

2021

Environmental, Social & Governance Report



Table of Contents

A Message From Our CEO	03
Key ESG Highlights	04
All One Team Culture	05
1. Spirit Realty Overview	06
Business Overview	07
Key Figures & 2021 Business Highlights	07
Portfolio Diversification	08
2. Governance	09
Board Features and Composition	10
Board Oversight of ESG	12
Risk Management	14
Policies & Governance	14

3. Social	16
Diversity & Inclusion	17
Human Capital Management	19
Community & Philanthropy	21
4. Environmental	22
Environmental Management System	23
Environmental Focus of Tenants	24
Environmental Focus at Corporate Headquarters	26
Environmental Focus Throughout the Community	26
ESG in Acquisition Due Diligence Process	27
Approach to Climate Change	27
Environmental Plans for the Future	28
Case Study: Bedford Park Shopping Center	28
5. About This Report	29
6. Report Indices	31
Sustainability Accounting Standards Board (SASB)	32
Task Force on Climate-related Financial Disclosures (TCFD)	35

A Message From Our CEO



I am both proud and excited to introduce Spirit's inaugural Environmental, Social and Governance report. At Spirit, we believe in doing the right thing and always following through on our commitments. Over the last several years, we have maintained an intense focus on transforming our business model to becoming a pure-play, simplified triple-net REIT and I am thrilled that we have been successful in our endeavor.

On this journey, we have realized how interlinked ESG is, and should be, with our business strategy and aim to provide our shareholders with the best possible results that integrate ESG considerations. As a triple-net REIT, we face some unique challenges in the ESG landscape, particularly in the environmental space, due to our lack of access to and ability to track certain property-level data. However, we are committed to implementing sound ESG-related practices throughout our business. I am honored to present our 2021 ESG Report, which summarizes our various ESG accomplishments.

In this report, we highlight certain accomplishments from 2020 and 2021, including:

- Aligning our business and ESG disclosures with the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks
- Conducting a formal Enterprise Risk Assessment to assess Spirit's key enterprise risks and focus areas
- Enhancing the ESG-related roles, responsibilities and oversight of our Board and its Committees
- Adopting green lease language to further our tenant engagement strategy and facilitate potential tenant partnerships

- Formalizing our commitment to diversity and inclusion through the creation of our Diversity, Equity and Inclusion (DEI) Council in 2020 and our subsequent DEI Policy developed and released in 2021
- Incorporating ESG goals into our Executive Leadership Team's cash bonus program in 2021, to further demonstrate our organization's commitment to best practices

I would like to extend my sincere thanks to our employees and all stakeholders for their continued focus and efforts that have allowed us to share this report with you today and I feel confident in our ability to catalyze meaningful change going forward. We are very proud of our accomplishments to date and we appreciate your continued support as we move forward on our ESG journey.

Sincerely,

A handwritten signature in black ink, appearing to read "Jackson Hsieh". The signature is fluid and cursive, with the first and last names being more prominent.


Jackson Hsieh
Chief Executive Officer and President
Spirit Realty Capital, Inc.





Key ESG Highlights

Overall Updates

Formed an internal ESG Task Force and hired an external consultant to assist with ESG initiatives

 **CONDUCTED AN IN-DEPTH INTERNAL GAP ANALYSIS** to understand ESG opportunities


 **DEFINED ESG PRIORITIES** based on internal gap analysis to determine actionable initiatives

 **ANNOUNCED INTENT TO PUBLISH FIRST ESG REPORT** aligned with SASB and TCFD Frameworks

Environmental Updates

Adopted an **ENVIRONMENTAL MANAGEMENT SYSTEM** to formalize company strategy

Integrated Green Lease Provisions into our form lease

 **MADE AN IMPACT IN OUR COMMUNITY** by participating in a community service event, as well as making corporate donations to Groundwork Dallas, a non-profit dedicated to improving the natural surroundings of Dallas and beyond



Governance Updates

 **DEFINED ESG OVERSIGHT ROLES AND RESPONSIBILITIES** of our Board and its Committees

Refreshed our Board of Directors, including the addition of two female directors, making our Board 40% female

 **CONDUCTED AN ENTERPRISE RISK MANAGEMENT (ERM) ASSESSMENT** to understand risks and priorities for Spirit

 **UPDATED AND CREATED VARIOUS CORPORATE POLICIES** to formalize commitment to company values

Social Updates

Donated over \$200,000 in 2021 to charitable organizations, including those focused on environmental sustainability and diversity, equity and inclusion

Granted \$20,000 in scholarships to multiple students at Historically Black Colleges and Universities (HBCUs)

 Created the **DIVERSITY, EQUITY AND INCLUSION (DEI) COUNCIL IN 2020** and formalized our **DEI POLICY IN 2021**

 Spirit's CEO, Jackson Hsieh, signed the **CEO ACTION FOR DIVERSITY & INCLUSION PLEDGE**

 Conducted **COMPENSATION ANALYSIS** and **LEADERSHIP TRAINING PROGRAMS**

 Women's Leadership Council (WLC) hosted **BOOK CLUB MEETINGS** and a **GUEST SPEAKER SERIES**

 Built key partnerships with **CRISTO REY DALLAS** and **PROJECT DESTINED**



All One Team Culture

None of these exceptional achievements could have been realized without the dedication, commitment and tireless efforts of our Spirit employees.

