D	4%
Industrial Services	3%
Cold Storage	3%
<b>Healthcare</b>	<b>18%</b>
Clinical	7%
Healthcare Services	3%
Animal Health Services	3%
Surgical	3%
Life Science	2%
<b>Restaurant</b>	<b>13%</b>
Casual Dining	7%
Quick Service	6%
<b>Retail</b>	<b>11%</b>
General Merchandise	6%
Automotive	3%
Home Furnishings	2%
Child Care	<1%
<b>Office</b>	<b>6%</b>
Strategic Operations	3%
Corporate Headquarters	2%
Call Center	1%

[1] All data as of December 31, 2023

# Sustainability Overview







# A Year In Review: 2023 Sustainability Highlights

## Establishing our Sustainability Proposition

In 2023, we published our inaugural sustainability report highlighting the initial steps we had taken to embed sustainability within our business model. Key highlights of these activities included:



**Formation of our Sustainability and Diversity, Equity & Inclusion Committees**



**Completion of an external review of our sustainability performance and maturity**



**Development of short- and long-term roadmaps for sustainability-related initiatives**



**Development and release of inaugural 2022 Sustainability Report**

## Key Updates on Our Activities in 2023

During 2023, we further developed and refined our sustainability strategy and accomplished several initiatives that lay the foundation for future progress with respect to our sustainability-related initiatives. Highlights include:



**Completion of a full Sustainability Materiality Assessment, supported by engagement with internal and external stakeholders**



**Increased alignment with the Taskforce for Climate-related Financial Disclosures ("TCFD")**



**Calculation of Scopes 1 & 2 Greenhouse Gas ("GHG") Emissions**

**Scope 1: 14.16 MT CO<sub>2</sub>e (7% of overall GHG emissions)**

**Scope 2: 182.67 MT CO<sub>2</sub>e (93% of overall GHG emissions)**



**Relocation of our corporate headquarters with several features designed to minimize our environmental footprint and enhance inclusivity of our workspace**

Through 2022

2023







# Looking Ahead: 2024 Sustainability Goals




## Key Goals for the Year Ahead

We are committed to the continued improvement of our sustainability strategy and performance as our business evolves. As we move towards a more sustainable future, our forward-looking objectives include:

### Our Goals For 2024

-  Conduct a comprehensive analysis of our portfolio to identify potential opportunities for solar projects
-  Enhance our existing form Lease Agreement to further integrate standard provisions related to sustainability and environmental considerations
-  Expand our tenant outreach efforts to include the initial capture and warehousing of tenant energy consumption and emissions information
-  Expand our employee training program, including mandatory and comprehensive management and leadership training for all people managers, as well as focused trainings across corporate functions.

### Our Ongoing Commitments

-  Commitment to ongoing consultation with our stakeholders on sustainability issues
-  Commitment to regular reporting on environmental, social, and governance matters
-  Commitment to annual disclosure of GHG emissions associated with our operations

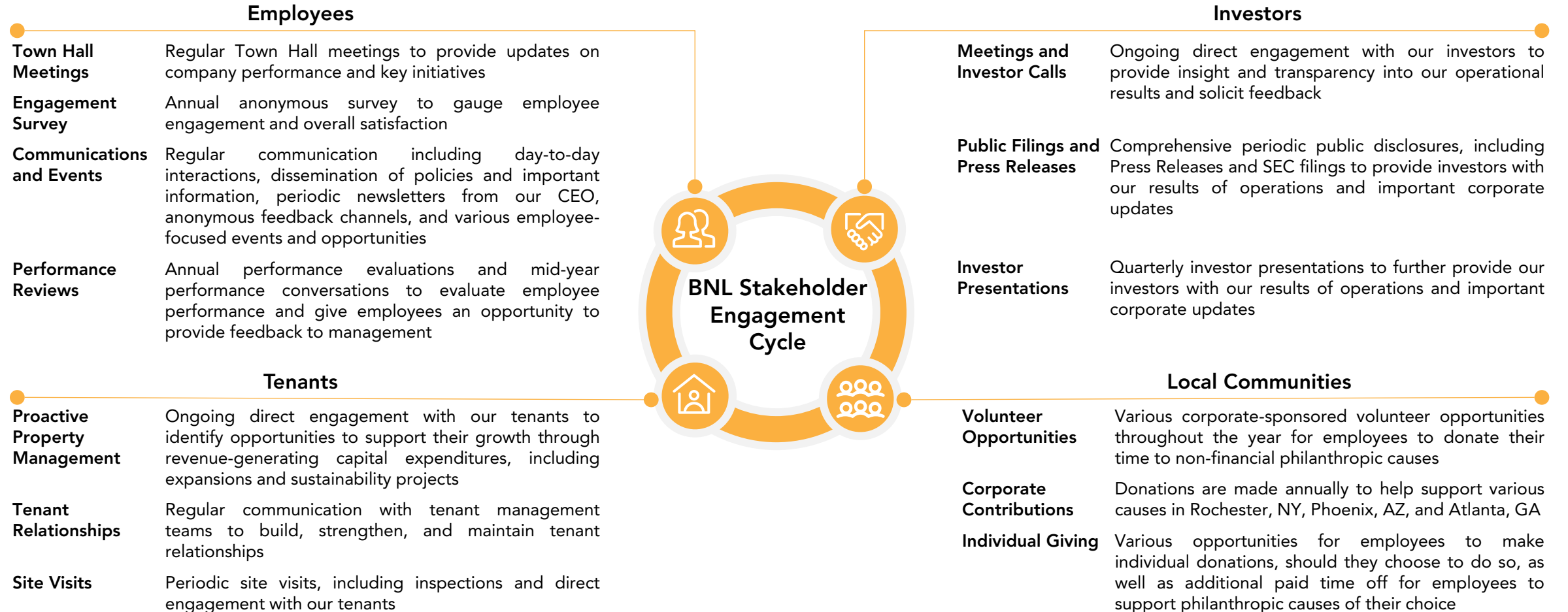


# 2024

Photo: Salm Partners  
Denmark, WI

# Stakeholder Engagement

Maintaining strong relationships with our stakeholders is central to our business values and critical to our long-term success. We recognize the importance of fostering open and transparent communication with all parties invested in the success of our business, striving to understand their needs and goals to establish a baseline on which we can create shared value. We maintain an ongoing cycle of active engagement with internal and external stakeholders, including our employees, investors, tenants, and local communities.





# Sustainability Materiality Assessment

In 2023, we conducted our first structured Sustainability Materiality Assessment with the support of an external consultant. The aim of this assessment was to evaluate and ultimately prioritize a wide range of sustainability issues based upon their materiality, or importance, to our business. The exercise was designed in line with the concept of “double materiality”, incorporating the significance of each sustainability topic in terms of its impact on our business and its importance to our stakeholders. Gathering insights through a tailored Stakeholder Sustainability Survey was therefore a foundational milestone in completing the overall Sustainability Materiality Assessment.

## 2023 Stakeholder Survey

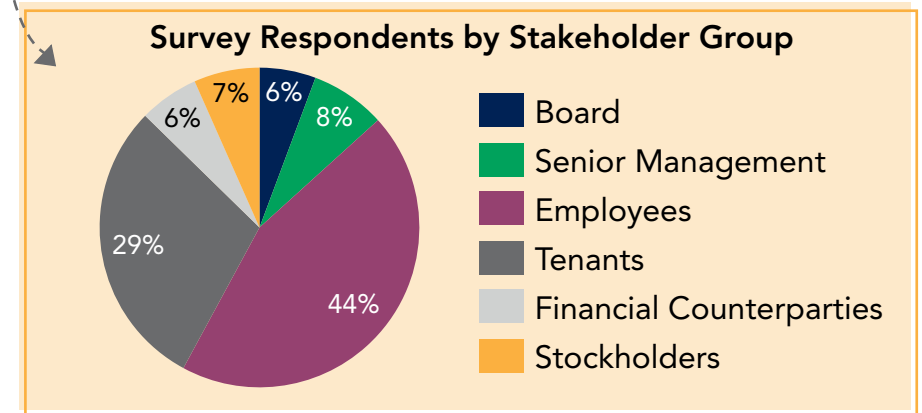
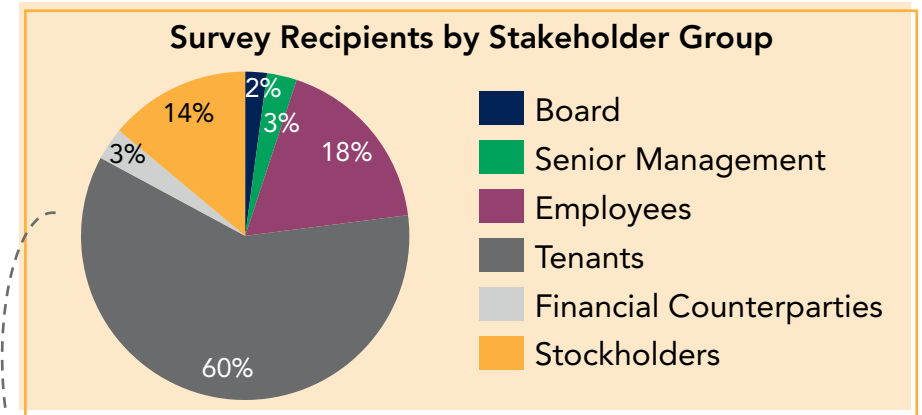
The first step of undertaking our 2023 Sustainability Materiality Assessment was to formally survey a broad group of internal and external stakeholders to understand their views on our impact as a business and the issues that they see as most critical to our continued success.