Our cultural commitment extends beyond our employees – we are also dedicated to serving the best interests of our shareholders, forging strong tenant relationships and fostering meaningful relationships with our community. We abide by Spirit’s mottoes for success in guiding our interactions with all of our stakeholders, and we strive to take into account all stakeholders when we craft policies and initiatives related to our environmental, community and human capital impacts.

Our Culture...



Focuses on Teamwork - We are “All One Team”

We have successfully navigated the challenges presented over the last few years and reached our goal of becoming a simplified triple net-lease REIT through effective interdepartmental communication and collaborative, multi-disciplinary teams delivering on critical objectives in a timely manner.



Encourages Employee Development

In 2021, we continued investing in our employees through development and training on leadership, operations, finance and accounting, legal and information technology.



Is Dynamic

Our leadership keeps the lines of communication open with and among our employees, including monthly Town Hall meetings where our CEO and other senior leaders update employees on company matters and answer questions from employees.



Celebrates Diversity and Inclusion

Approximately 52% of our employees are female, approximately 26% of our employees are racial or ethnic minorities and 40% of our directors are female. In 2020, we established an employee-driven Diversity, Equity and Inclusion Council to promote diversity and inclusivity within our Company and community. In 2021, we formalized our efforts in diversity and inclusion by creating our DEI Policy. Together with the Women’s Leadership Council, these groups provide perspective to our executives and our Board of Directors.





SECTION 1

Spirit Realty Overview

Business Overview

Spirit Realty Capital, Inc. is a triple net-lease REIT headquartered in Dallas, Texas. Over the past decade, Spirit has become an essential capital partner for businesses across a diverse group of industries, providing the capital they need to expand and evolve, while creating economic growth that benefits communities across the country.

Investing primarily in single-tenant, operationally essential real estate assets throughout the United States, which are subsequently leased on a long-term triple-net basis to high-quality tenants with operations in retail, industrial and certain other industries, Spirit’s objective is to maximize shareholder value by providing a growing stream of earnings and dividends generated by high-quality, diversified commercial real estate.



Key Figures & 2021 Business Highlights

The operational boundary for the quantitative, non-environmental information discussed in this report is Spirit-owned facilities within the 2021 calendar year.

As of December 31, 2021, Spirit owned a diversified portfolio of 2,003 properties with an aggregate leasable area of 49 million square feet and in-place Annualized Base Rent (ABR) of \$588.1 million. Other business highlights include:



\$9.3 bn
Enterprise Value



10.4 years
WALT



49
States



99.8%
Occupancy



35
Industries

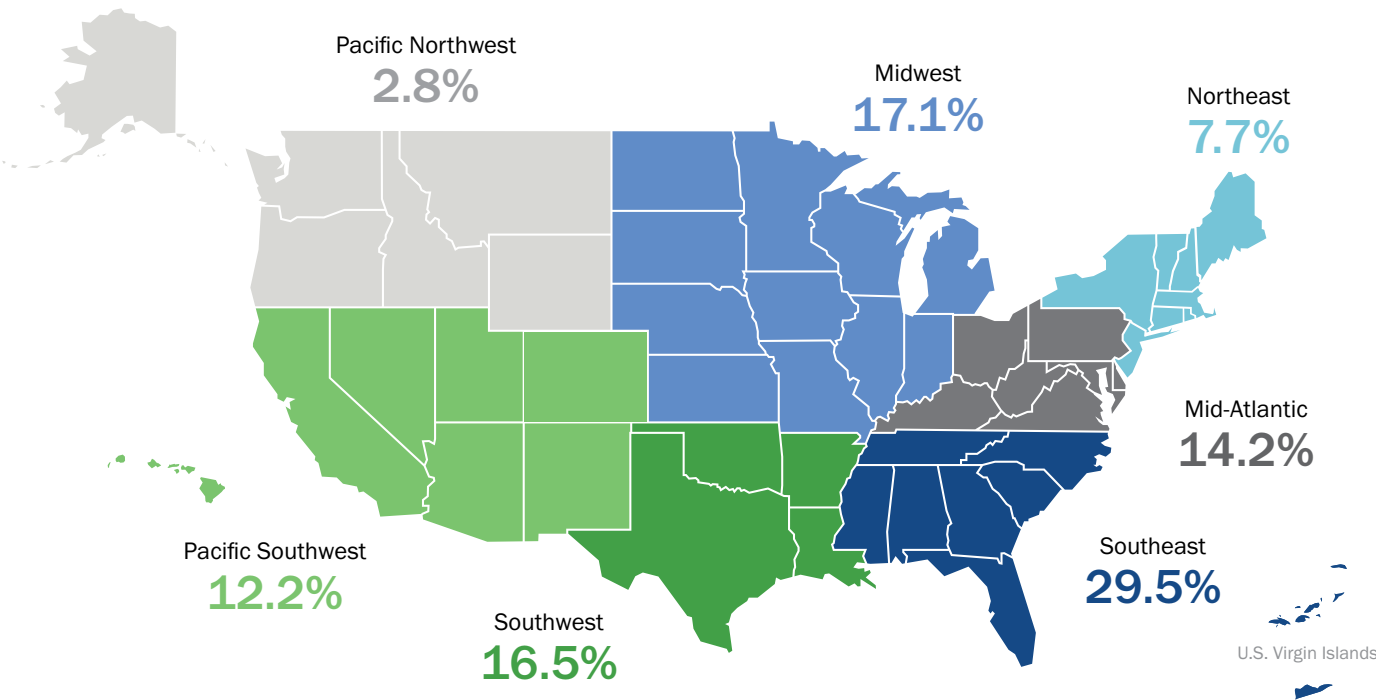


321
Tenants



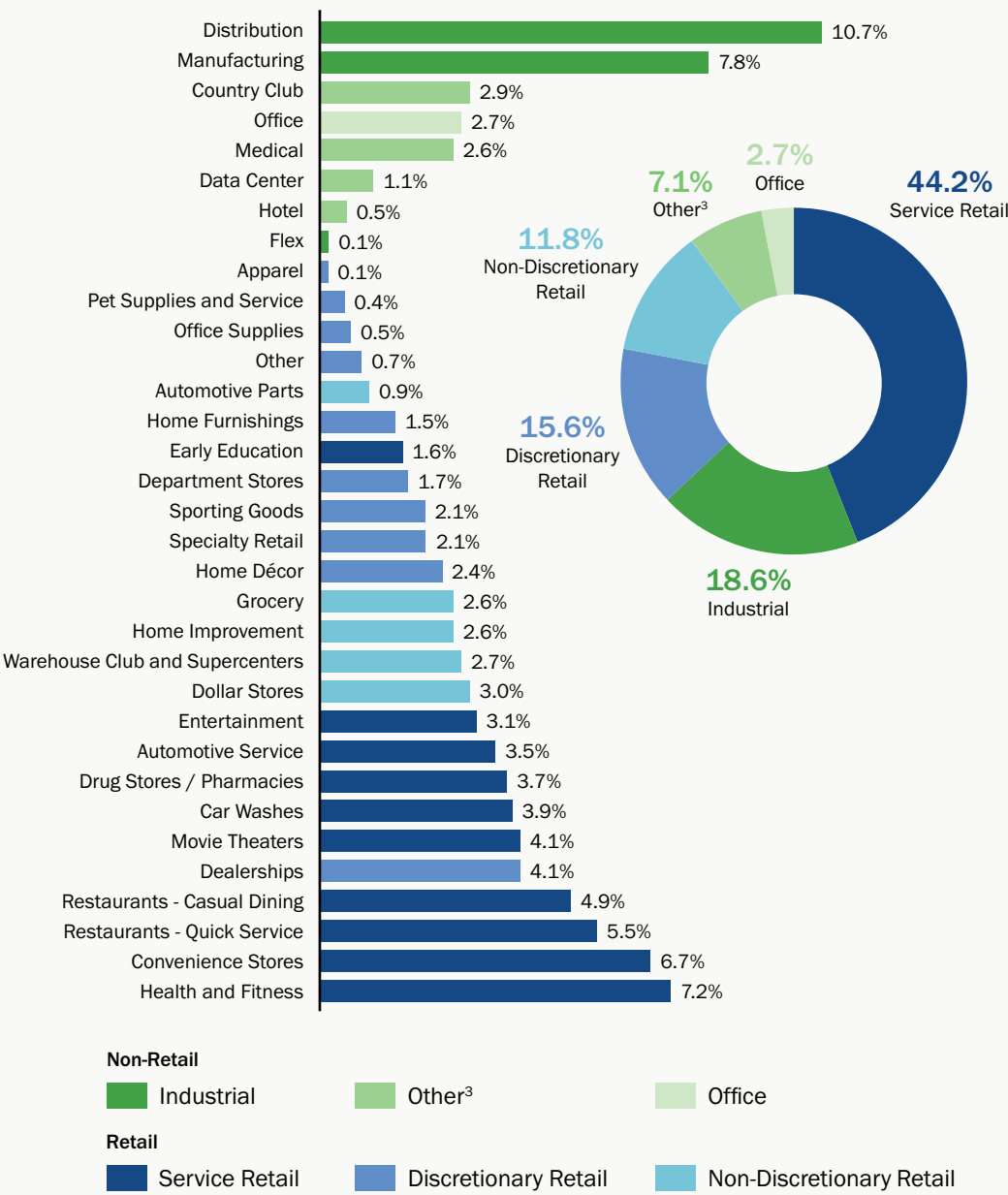
Portfolio Diversification

GEOGRAPHIC FOOTPRINT¹



% of ABR ¹	Southeast	Midwest	Southwest	Mid-Atlantic	Pacific Southwest	Northeast	Pacific Northwest	Total
Service	12.8%	8.4%	8.6%	5.6%	5.5%	1.5%	1.8%	44.2%
Discretionary Retail	5.1%	3.0%	2.5%	1.8%	2.2%	0.8%	0.2%	15.6%
Non-Discretionary Retail	3.7%	1.9%	2.0%	1.2%	1.7%	0.9%	0.4%	11.8%
Industrial	4.5%	3.3%	2.2%	3.2%	1.4%	3.8%	0.2%	18.6%
Other ³	2.4%	0.4%	1.2%	1.2%	1.0%	0.7%	0.2%	7.1%
Office	1.0%	0.1%	—	1.2%	0.4%	—	—	2.7%
Total	29.5%	17.1%	16.5%	14.2%	12.2%	7.7%	2.8%	100.0%