Our 2023 Stakeholder Survey was extended to almost 400 entities and individuals within the following BNL stakeholder groups:

- |                 |                       |                 |                             |
|-----------------|-----------------------|-----------------|-----------------------------|
| <b>Internal</b> | 1. Board of Directors | <b>External</b> | 4. Tenants                  |
|                 | 2. Senior Management  |                 | 5. Financial Counterparties |
|                 | 3. Employees          |                 | 6. Stockholders             |

Participants were invited to share their perspectives on sustainability-related topics and rank them in order of importance. Participants assigned each topic a numerical score, with a score of "1" indicating the highest importance and a score of "19" indicating the lowest importance.

To standardize the results, we averaged the mean topic scores from each stakeholder group, circumventing variation between group sizes to ensure an equal weighting of each topic’s materiality. The standardized scores for each topic were then reviewed in conjunction with further analyses of industry and regulatory best practices, before being consolidated and plotted on the x-axis – “Importance to Stakeholders” – of the BNL Sustainability Materiality Matrix (see page 13).



# Sustainability Materiality Assessment

Our Sustainability Materiality Assessment was tailored to qualitative and quantitative insights, captured through our 2023 Stakeholder Survey (see page 12). The perspectives of 106 internal and external stakeholders revealed the relative importance of 19 sustainability topics, listed below. The survey results were supplemented with interviews and further analyses, such as regulatory and industry best practices. Assessments were amalgamated to form a prioritized “matrix” of sustainability issues. These outcomes will inform our Sustainability Strategy and reporting practices over the coming years.

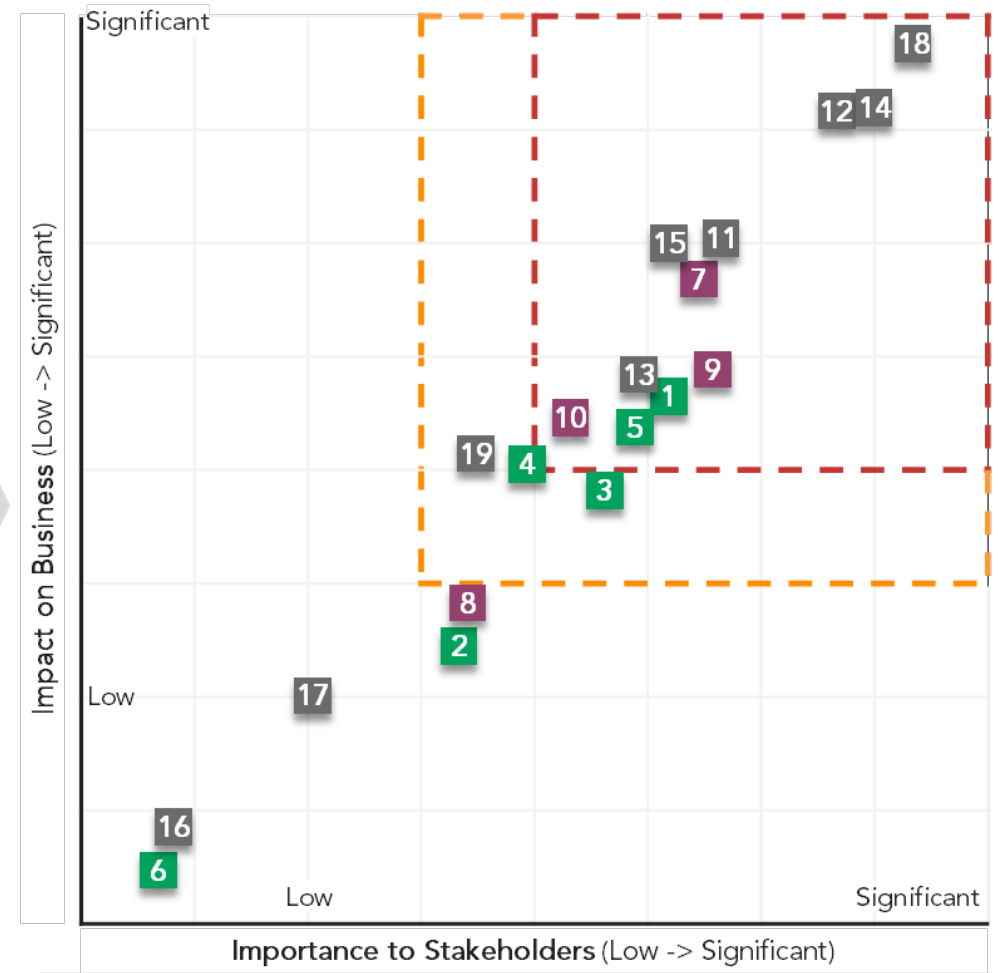
## BNL SUSTAINABILITY TOPICS

- |  |   |
|--|---|
| 1 ● Managing Impact on Climate Change          | 11 ● Management & Oversight of Risk and Opportunity             |
| 2 ● Impact on Biodiversity & Nature            | 12 ● Robust Corporate Governance                                |
| 3 ● Managing Impact on Air & Land Pollution    | 13 ● Cyber Risk Management                                      |
| 4 ● Exposure to Physical Climate Risks         | 14 ● High Standards of Ethical Behavior                         |
| 5 ● Sustainable Performance of Asset Portfolio | 15 ● Stakeholder Engagement & Transparent Corporate Disclosures |
| 6 ● Waste Management                           | 16 ● ESG Considerations in Procurement & the Supply Chain       |
| 7 ● Diversity, Equity & Inclusion              | 17 ● ESG Considerations in the Tenant Portfolio                 |
| 8 ● Relationships with Local Communities       | 18 ● Financial & Business Performance                           |
| 9 ● Employee Training & Development            | 19 ● Stakeholder Engagement on Joint Initiatives                |
| 10 ● Workforce Health, Safety & Wellbeing      |   |

TOPIC KEY: ■ Environment ■ Social ■ Governance ● High Materiality Topic

**High-materiality Sustainability Topic** Graphic featured throughout our 2023 Sustainability Report highlights where specific pages of content are aligned to the high-priority topics identified from this Sustainability Materiality Assessment.

## BNL 2023 SUSTAINABILITY MATERIALITY MATRIX



MATRIX KEY:  Not Material  Low - Medium Materiality  High Materiality

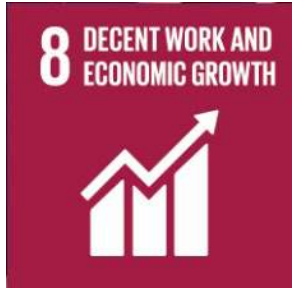


# United Nations' Sustainable Development Goals

In our inaugural sustainability report, we reviewed the United Nations' Sustainable Development Goals ("SDGs") and identified 7 initial SDGs that best aligned with our initiatives in 2022. In 2023, we developed the maturity of our strategy by undertaking a bespoke Sustainability Materiality Assessment (see pages 12-13 for more information). The outcomes of this exercise identified 11 high materiality topics which have been integrated as the core tenets of BNL's long-term sustainability strategy. Following this assessment, we have re-aligned our 2023 sustainability focal points with 6 revised SDGs which most accurately reflect the current priorities of our business.

SDGs

BNL High Materiality Sustainability Topics



Workforce Health, Safety & Wellbeing



Diversity, Equity & Inclusion



Employee Training & Development



Managing Impact on Climate Change



Managing Impact on Climate Change  
Sustainable Performance of Asset Portfolio



Management & Oversight of Risk & Opportunity  
Robust Corporate Governance  
Cyber Risk Management  
High Standards of Ethical Behavior  
Stakeholder Engagement & Transparent Corporate Disclosures  
Financial & Business Performance

# Governance

*Cold Spring*  
BREWING CO.  
A Carlsberg Beverage Group Company

SUITE D

1601

# Our Progress So Far

## Developing our approach to Sustainability Governance

Focus on corporate responsibility has been a cornerstone of BNL's strategy since inception. In our inaugural 2022 sustainability report, we shared some of the highlights from the development of our internal governance framework:



**Established our Sustainability Committee**



**Delegated oversight of sustainability-related initiatives to our Nominating & Corporate Governance Committee**



**Enhanced our suite of governance-related policies in connection with our IPO**



**Enhanced our internal risk management processes and procedures**



**Opted out of certain anti-takeover provisions afforded by Maryland law**

# Through 2022

## Refining our Governance Framework and Extending Outreach

During 2023 we focused on further refining our governance framework and engaging in a formal process of stakeholder engagement. Some of these highlights include:



**Amended and restated our Articles of Incorporation ("Charter")**

Based on management's proposal at our 2023 Annual Meeting of Stockholders, we amended and restated our Charter to enable stockholders to further amend the Charter by a majority vote<sup>1</sup>



**Enhanced our suite of governance-related policies, including the adoption of our Anti-Bribery and Anti-Corruption Policy**



**Formal process of internal and external stakeholder engagement to inform our Sustainability Strategy**



**Enhanced risk management processes for climate risks in accordance with regulatory and industry best-practices**

# 2023

[1] With the exception of certain Charter provisions pertaining to customary REIT ownership requirements. Stockholders had the ability to amend BNL's Bylaws by majority vote prior to this amendment.



# Our Board of Directors

We are committed to maintaining a strong corporate governance framework, with our Board of Directors ensuring effective oversight and accountability

Our Board of Directors (“Board”) is comprised of a majority of Independent Non-Executive Directors with significant expertise in areas such as real estate, capital markets, finance, accounting, and compliance. Our Board members’ extensive range of skills and experience support our ongoing success and ability to consistently deliver value to our stakeholders.



**Laurie Hawkes**  
Chairman (Independent)  
Board member since 2016



**John Moragne**  
Director (Chief Executive Officer)  
Board member since 2023



**Denise Brooks-Williams**  
Director (Independent)  
Board member since 2021



**Michael Coke**  
Director (Independent)  
Board member since 2021



**Jessica Duran**  
Director (Independent)  
Board member since 2023



**Laura Felice**  
Director (Independent)  
Board member since 2023



**David Jacobstein**  
Director (Independent)  
Board member since 2013



**Shekar Narasimhan**  
Director (Independent)  
Board member since 2007



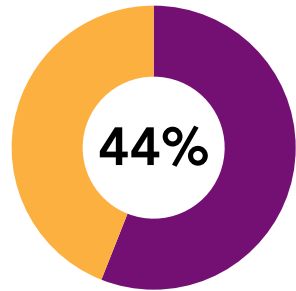
**James Watters**  
Director (Independent)  
Board member since 2007



# Board Composition and Diversity

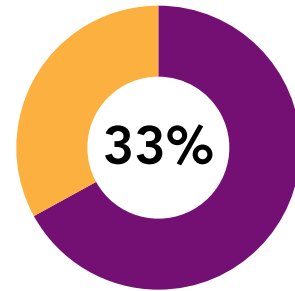
We firmly believe that a diverse Board is best positioned to provide robust oversight and effectively represent the interests of our shareholders

## Gender Diversity



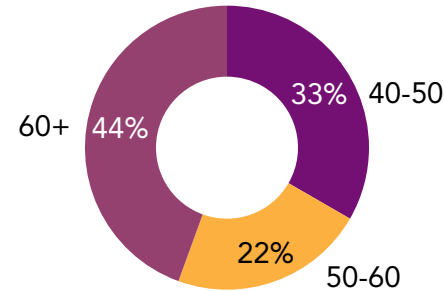
Of Board members self-identify as female

## Racial / Ethnic Diversity



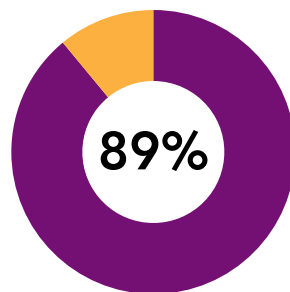
Of Board members are racially or ethnically diverse

## Age Diversity



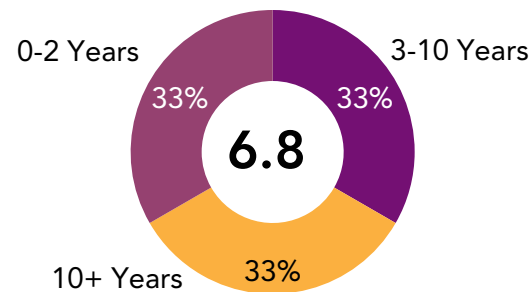
Our Board is diversified across 3 core age-groups

## Independence



8 of 9 Board members are independent

## Years of Tenure



Board member tenure averages ~7 years

We have implemented the following Board requirements to ensure effective governance:



Our Board conducts an annual self-evaluation



Our Chairman is an independent Non-Executive Director



Our Board's standing committees are fully independent



We enforce term limits and annual re-election for all Non-Executive Directors



Robust minimum stock ownership requirements for Board members

# Our Standing Board Committees



## Board of Directors

### 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.



#### Committee Members

**Michael Coke**  
Chair

Jessica Duran    Laura Felice    David Jacobstein

### 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 is also responsible for oversight of sustainability-related initiatives.



#### Committee Members

**James Watters**  
Chair

Denise Brooks-Williams    Laura Felice    David Jacobstein    Shekar Narasimhan

### 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.



#### Committee Members

**David Jacobstein**  
Chair

Jessica Duran    Laurie Hawkes    James Watters

Our Board of Directors has adopted a set of Corporate Governance Guidelines to articulate our framework for establishing and maintaining good corporate governance. Our Audit Committee, N&CG Committee and Compensation Committee are each governed by written charters outlining their general responsibilities and requirements.

# Sustainability Governance

Since 2021, holistic management of sustainability-related matters has been formally overseen by our Sustainability Committee and Diversity, Equity & Inclusion (“DE&I”) Committee. Both committees report to our N&CG Committee on a regular basis.

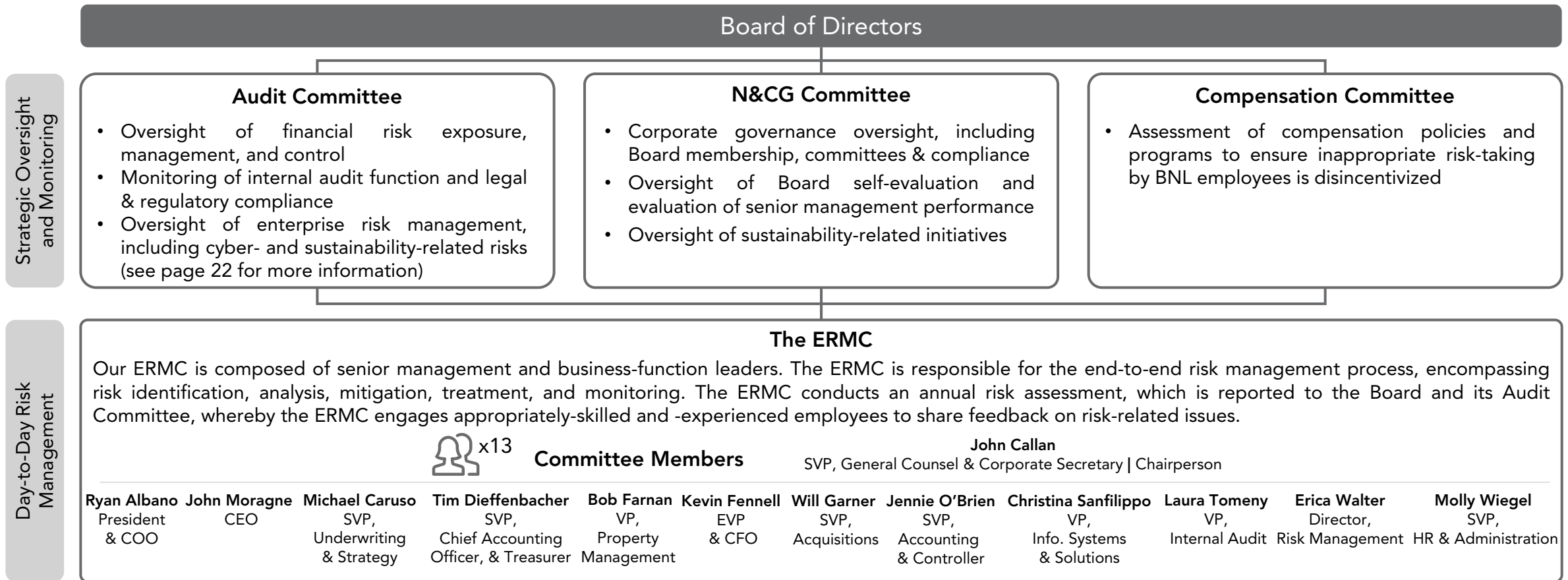
Our approach to sustainability governance is designed to ensure regular and continued oversight of sustainability performance and our progress towards agreed business objectives. Our approach also facilitates rapid escalation of sustainability matters to our Board through the N&CG Committee.