PORTFOLIO COMPOSITION^{1,2}



Footnotes:
1. Based on Q4 2021 ABR of \$588.1 million
2. Retail industries, indicated in blue, reflect the underlying tenant operations and non-retail industries, indicated by green, represent the underlying property use
3. Other includes hotel, country club, medical and data center assets





SECTION 2

Governance



Board Features and Composition

Our Board is committed to sound governance practices designed to promote the long-term interest of shareholders and strengthen Board and management accountability. Our Board regularly evaluates our governance profile against best practices to identify areas for improvement. The Board also leverages our active shareholder engagement program to gather insights on key areas of shareholder interest and emerging trends to evaluate. Key elements of our governance program are included on the right.

For more information on Board features, please see our [Corporate Governance Guidelines](#) on our website.



Board of Directors

Independent Chair

All directors, with the exception of our CEO, are independent

Annual election of directors

Board regularly meets in executive sessions, including without the presence of our CEO

Board seeks direct engagement with employees at all levels of the organization

Board oversight and engagement on environmental, social and human capital management matters

Diverse Board including gender, race/ethnicity, tenure, age and experience



Governance Highlights

Majority vote standard for director elections

Majority standard for shareholder right to call special meeting

Majority vote standard to amend/repeal bylaw provisions, without subject matter restrictions

Minimum stock ownership policy for Board and senior executives

Active shareholder engagement program

Regular Board review of CEO and senior management succession plans

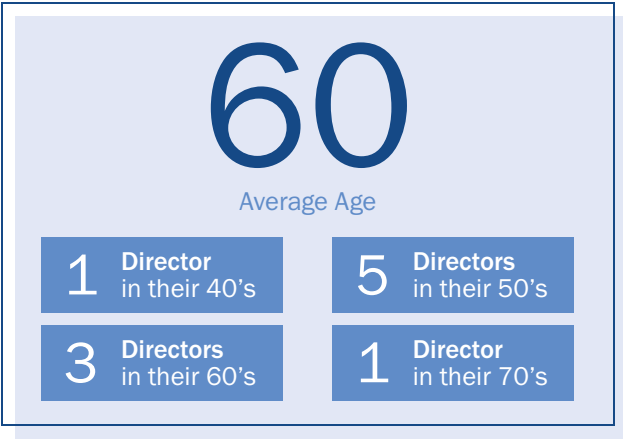
Shareholders entitled to submit proposals for inclusion in the Company's proxy in accordance with Rule 14a-8



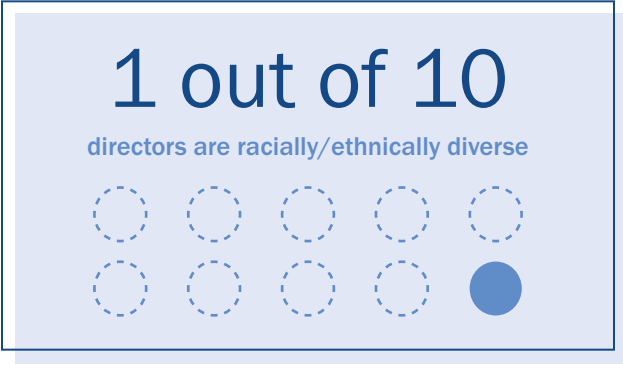
We believe that our Board’s composition currently reflects diversity across gender, age, tenure and skills, and therefore ensures a strong, engaged set of directors who are empowered to oversee management.