# Risk Management

## Enterprise Risk Management

Our enterprise risk management framework is designed to enable a robust approach to risk management. Our Enterprise Risk Management Committee (“ERMC”) oversees day-to-day risk management and each of our Board’s standing committees responsible for monitoring defined aspects of the risk environment on behalf of our Board.



# Risk Management



Our standing Board committees and ERMC are responsible for the management of sustainability- and cyber-related risks and opportunities facing our business, with additional controls in place to ensure holistic, 360-risk horizon-scanning.

Governance



## Sustainability Risk Management

We recognize the importance of identifying business-critical, sustainability-related risks and opportunities, and continually strive to integrate sustainability-related risk management into our short-, medium- and long-term organizational strategy.

Conscious of the importance of codifying such risks, in 2022, we undertook an inaugural sustainability-related risk assessment. This exercise provided us with a robust understanding of how sustainability-related issues may correlate with legacy risks in our corporate risk register.

In 2023, we built on the previous sustainability-related risk assessment by diving deeper into climate-related risks and opportunities. This climate-specific risk assessment was conducted in alignment with the Task Force on Climate-related Financial Disclosures (“TCFD”) risk and opportunity taxonomy and broader framework (see our full TCFD disclosure and BNL Climate Risk Register on pages 44-46).

We are committed to reviewing these sustainability- and climate-related risks on a regular basis, in line with our wider enterprise risk management framework and oversight from the Audit Committee and N&CG Committee.



## Cyber Risk Management



In a dynamic digital landscape, the management of cyber risk is paramount to the resilience of our business. We are committed to protecting the security of our own systems and those of all parties affiliated with our organization through robust procedures and multiple lines of defense. Annual mandatory training, horizon-scanning of suspicious activity and third-party stress-testing of IT infrastructure are some of the key tools in our arsenal for proactively ensuring cybersecurity.

Strategic oversight of cyber-related risks and guiding procedures ultimately lies with the Audit Committee of our Board. Our EVP and Chief Financial Officer oversees our information technology and cybersecurity function.



**ZERO**

Cybersecurity Incidents  
in 2023



**100%**

Mandatory Workforce  
Cybersecurity Training



# Policies and Governance



Governance



At BNL, we are committed to leading by example and embodying the transformative principles we aspire to see in the world. We have formalized this commitment through a suite of policies that set forth our guiding principles with regards to critical issues such as environmental stewardship, social responsibility, and ethical practices. During 2023, we reinforced our commitment to ensuring our directors, officers, and employees conduct business with the highest legal, ethical, and moral standards by expanding the scope of a number of our policies and codifying new conduct standards therein.

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



Our Code of Ethics, which applies to 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. 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. The code is built around five key principles:

- Honesty & Ethical Conduct
- Full, Fair & Accurate Disclosure
- Compliance
- Prompt Internal Reporting of Violations
- Accountability

In 2023, we revised our Code of Ethics to incorporate broader workplace safety, anti-bribery, and anti-corruption policy provisions, to ensure we continued to pursue our business in line with the highest ethical standards.

## Anti-Bribery and Anti-Corruption Policy



Our Anti-Bribery and Anti-Corruption Policy ensures the highest standards of ethical conduct and circumvents any inappropriate business advantage or relationship. The policy strictly prohibits the direct or indirect payment of bribes or facilitation payments and provides guidance on gifts, entertainment, and political and charitable contributions made or received by our employees, officers, or directors.

## Human Rights Policy

We are committed to our role as 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 Labor 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 Conduct 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.



= Policy scope updated or new in 2023



# Policies and Governance



## 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. In 2023, we updated this policy to meet new requirements from the Securities Exchange Commission and revised NYSE listing standards.



## 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.

## 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-executive 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. Within the suite of these measures, annual cybersecurity training is mandated for all BNL employees.



= Policy scope updated or new in 2023



# Social



Photo: Outback Steakhouse  
Harrisonburg, VA

# Our Progress So Far



We believe in building strong rewarding relationships with our employees and the external stakeholders with whom we regularly engage and conduct business. We are passionate about cultivating an organizational culture that empowers each of our colleagues to flourish. We recognize that our social responsibilities extend beyond our business and believe in the importance of giving back to the local communities in which we operate.

- Established Diversity, Equity & Inclusion Committee**
- Provided employee training, including mandatory DE&I programs**
- Assessed employee engagement through feedback from annual surveys and Culture Ambassador program**
- Enhanced employee benefits, health, and wellness programs**
- Maintained the health and safety of our employees with no workplace incidents**

**2022 Charitable Highlights**

- **\$120,000+** in charitable donations, supporting a wide range of social initiatives
- Supported many organizations and local communities

## Through 2022

- Provided mandatory inclusive-hiring training sessions, with best practices incorporated into 2024 interview processes**
- Developed our Women's Group by building out a comprehensive set of programs**
- Expanded opportunities for employee feedback through the addition of an anonymous feedback channel with all questions answered by the CEO**
- Incorporated inclusive amenities into our new corporate headquarters such as a Nursing Parent Room and Wellness Suite**
- Continued to maintain the health and safety of our employees with no workplace incidents during 2023**

**2023 Charitable Highlights**

- **\$126,000+** in charitable donations
- Supported local organizations with various non-financial donations

## 2023

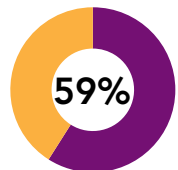


# Diversity, Equity, and Inclusion

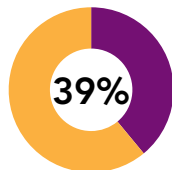
We see the value of cultivating a workplace in which our employees feel empowered to thrive professionally and personally. We are committed to fostering a culture that comprehensively honors diversity, equity, and inclusion ("DE&I"), which are central to nurturing growth, innovation, and resilience in our business. We have embedded our commitment to recruiting, developing, and equitably promoting our employees into the fabric of BNL through our organizational policies and programs. During 2023 we progressed legacy DE&I initiatives and introduced new ones to continue to build a sense of community, respect, and authenticity, affording each of us the opportunity to achieve our full potential every day.

## Key Diversity Metrics

### Gender Diversity

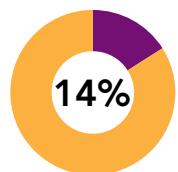


Of employees self-identify as female



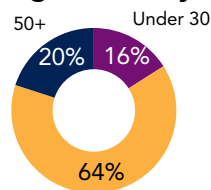
Of BNL officers self-identify as female

### Racial / Ethnic Diversity



Of employees are racially/ethnically diverse

### Age Diversity



Employee composition by age

## Key Equity & Inclusion Metrics

50% of individuals promoted since January 2023 self-identify as female

100% (1/1) of individuals appointed as an officer since January 2023 self-identify as female

## 2023 DE&I Highlights

### DE&I Hiring

Our partner – *Paradigm* – delivered two mandatory, instructor-led inclusive hiring trainings for talent managers. HR is incorporating best-practices from the training into updated interview processes in 2024 to enhance inclusivity and objectivity.

### BNL Women's Group

The BWG Planning Committee built feedback from the group into a 2023 program line-up. Programs focused on combatting imposter syndrome, work-life balance, diversity in leadership, and a panel discussion with the women on the BNL Board.

### Feedback Forums

Established an intranet-accessible feedback channel, enabling employees to either anonymously or openly share input. Feedback is addressed in the CEO newsletter and our regular town halls.

### DE&I Giving

In 2023, we continued our commitment to DE&I by donating \$68,000 to support eight organizations that are advancing DE&I-focused initiatives in Rochester, Phoenix, and Atlanta.

### Inclusive Workplace

Our new corporate headquarters in New York supports inclusivity, with amenities including a dedicated, private Nursing Parent Room, a Wellness Suite, and additional accommodations in accordance with the Americans with Disabilities Act.