2021 Board Composition:

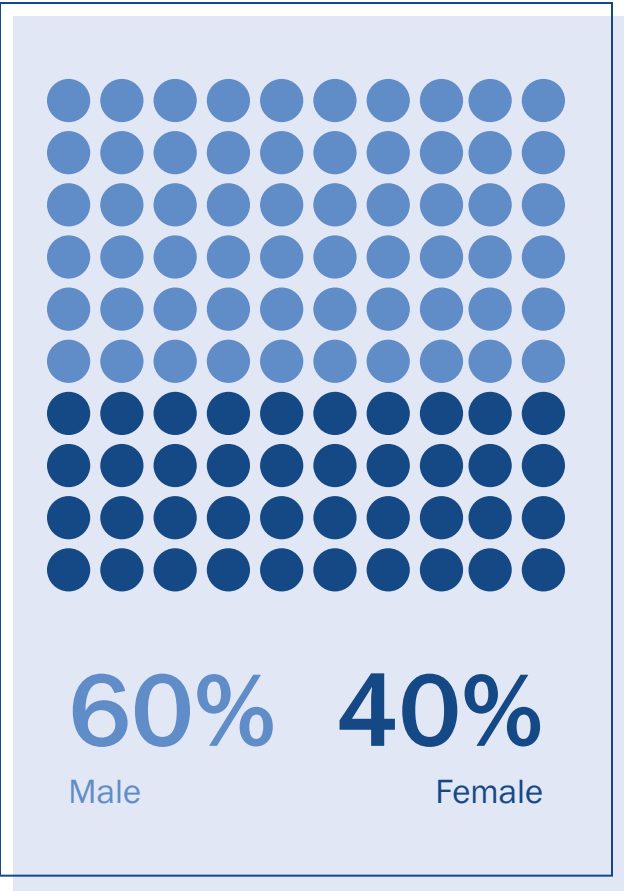
DIRECTOR AGE



RACIAL / ETHNIC DIVERSITY



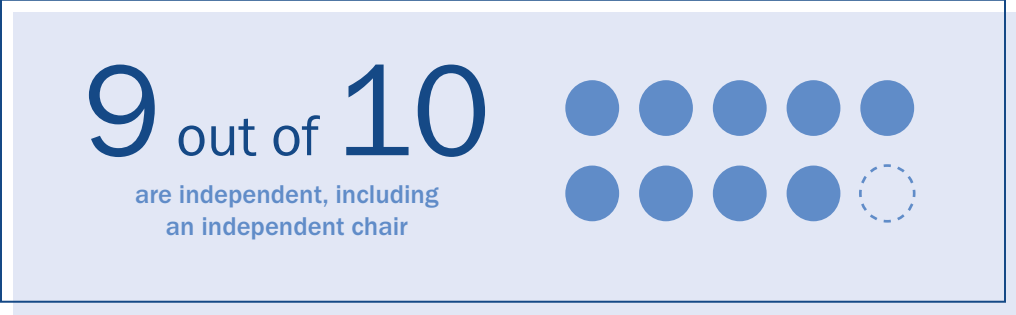
GENDER DIVERSITY



TENURE



INDEPENDENCE



To ensure continued Board diversity, we updated our Corporate Governance Guidelines in 2021 to reflect that our Nominating and Corporate Governance Committee will adhere to a “Rooney” style rule. This requires us to use best efforts to include qualified female and/or ethnic or racial minority candidates in the initial search pool that the Committee further evaluates for recommendation to the Board.