# Diversity, Equity, and Inclusion

Our cross-functional DE&I Committee reports at least quarterly to the N&CG Committee and is responsible for setting and monitoring the implementation of initiatives that drive our commitment to diversity, equity, and inclusion. Areas of focus:



## Managing Unconscious Bias Training

- Raising awareness
- Influence of unconscious bias on employees and impact on individuals and organizations
- Unconscious bias identification and mitigation strategies

## Mandatory Harassment Training

- Definition and examples of harassment
- Policy and reporting procedures
- Sessions tailored for managers and individual contributors

## Inclusive Culture and Leadership Training

- Benefits of inclusive culture for individuals and organizations
- Navigating obstacles and proactively encouraging inclusive culture
- Sessions tailored for managers and individual contributors



**Inclusive Hiring, Training & Performance Management Resources**

In 2023, BNL conducted two inclusive hiring sessions facilitated by our partner *Paradigm*. These sessions were mandatory for talent managers and search panels, and strongly encouraged for all other employees. The workshop provided hiring managers and interviewers with the necessary knowledge and skills to address barriers that hinder inclusive hiring, using evidence-based strategies to manage unconscious bias and create a more inclusive candidate experience. BNL also delivered training on year-end performance conversations for employees, which included utilizing *Paradigm's* inclusive performance management resources.



# Diversity, Equity, and Inclusion



## BNL Women’s Group

In 2022, we proudly began work on establishing the BNL Women’s Group (“BWG”) to celebrate gender diversity among our employees and support the women in our workforce to network and develop professionally. During 2023, we continued to enhance our internal BWG by delivering a full program of professional and personal development, relationship-building, and philanthropic opportunities.

Through the BWG and BNL’s gender-diverse Board, BNL continues to champion diversity, empower women, and drive positive change in our organization and with our stakeholders in the future.



### 2023 BWG Board Panel Discussion

On July 26, 2023, the BWG organized a panel discussion with three female members of our Board of Directors – Laurie Hawkes, Jessica Duran, and Laura Felice – who shared their experiences, perspectives, advice, and insights on topics including:

- Leadership style and skills
- Relationships and networks
- Team management
- Imposter syndrome
- Work-life balance

The event was impactful for the BWG and created an open forum for BNL women to share and connect. Key takeaways included the importance of identifying a set of ‘non-negotiables’ in line with your personal values and to be true and kind to yourself.

# Employee Engagement and Culture

The success of our business is intrinsically linked to the skill, strength, and satisfaction of our workforce. Empowering our colleagues to make a positive impact and professionally flourish is among our top priorities. We invest substantially in maintaining a vibrant and fulfilling corporate culture that places meaningful connections, dynamic communication, transparency, growth, and development opportunities at the heart of the BNL employee experience.

We actively involve employees in the development of our culture through an annual survey through which we measure employee engagement and satisfaction. This feedback helps us to identify the areas in which BNL excels in best practices and areas of opportunity. In 2023, we went a step further by inviting employees to participate in a sustainability-specific stakeholder engagement exercise (see pages 12-13).





# Employee Engagement and Culture

## Professional Growth and Development

We believe our employees thrive when presented with engaging and challenging work, and we are committed to providing ample opportunities for employees to develop and excel in their roles. Professional development opportunities are key for catalyzing growth, symbiotically advancing careers, and optimizing the efficiency and quality of our own business activities. We encourage professional growth with the following initiatives:

- Internal training and development
- Leadership & management training
- Digital training platform
- Educational resources and webinars
- Reimbursement and assistance for continued education and tuition
- Conferences and networking events
- Annual goals and development plans

### 2023 Professional Development Metrics



5.4 Years

Average employee tenure



8.0 Years

Average leadership tenure



## 2023 Employee Engagement & Culture Highlights

### Engager Program

The BNL Engager Program serves to welcome, support, and connect new colleagues to our organization. Engagers play a crucial role in providing a reliable and motivated point of contact for new hires, assisting them with fundamental questions related to their work experience at BNL to ensure that new colleagues feel welcomed and supported from the moment they join our organization.

### Commercial Real Estate Organizations

During 2023, we supported four BNL employees who began work on forming a local chapter of an international female-led organization dedicated to advancing women in the field of commercial real estate through business networking, industry research, leadership development, and career outreach. The organization will provide a platform for professionals in the region to connect, collaborate, and support one another in their careers and serve as a valuable resource for networking opportunities, sharing industry insights, and fostering professional growth.

### PAWS Committee

Our cross-functional, employee-led PAWS Committee helps identify and drive philanthropic, appreciation, wellness, and social activities and events. PAWS supplements corporate-driven and DE&I-related initiatives.

### Collaborative Workspace

The spaces in our new corporate headquarters were specifically designed to encourage teamwork and collaboration. These employee-focused spaces promote open-communication, idea-sharing, and problem-solving.

# Employee Engagement and Culture

## Lake House Employee Appreciation Event

In July 2023, we held our third annual summer corporate dinner at The Lake House on Canandaigua to celebrate our employees. The appreciation event recognized and expressed our gratitude to our employees for their contributions, support, and dedication throughout the year. This annual event is a great opportunity to foster a positive and inclusive culture, celebrate accomplishments, build camaraderie, and reinforce the value and importance of our collective contributions to BNL's success. Each year at this event, the BNL leadership team recognizes a select group of employees for their contributions to our company, culture, and purpose by presenting each of them with a personalized BNL Corporate Award and gift.

## Hard Hat Tour & Happy Hour

Employees were led on tours of our new headquarters to see the construction progress and had the opportunity to ask questions and gain further insight into the design of the new space. Tours were followed by a special happy hour.

## Fall Fest

BNL employees, along with their family and friends, had the opportunity to connect with their colleagues and loved ones while picking pumpkins, enjoying other fall activities, and having fun on the farm.

## Arizona Cardinals Football Game Outing - Phoenix

Phoenix office employees and their guests were invited to attend the Arizona Cardinals vs. Atlanta Falcons football game and enjoyed socializing with their colleagues and loved ones while rooting for their hometown team.







# Health, Wellbeing, and Benefits



We recognize the critical importance of our employees' health and wellbeing. Investing in our colleagues' wellness is central to our business strategy and culture. As a result, we offer a comprehensive benefits program structure to our employees. These benefits are designed to support the health, wellbeing and financial security of our employees and their families. BNL's comprehensive benefits program is thoughtfully designed to meet the diverse needs of our employees, and includes:



## 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
- Access to telemedicine

## Wellbeing Benefits

- A variety of paid time off benefits, including competitive vacation allowances, personal time off, 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 and events, including onsite chair massages and health and fitness activities
- Calm App Premium Subscription
- Wellness Suites and Nursing Parent Room in the new corporate headquarters

## Financial Benefits

- Competitive compensation programs
- Competitive long-term incentive plans with 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
- Employer-paid legal services
- 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
- Cell phone stipend and paid parking
- Annual bonus program
- Service anniversary awards





# Engaging with Our Community



## Philanthropy

Philanthropy is an integral aspect of our approach to community engagement. Our Corporate Giving Program supports a range of charitable organizations in our local communities. Over the course of 2023 our corporate charitable contributions exceeded \$126,000. Our philanthropic efforts have a particular emphasis on supporting DE&I causes including: providing support for women, children, and teens at risk; providing critical mental health and social services; and combatting homelessness.



Social

## Volunteer Paid Time Off

We also prioritize and encourage volunteerism as a key aspect of our culture and provide all our employees with up to 16 hours of paid time off annually. This allows our employees to dedicate their time and skills to support charitable causes that are personally meaningful to them and to actively contribute to the betterment of society.



## Donation Initiatives

We are dedicated to contributing positively to the communities in which we operate. We can address social issues, support vulnerable populations, and make a meaningful impact on society by engaging in donation initiatives.

### 2023 SBC Thanksgiving Appeal

BNL actively participated in the Small Business Council of Rochester's Thanksgiving Appeal Donation Collection. In 2023, we proudly donated a total of 36 food boxes to the Small Business Council, who then distributed them to local organizations dedicated to supporting individuals and families in need. Our employees had the opportunity to donate essential items, such as food, clothing, and household supplies, to help those in need. By participating in this donation drive, our employees demonstrated their commitment to supporting local businesses and individuals who may face challenges during the holiday season.

### 2023 Community Food Cupboard Donation Drive & Volunteer Events

The Community Food Cupboard of Rochester collects essential food items to support local families struggling with food insecurity. Our periodic volunteer events provide employees an opportunity to make a tangible impact to ensure that individuals and families have access to nutritious meals, as well as essential items with respect to personal care and hygiene.

### Donation of Office Furniture

In connection with the relocation of our corporate headquarters, we donated office furniture from our former space at Clinton Square to local Rochester-based organizations to assist these organizations in their operations and create a positive impact within the community.



# Engaging with Our Community

## Community Engagement

We believe in the importance of giving back to the communities in which we operate, whether it's participating in community clean-up projects, working with food banks, or engaging with educational programs. We are proud to offer these engagement opportunities to our employees as part of our commitment to social and community responsibility. Through these initiatives, we strive to create a positive and lasting impact on the communities where we live and work.