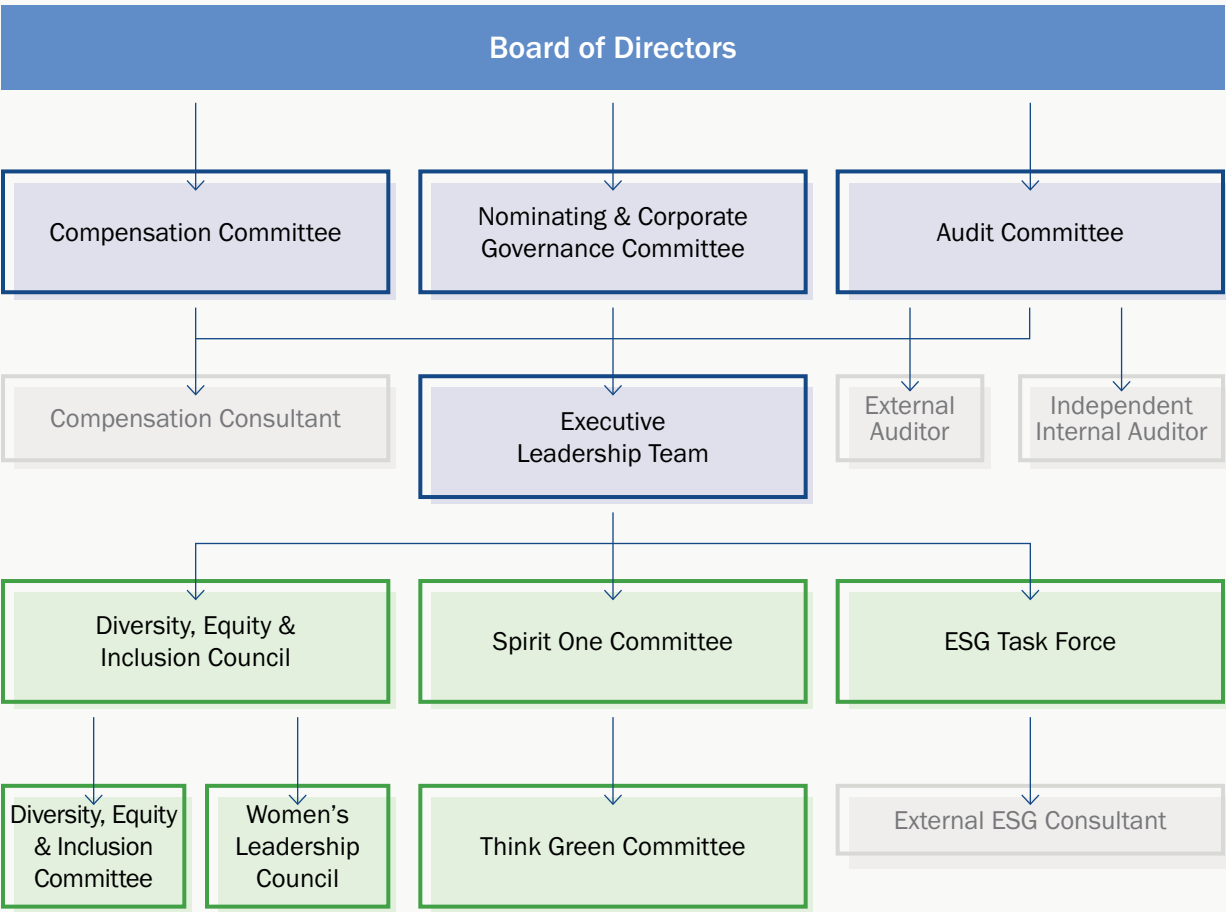


Board Oversight of ESG

Our Nominating and Corporate Governance Committee is responsible for ESG oversight and receives ESG-related updates from the Executive Leadership Team (ELT) at least quarterly and on an as-needed basis.

While the Nominating and Corporate Governance Committee holds primary ESG-oversight at the Board level, our Audit and Compensation Committees also oversee ESG-related responsibilities specific to their committee scope. The chart to the right outlines the flow of ESG reporting within our organization, as well as some of the core ESG-related responsibilities of each committee of the Board.

In addition to assigning responsibility at the Board level, we have also established several subcommittees. Each of our ESG subcommittees report directly to the ELT. Additionally, members of our ELT and senior management sit on each of the internal ESG committees, as well as the ESG Task Force, to remain informed and involved in decision-making. The next page describes the structure and specific responsibilities of each ESG working group.



Spirit Board of Directors

THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

- Reviews and oversees key ESG-related issues and trends and makes recommendations to the Board regarding Company action
- Oversees Spirit’s annual ESG Report
- Assists the Compensation Committee with considering ESG-related performance goals for the ELT and Spirit
- Oversees Spirit’s ESG strategy, including ESG-related policies and procedures
- Incorporates ESG-related topics and presentations in the Board’s Continuing Education Program
- Receives ESG updates from the ELT at least quarterly

THE COMPENSATION COMMITTEE

- Considers incorporation of ESG-related goals into the ELT’s annual cash bonus program, which includes individual goals and corporate objectives
- Oversees Spirit’s shareholder engagement program

THE AUDIT COMMITTEE

- Oversees Spirit’s risk management strategy, including oversight regarding cybersecurity, data privacy and climate risk
- Oversees Spirit’s ERM assessment
- Oversees Spirit’s annual and quarterly financial statements, as well as any disclosure-related processes and procedures, including those related to quantifiable ESG metrics

Spirit ESG Subcommittees

THE DIVERSITY, EQUITY AND INCLUSION (DEI) COUNCIL is dedicated to: (i) bringing meaningful change to society as it relates to diversity, equity and inclusion matters, (ii) bringing awareness and fostering an environment and culture that promotes diversity and inclusion and (iii) supporting Spirit’s leadership in developing strategies and best practices aimed at fostering a diverse and inclusive workforce through identifying opportunities to promote equity, social justice and inclusion

- Works directly with the Diversity, Equity and Inclusion Committee, which is dedicated to executing the strategies and programming envisioned by the DEI Council

THE SPIRIT ONE COMMITTEE is comprised of employees across all levels and departments of Spirit who come together, collaborate and create exciting programming for the entire Spirit team from company-wide social events to community service projects and civic involvement opportunities

THE THINK GREEN COMMITTEE is focused on making environmentally smart choices for Spirit, as well as selecting at least one environmentally focused nonprofit organization each year for community service projects and donations

THE WOMEN’S LEADERSHIP COUNCIL is dedicated to empowering the women of Spirit in professional and personal growth, by building leaders, creating social connections and serving the community

THE ESG TASK FORCE is dedicated to researching and developing ESG-related goals and strategy for Spirit as well as Spirit’s annual ESG Report



Risk Management

Assessing and identifying potential risks and opportunities for Spirit is critical to how we conduct our business. In 2021, we conducted an ERM assessment by utilizing a third-party risks consultant. In connection with our ERM assessment, we analyzed risks across many categories including finance, operations and ESG. Our ERM process is overseen by our Audit Committee and spearheaded by our EVP and General Counsel. Both the Company and the Audit Committee view the ERM results as a living document and one that is reviewed and analyzed on a quarterly basis to determine whether risks identified have increased or decreased in relevance, or whether new risks are facing Spirit.

In addition to our ERM assessment, our Audit Committee and Board are regularly updated regarding risks to the Company at Board and committee meetings, or more regularly as needed. Additionally, directors receive a formal presentation at every other quarterly Board meeting as part of the Board’s continuing education program on a wide variety of topics, including regulatory trends and updates, cybersecurity and climate change.



Policies & Governance

We are dedicated to conducting business consistent with the highest standards of business ethics and have an obligation to our employees, shareholders, customers, suppliers, community representatives and other business contacts to be honest, fair and forthright in all of our business activities. Many of these commitments have been formalized through various policies and guidelines that affirm our dedication to these issues and outline best practices at Spirit.