### 2023 United Way Day of Caring

On May 11th, a group of 22 members from the BNL team actively participated in the Day of Caring organized by the United Way of Greater Rochester and the Finger Lakes. This event is the largest community-wide volunteer initiative in Western New York and is aimed at supporting local not-for-profit organizations with projects or needs that they may not have the necessary resources for. Never Say Never Stables is home to rescued animals and offers horse-related experiences to children and teens facing long-term illness, special needs, or other serious life challenges. BNL's Day of Caring team visited the stables to assist the staff and volunteers with various projects, including weeding, mulching, painting, staining, and repairs.



# Environment



# Our Progress So Far

We are committed to environmental stewardship and acknowledge our role in minimizing impact on the environment and climate change. In our 2022 report, we outlined 5 areas of focus, and these continue to be core to our environmental strategy.



## 1. Environmental Due Diligence

Phase 1 and Phase 2 (if necessary) Environmental Site Assessments integrated into property-acquisition process.



## 2. Tenant Partnerships

Collaboration with tenants to improve the environmental performance of leased-properties, including through installation of solar panels, EV charging points, and environmentally-efficient building materials.



## 3. Portfolio Investments

In 2022, we funded the installation of cool roofs at 4 portfolio properties, reducing roof surface temperatures and heat transfer into buildings, and thus lowering GHG emissions from air conditioning.



## 4. TCFD alignment

We aligned with and reported against TCFD recommendations as part of our strategy to manage climate risks and opportunities.



## 5. 'Go Green' Initiatives

Established 'Go Green' initiatives across our corporate offices to reduce our environmental impact (see *overleaf*).

During 2023, we progressed our environmental strategy in several ways, including undertaking an initial quantification of our Scope 1 and 2 Greenhouse Gas ("GHG") emissions, and enhancing our climate-related disclosures, and continuing to seek opportunities with existing tenants to fund projects with sustainable components.



## New Corporate HQ

Our new corporate headquarters boast strong environmental credentials including LED lighting, renewable energy sources, recycling capabilities and an efficient and remote building management system.



## Enhanced TCFD Alignment

Enhanced risk management documentation to specifically reflect climate-related risks, allowing financial stakeholders to make informed decisions based on climate-related information they consider material.

## Adapting our portfolio

In 2023 we completed several projects to improve the environmental performance of our properties in our portfolio:

- Funded a \$1.6 million roof-replacement project for a retail tenant, expected to result in significant improvements in energy usage and cooling costs.
- Provided \$130,000 in funding for the installation of LED lighting at an industrial tenant's warehouse facility, covering the project's costs and waiving associated legal fees. The project is expected to drive substantial energy-efficiency improvements.
- Installed energy-efficient metal panel structural ceilings at an industrial facility, expected to drive significant improvements in environmental performance.

# Through 2022

# 2023

# Our New Corporate Headquarters

In October 2023, we moved into our new corporate headquarters in Victor, New York. Our new offices are located in a building with a number of features designed to maximize efficiency, promote sustainability, and foster a workplace culture of wellbeing and inclusivity – examples of which we list below.

The move to our new headquarters will help us minimize our environmental footprint and reduce the emissions associated with our own operations.

## Key Features



### Building Management System

Remote monitoring, modification, and repair of building mechanical systems for optimal efficiency and minimal downtime



### “For the Planet Member”

Our campus is a “1% For The Planet Member” supporting environmental causes



### LED lighting

Efficient LED lighting systems throughout the building to enhance energy performance



### Solar efficiency

Solarban 60 Low E Glass to optimize energy efficiency



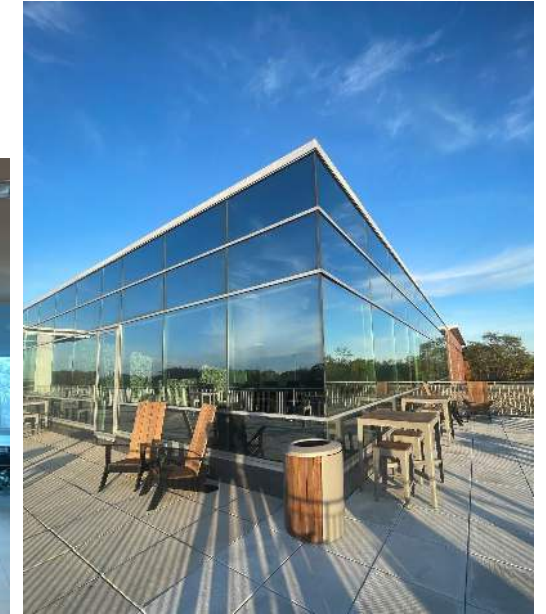
### Recycling Materials

Use of recycled materials for backfill and parking lot subbase, promoting sustainability



### Maintenance

Newer, more efficient vehicles and equipment for maintenance such as snow plowing and salting



# Environmental Initiatives

## Our "Go Green" Initiatives

We have implemented several "Go Green" initiatives in our three corporate offices to minimize our environmental footprint. These initiatives aim to engage and partner with employees to achieve this goal. We continue to progress the following initiatives:



### Paper Reduction

Paper reduction benefits the environment by conserving resources, reducing energy consumption, minimizing waste, and mitigating climate change.



### Refreshment Waste Recycling

Refreshment waste recycling reduces waste and saves energy to promote a circular economy and encourages public engagement in sustainable behaviors.



### Energy Conservation and Waste Recycling

Energy conservation and waste recycling reduces greenhouse gas emissions and conserves valuable resources to achieve cost saving while preserving ecosystems.



### Bi-annual Electronics Recycling

Bi-annual electronics recycling promotes disposal of electronic waste, reduces landfill waste and raises awareness about e-waste management across the organization.



### ENERGY STAR- Certified

Devices, equipment and appliances are all ENERGY STAR- Certified and are designed to be more energy-efficient. This means they use less energy to perform the same tasks as non-certified products or buildings. By using less energy, you can reduce your carbon footprint and contribute to environmental conservation.

## Calculating Energy Consumption & Greenhouse Gas ("GHG") Emissions

In 2023 we undertook our first GHG emissions quantification with the support of our external partner. For the purposes of the 2023 exercise, we focused on calculating our Scopes 1 and 2 emissions, whereby the boundary for the calculation was defined in line with the Greenhouse Gas Protocol's operational control approach.

To conduct the GHG emissions calculation, we collected GHG activity data across all our operations. We then converted this into consistent energy consumption and GHG emissions data using the appropriate publicly-available conversion factors.

The figures below represent our first calculation and disclosure of GHG emissions and energy consumption data, and we will use these figures as a baseline for performance monitoring going forward.<sup>1</sup> We measure and report all GHG emissions in metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e).

### Scope 1 and 2 GHG Emissions

GHG Emissions Type	2023 Location-based Emissions (MT CO <sub>2</sub> e)	% Overall Emissions
Scope 1	14.16	7%
Scope 2	182.67	93%

### Corporate Operations Energy Consumption

Energy Source	2023 Energy Consumption MWh	% Overall Energy Consumption
Fuel (natural gas)	78.49	15%
Purchased electricity	453.38	85%

[1] Includes data regarding energy usage and consumption during the relocation of our corporate headquarters, which may not reflect usage and consumption moving forward on a normalized basis.

# Our Plans for the Future

Through our work so far, we have built the foundations of a robust strategy to reduce our climate footprint and manage our impact on the environment. However, we recognize that significant work remains. As we look to the future, we will continue to execute on our strategy. This includes broadening our climate mitigation efforts to include Scope 3 emissions and enhancing our drive towards a sustainable portfolio of leased assets.

## Our Goals For 2024



### Identifying portfolio enhancements

Conduct a comprehensive analysis of our property portfolio to identify potential opportunities for solar projects



### Tenant Lease Agreements

Enhance our existing form Lease Agreement to further integrate standard provisions related to sustainability and environmental considerations



### Portfolio emissions and energy consumption data collection

Expand our tenant outreach efforts to include the initial capture and warehousing of tenant energy consumption and emissions information

## Our Ongoing Commitments



### 'Green' investment into our portfolio

We are committed to continuing to drive environmental sustainability in our portfolio. Given the nature of our triple net lease agreements, engagement and partnership with our tenants will be critical to our ability to implement positive changes across our portfolio.



### Commitment to annual disclosure of Scope 1 and 2 GHG emissions

Having this year undertaken and published the results of our Scopes 1 and 2 GHG emissions quantification, we will henceforth publish this data on an annual basis.



### Disclosure of aggregated energy consumption

As part of our environmental sustainability agenda, we are committed to disclosing aggregated energy consumption data.



### Commitment to consult with stakeholders on environmental issues

We recognize the importance of engaging with a comprehensive range of stakeholders, including employees, customers, local communities, and regulatory bodies, to ensure that our environmental initiatives align with their expectations and address their concerns.



The image shows a large industrial facility, likely a distillery or brewery. On the left side, there are several tall, blue-painted metal structures with perforated panels, possibly part of a distillation or fermentation system. On the right side, there are rows of wooden barrels stacked on metal racks. The floor is polished and has yellow markings. The ceiling is high with exposed pipes and lighting fixtures. A dark blue diagonal overlay covers the bottom left portion of the image, where the text is located.

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



# 2023 TCFD Disclosure

TCFD was established by the Financial Stability Board in 2017 to support organizations in making consistent climate-related disclosures for the benefit of financial markets. Having fulfilled its remit, TCFD was formally disbanded in October 2023 with the IFRS Foundation taking on responsibility for continued monitoring of climate-related disclosures.

While BNL has never been required by regulators to align with the TCFD, we recognize that it represents a useful, internationally-recognized framework for disclosing the potential financial impacts of climate-related risks and opportunities facing our business in the short-, medium-, and long-term. We are therefore pleased to share our voluntary 2023 TCFD-aligned disclosure, which builds on the disclosures made in our 2022 Sustainability Report. In particular, this year we have advanced our identification and assessment of climate-related risks and opportunities and provide our first disclosure of our Scopes 1 and 2 GHG gas emissions.

The quadripartite TCFD framework recommends that organization's structure disclosures around four pillars - Governance, Strategy, Risk Management and Metrics and Targets.





# 2023 TCFD Disclosure

Governance	Pillar	TCFD Disclosure	2023 BNL Disclosure										
	Strategy	<b>(1) Governance</b> The organization’s governance around climate-related risks and opportunities	(1a) Describe the Board’s oversight of climate-related risks and opportunities	<p>Our Board has delegated responsibility for oversight of sustainability matters to our Nominating and Corporate Governance (“N&amp;CG”) Committee, including responsibility for oversight of all climate-related risks and opportunities. The N&amp;CG Committee reports to the Board on a quarterly basis and, where required, makes recommendations to the Board on all sustainability- and climate-related issues.</p> <p>Our Board is further supported in its oversight of climate-related issues by the remaining 2 Board standing committees, which each oversee climate-related risks and opportunities within their specific mandates.</p> <p>Read more about our approach to climate and sustainability governance on page 20.</p>									
(1b) Describe management’s role in assessing and managing climate-related risks and opportunities			<p>On a day-to-day basis, sustainability- and climate-related matters are overseen by our Sustainability Committee, which reports directly into the N&amp;CG Committee, and is currently comprised of 8 members of Senior Leadership Team. Our Enterprise Risk Management Committee (“ERMC”) also supports in the management of risk, including climate-related risks.</p> <p>Read more about our approach to climate and sustainability governance on page 20.</p>										
Risk Management	Pillar	TCFD Disclosure	2023 BNL Disclosure										
Metrics and Targets	<b>(2) Strategy</b> The actual and potential impacts of climate-related risks and opportunities on the organization’s business and financial planning, where such information is material	(2a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	<p>In 2023, we identified, assessed, and codified our climate-related risks and opportunities in a dedicated Climate Risk Register. We also defined a formal process for the ongoing assessment and management of climate-related risks. We have reported against disclosures (2a) and (2b) by sharing our abridged Climate Risk Register overleaf (see pages 44-46). We have categorized all climate risks, impacts, and opportunities in line with the TCFD taxonomy:</p>										
		(2b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	<table border="1"> <thead> <tr> <th></th> <th>Transition Risks</th> <th>Physical Risks</th> <th colspan="2">Opportunities</th> </tr> </thead> <tbody> <tr> <th>Taxonomy</th> <td> <ul style="list-style-type: none"> <li>Policy &amp; Legal</li> <li>Technology</li> <li>Market</li> <li>Reputation</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Acute</li> <li>Chronic</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Resource Efficiency</li> <li>Resilience</li> <li>Energy Source</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Products &amp; Services</li> <li>Markets</li> </ul> </td> </tr> </tbody> </table>		Transition Risks	Physical Risks	Opportunities		Taxonomy	<ul style="list-style-type: none"> <li>Policy &amp; Legal</li> <li>Technology</li> <li>Market</li> <li>Reputation</li> </ul>	<ul style="list-style-type: none"> <li>Acute</li> <li>Chronic</li> </ul>	<ul style="list-style-type: none"> <li>Resource Efficiency</li> <li>Resilience</li> <li>Energy Source</li> </ul>	<ul style="list-style-type: none"> <li>Products &amp; Services</li> <li>Markets</li> </ul>
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# 2023 TCFD Disclosure

Governance  
Strategy  
Risk Management  
Metrics and Targets

Type	Risk Description	Time <sup>1</sup>	Impacts	Opportunities
TRANSITION	<b>Regulatory Environment:</b> Changes to existing and/or introduction of new climate-related mandates (e.g. GHG emissions disclosure) impacting reporting processes, corporate governance, and portfolio management	Short Term	<ul style="list-style-type: none"> <li>Risk of levies or fines if carbon-tax increases are introduced</li> <li>Increased human and/or financial resources required to ensure regulatory changes are met in full, limiting potential deployment of resources elsewhere</li> <li>Regulations may contribute to more stringent stakeholder and/or stockholder climate-performance expectations, impacting BNL's strategy</li> </ul>	<b>Resilience:</b> <ul style="list-style-type: none"> <li>Development of climate-related policies and/or procedures in anticipation of potential future regulatory requirements</li> </ul> <b>Markets / Products &amp; Services:</b> <ul style="list-style-type: none"> <li>Actions to prepare for future regulatory requirements may equip BNL to achieve a greater number of green building certifications, attracting investment and/or better financing</li> </ul> <b>Resource Efficiency:</b> <ul style="list-style-type: none"> <li>Quantify BNL's greenhouse gas emissions and develop strategies to decarbonize</li> </ul>
	<b>Legal Environment:</b> Higher exposure to liability risks due to changing climate-related litigation landscape	Medium Term	<ul style="list-style-type: none"> <li>Significant capital expenditures (e.g. attorneys, damages) to respond to legal actions taken against BNL by plaintiffs due to poor environmental performance</li> <li>BNL's climate pledges may be undermined by legal disputes, consequently impacting reputation and stakeholder confidence</li> </ul>	<b>Resilience / Products and Services:</b> <ul style="list-style-type: none"> <li>Robust climate and/or environmental due diligence prior to new property acquisitions and assessment of existing portfolio's physical climate risk profile</li> </ul>
	<b>Technological Advances:</b> Requirement or expectation for BNL to invest in new low-emission, climate-friendly technologies	Short to Medium Term	<ul style="list-style-type: none"> <li>Significant upfront capital expenditure, limiting potential deployment of resources elsewhere</li> <li>Incompatibility of new with legacy systems, necessitating business-wide system reforms and/or portfolio retrofitting</li> <li>Managing technology-integration and relationships with any tenants who are not strategically-aligned with or who are opposed to objectives</li> </ul>	<b>Markets / Products &amp; Services:</b> <ul style="list-style-type: none"> <li>Stakeholder engagement to identify potential barriers to or joint-initiatives for technology integration</li> </ul> <b>Energy Source / Resource Efficiency:</b> <ul style="list-style-type: none"> <li>Long-term cost-savings and improved occupancy rates resulting from smart property systems (e.g. lighting / heating / air conditioning, on-site renewable energy etc.)</li> </ul>

[1] Key: Time Horizon = Period within which risk manifests

**Short : 0-5 Years**    **Medium : 5-15 Years**    **Long : 15+ Years**



# 2023 TCFD Disclosure

Governance  
Strategy  
Risk Management  
Metrics and Targets

Type	Risk Description	Time <sup>1</sup>	Impacts	Opportunities
TRANSITION	<b>Market</b> <b>Changing Stakeholder Preferences:</b> More extreme weather events promoting stakeholder awareness of climate-related risks, driving tenants and/or investors to re-evaluate respective leasing and/or investment decisions	Short to Medium Term	<ul style="list-style-type: none"> <li>Lower demand for BNL properties due to perception of poor emissions management, leading to reduction in revenue</li> <li>Lower demand for specific classes of BNL properties (e.g., industrial) due to changing market conditions, leading to reduction in revenue</li> <li>Access to capital markets impeded due to poor perception of BNL's climate-related credentials</li> </ul>	<b>Products &amp; Services:</b> <ul style="list-style-type: none"> <li>Stakeholder engagement to identify climate-related priorities, and adapt portfolio with scalable decarbonization solutions</li> </ul> <b>Markets:</b> <ul style="list-style-type: none"> <li>Diversify portfolio to accommodate changing market behaviors</li> </ul> <b>Resilience:</b> <ul style="list-style-type: none"> <li>Robust climate and/or environmental due diligence prior to new property acquisitions and assessment of existing portfolio's physical climate risk profile</li> </ul>
	<b>Reputation</b> <b>Climate-driven Reputational Impacts:</b> Reputational damage due to negative perception of BNL's approach to climate mitigation and/or adaptation	Short to Medium Term	<ul style="list-style-type: none"> <li>Lower demand for BNL's properties or in consumer demand for tenant's businesses, subsequently impacting rental revenue and market share</li> <li>Inability to win new business and/or maintain strong relationships with existing stakeholders</li> <li>Loss of key personnel</li> </ul>	<b>Resilience / Product and Services:</b> <ul style="list-style-type: none"> <li>Stakeholder engagement to identify climate-related priorities and proactively strengthen relationships</li> </ul> <b>Markets:</b> <ul style="list-style-type: none"> <li>Improve BNL's profile through differential climate strategies (e.g. marketing) and climate-resilient portfolio adaptation</li> </ul> <b>Resource Efficiency:</b> <ul style="list-style-type: none"> <li>Set quantifiable climate-related targets (e.g. emission-reduction) to progress towards objective, time-bound goals</li> </ul> <b>Resilience:</b> <ul style="list-style-type: none"> <li>Disclosure of climate-related challenges, promoting organizational transparency and accountability</li> <li>Align with voluntary climate-related reporting frameworks</li> </ul>