Code of Business Conduct and Ethics

Along with our Corporate Governance Guidelines, Employee Handbook and DEI Policy (all of which are discussed throughout this report), our [Code of Business Conduct and Ethics](#) outlines the general guidelines for ensuring we at Spirit are conducting business with the highest level of integrity. The Code applies to all directors, officers and employees, and includes the below key highlights:

Honest and Ethical Conduct	Speak Up Culture/ How to Report	Policy Against Retaliation
----------------------------	---------------------------------	----------------------------

Specific Policies on:

- Conflicts of Interest
- Political Contributions and Activities
- Environment, Health and Safety
- Employment Practices

All Spirit employees are required to provide a written acknowledgment stating their understanding of the Code of Business Conduct and Ethics.





Human Rights Policy

We are deeply **committed to protecting human rights**, not only because it is the right thing to do, but because this commitment is crucial to upholding social best practices in our operations that benefit all stakeholders. As a company, we take responsibility to ensure human rights are respected in all business functions and **promote human rights by encouraging social and environmental progress and better standards of life for employees, vendors and our communities**. Our Human Rights Policy discusses:

- Equal Opportunity
- Child Labor
- Forced Labor and Human Trafficking
- Occupational Health and Safety
- Transparency in the Supply Chain
- Freedom of Association
- Ways to report and company hotline



Vendor Code of Conduct

We are committed to **fair and ethical business practices** that are aligned with our Code of Business Conduct and Ethics. As such, we expect our **partners, agents and vendors** to also embrace this commitment. Our Vendor Code of Conduct includes guidelines related to:

- Confidentiality and Data Protection
- Human Rights and Labor Standards
- Health and Safety
- Applicable Environment Laws



Anti-Corruption Policy

Our Anti-Corruption Policy re-affirms our **commitment to conducting business with the upmost integrity** at every level in the organization. Key features of our policy include:

- Defining Corruption
- Defining Bribes and Facilitation Payments
- Defining Anti-Money Laundering
- Hiring third-parties
- Competition and Fair Dealing
- Compliance with Antitrust laws
- Ways to report and company hotline



Cybersecurity Policy

We employ a comprehensive set of security guidelines that govern devices, on-premise and remote access, acceptable use, network accounts and cyber-incident management. We conduct **mandatory employee cybersecurity training** and knowledge assessments in conjunction with year-round phishing simulations and penetration testing. Our cyber-incident response team performs **readiness exercises to validate procedures operate effectively**.



Gifts and Entertainment Policy

Our Gifts and Entertainment Policy describes in detail our policy regarding the **giving or receiving of gifts and entertainment**. This policy applies to **all individuals working for Spirit**, including all directors, officers and employees, and specifically includes:

- The **necessary requirements for gifting and entertaining**, including no cash gifts, no solicitation of gifts, no gifts to government officials, reporting and recordkeeping requirements and more
- Refuse or returning gifts that are deemed impermissible under the policy
- Enforcement



Whistleblower Policy

Our Whistleblower Policy provides a full description of the matters which can be **submitted anonymously and confidentially 24/7 to an independent third-party**, as well as Spirit's responsibility to handle all whistleblower reports with the upmost seriousness and expediency. Within the policy, we also outline the necessary procedures for third-parties if contracted to handle complaints or any part of a complaint.

All Spirit employees are required to provide a written acknowledgment stating their understanding of the Human Rights Policy, Anti-Corruption Policy and Gifts and Entertainment Policy.





SECTION 3

Social

Diversity & Inclusion

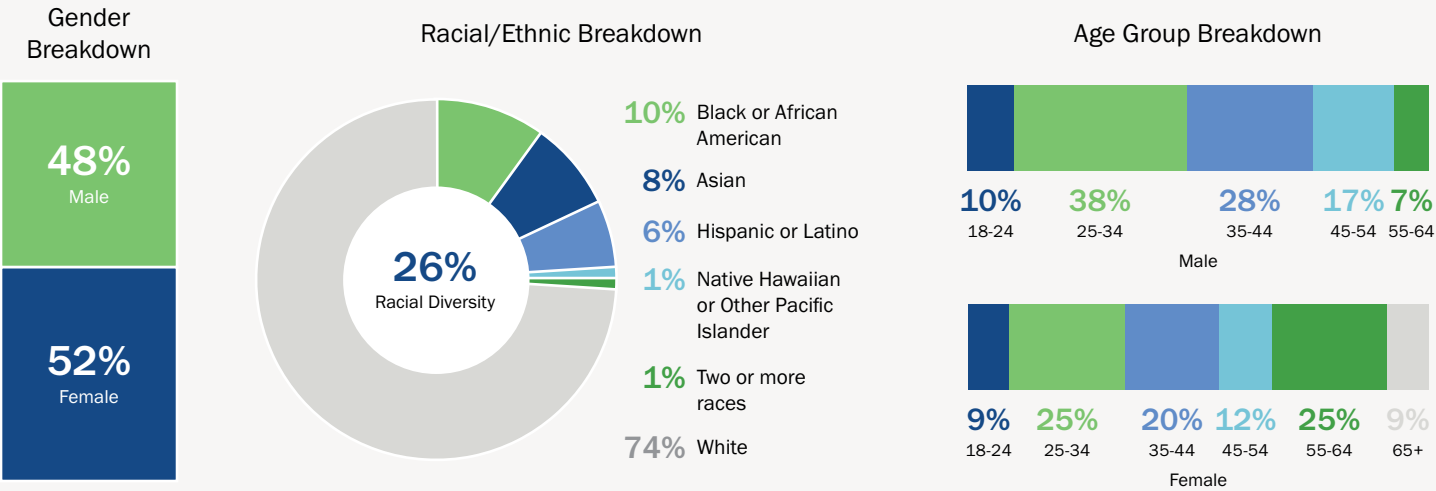
We are committed to diversity and inclusion in the workplace, and we maintain an inclusive, diverse workforce that effectively accepts, utilizes and values our employees. We foster an environment where employees can contribute ideas, seek challenges and assume leadership roles while providing opportunities and training that allow our employees to achieve their full potential.