[1] Key: Time Horizon = Period within which risk manifests

**Short : 0-5 Years**    **Medium : 5-15 Years**    **Long : 15+ Years**



# 2023 TCFD Disclosure

Governance  
Strategy  
Risk Management  
Metrics and Targets

Type	Risk Description	Time <sup>1</sup>	Impacts	Opportunities
PHYSICAL	<b>Sudden or Isolated Climate-related Events:</b> Increased frequency and/or severity of climate-driven weather events and natural disasters e.g., flood, wildfire, hurricane	Medium Term	<ul style="list-style-type: none"> <li>Loss of or damage to property (i.e. BNL's own offices or portfolio of leased assets)</li> <li>Financial implications, including property recovery and/or repair costs and increases in insurance premiums/deductibles due to claims performance</li> <li>Risks to workforce and tenant health &amp; safety in catastrophic events</li> <li>Damage to reputation and/or loss of stakeholder trust</li> </ul>	<b>Resilience:</b> <ul style="list-style-type: none"> <li>Develop risk management strategies with insurance and advisory partners to mitigate acute climate-related risks and encourage more favourable risk transfer terms and/or pricing</li> </ul> <b>Resilience / Products and Services:</b> <ul style="list-style-type: none"> <li>Integrate climate-resilient design, engineering and controls across the portfolio, mitigating against damage/property loss and potentially increasing the value of adapted assets</li> <li>Tenant engagement to encourage disaster-preparedness and validate their own risk management / transfer arrangements</li> </ul>
	<b>Gradual Effects of the Changing Climate:</b> Development of irreversible and/or long-term shifts in climate patterns (e.g. sustained changes to precipitation patterns and temperatures), leading to chronic phenomena e.g., extreme heat, drought, sea level rise	Medium to Long Term	<ul style="list-style-type: none"> <li>Higher rate of wear-and-tear across the portfolio, resulting in higher operating costs and more frequent maintenance and repair</li> <li>Increased demand for air conditioning (due to extreme heat) at BNL's own offices and across leased portfolio, resulting in higher operating costs for the business and potential withdrawal from tenants unable to meet costs</li> <li>Inability to arrange appropriate insurance cover and/or affordable premiums, resulting in impossibility of risk transfer or necessitating self-insurance</li> <li>Potential for total obsolescence of certain assets and/or locations (e.g. no longer viable due to coastal proximity), limiting portfolio diversification strategy</li> </ul>	<b>Resource Efficiency / Products &amp; Services:</b> <ul style="list-style-type: none"> <li>Develop energy-efficient solutions and leverage smart-property design to manage operating costs for BNL and its tenants</li> </ul> <b>Resilience:</b> <ul style="list-style-type: none"> <li>Integrate climate-resilient design, engineering and controls across the portfolio, mitigating against damage/property loss, and potentially increasing the value of adapted assets</li> <li>Geographical portfolio mapping to quantify vulnerability of to future climate trends, leveraging insights to inform investment and adaptation decision-making</li> <li>Engage with insurance and advisors to develop proactive, long-term risk mitigation strategies</li> </ul>

[1] Key: Time Horizon = Period within which risk manifests

**Short : 0-5 Years**    **Medium : 5-15 Years**    **Long : 15+ Years**



# 2023 TCFD Disclosure

	Pillar	TCFD Disclosure	2023 BNL Disclosure
Governance	<p><b>(2) Strategy</b></p> <p>The actual and potential impacts of climate-related risks and opportunities on the organization’s business and financial planning, where such information is material</p>	<p>(2c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2 degree, or lower, scenario</p>	<p>We do not currently undertake any qualitative or quantitative analysis of the impact of different potential future climate scenarios on our business.</p>
Strategy			
Risk Management	<p><b>(3) Risk Management</b></p> <p>The processes used by the organization to identify, assess and manage climate-related risks</p>	<p>(3a) Describe the organization’s processes for identifying and assessing climate-related risk</p> <hr/> <p>(3b) Describe the organization’s processes for managing climate-related risks</p>	<p><b>2023 BNL Disclosure</b></p> <p>In 2023, we codified our climate-related risks and opportunities in a dedicated risk register (see pages 44-46) and developed guidance documentation to ensure the risk register is standardly and continually maintained and reviewed. This exercise included the identification and assessment of climate-related risks, as well as analysis of how climate risks could affect the profile of other pre-identified organizational risks. The climate-related risks were also scored on a variable scale of 1-5 across 4x key categories – <b>Impact, Likelihood, Vulnerability and Speed of Onset</b> – to enable clear distinction between the significance of each risk.</p> <p>The ERMC is charged with approving our identification and assessment of risks, including climate-related risks. Read more about our risk management framework on pages 21-22.</p> <hr/> <p>Over the course of 2024, we plan to undertake work to prioritize climate risks and agree how these risks will be managed going forward. Read more about our risk management framework on pages 21-22.</p> <p>We actively engage with our tenants in relation to our leased properties, and in 2023 we specifically sought sustainability- and climate-related feedback. We actively pursue opportunities to improve the environmental performance and manage climate-related risks for the leased properties over which we retain control.</p> <p>Read more about our stakeholder engagement on pages 12-13 and our environmental initiatives on pages 37-40.</p>
Metrics and Targets			



# 2023 TCFD Disclosure

	Pillar	TCFD Disclosure	2023 BNL Disclosure
Governance	<b>(3) Risk Management</b> The processes used by the organization to identify, assess and manage climate-related risks	(3c) Describe how processes for identifying, assessing, and managing climate-related risks and integrated into the organization's overall risk management	Climate-related risks are managed in accordance with our risk management framework. 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 sustainability-related risks in 2022 and climate-specific risks in 2023 (see pages 44-46) to support the integration of these risks into our existing risk management framework and processes.  Read more our risk management framework on pages 21-22.
Strategy			
	Pillar	TCFD Disclosure	2023 BNL Disclosure
Risk Management	<b>(4) Metrics and Targets</b> The metrics and targets used to assess and manage relevant climate-related risks and opportunities	(4a) 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.
Metrics and Targets		(4c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Not currently available.



# About this Report

# Disclaimer

## CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

This report 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, 2023, filed with the SEC on February 22, 2024, which you are encouraged to read, and will be available on the SEC’s website at [www.sec.gov](http://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.

## NON-GAAP FINANCIAL INFORMATION

This report contains certain financial information that is not presented in conformity with accounting principles generally accepted in the United States of America (GAAP), including funds from operations (“FFO”), core funds from operations (“Core FFO”), adjusted funds from operations (“AFFO”), earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA further adjusted to exclude gains (losses) on sales of depreciable property and provisions for impairment on investments in real estate (“EBITDAre”), Adjusted EBITDAre, Annualized Adjusted EBITDAre and Net Debt. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. We believe that EBITDA provides investors and analysts with a measure of our performance that includes our operating results unaffected by the differences in capital structures, capital investment cycles and useful life of related assets compared to other companies in our industry. We believe that the presentation of Net Debt to Annualized Adjusted EBITDAre is a useful measure of our ability to repay debt and a relative measure of leverage and is used in communications with our lenders and rating agencies regarding our credit rating. Such non-GAAP measures should not be considered in isolation or as an indicator of the Company’s performance. Furthermore, they should not be seen as a substitute for metrics prepared in accordance with GAAP. Reconciliations of these measures to their most directly comparable GAAP measures for the periods that are presented in this presentation can be found in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 22, 2024.

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# 2023 Sustainability Report

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