All recruiting, hiring, job assignment, compensation, promotion, discipline, termination, benefits, training and other employment-related decisions are made on a non-discriminatory basis.

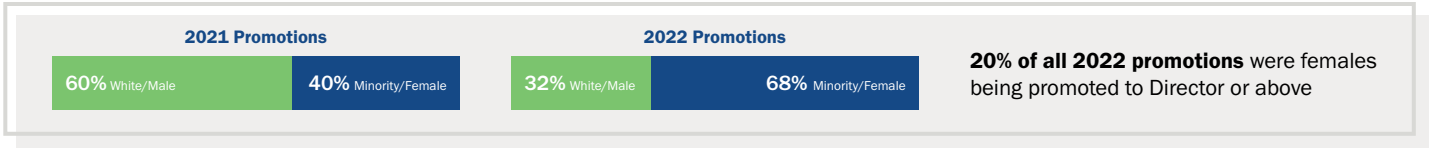
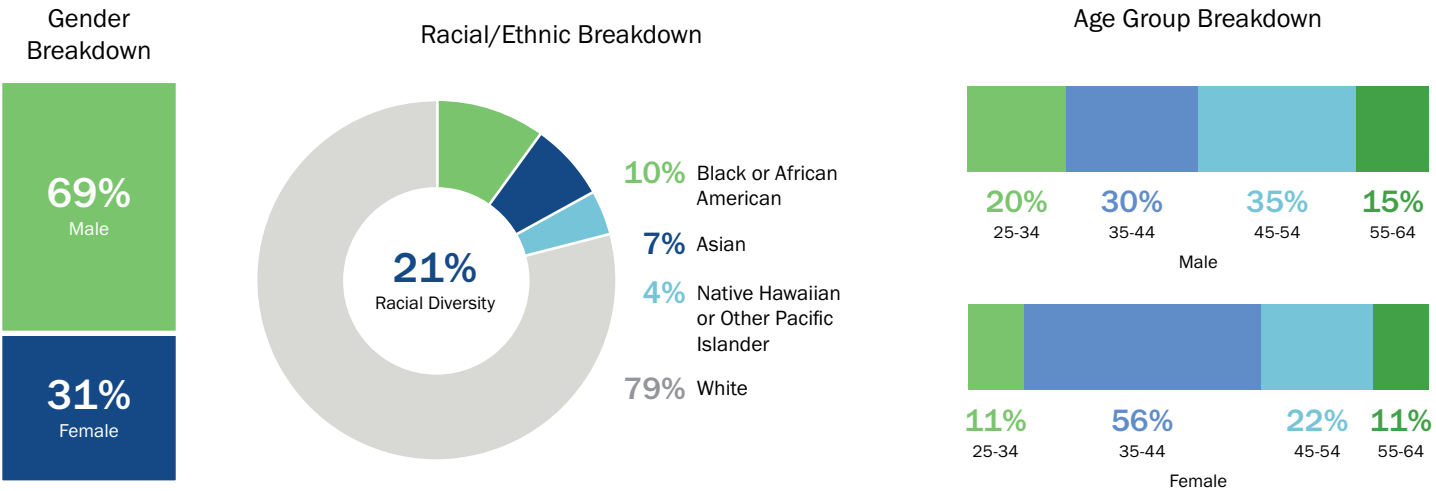
Our diversity statistics for 2021 are provided on this page, and we continue to keep diversity and inclusion a key focus area as we look towards growth and changes in the workforce.

As formally stated in our Code of Business Conduct and Ethics, Sprit provides a work environment free from discrimination and harassment, and we do not tolerate harassment in any form. We require all Spirit employees complete mandatory diversity and inclusion and harassment training on an annual basis.

DEI Benchmarking Metrics for All Employees



DEI Benchmarking Metrics for People Managers and Above



Diversity, Equity and Inclusion Council and Committee

In 2020, we formed the DEI Council. The DEI Council, working in concert with the Diversity, Equity and Inclusion Committee, is dedicated to bringing meaningful change in the society we work in as well as bringing awareness and fostering an environment and culture that promotes diversity and inclusion within Spirit. For more information, please see our ESG Subcommittees section on [page 13](#).

Diversity, Equity and Inclusion Policy

In 2021, after the formation of the DEI Council, we decided to formalize our efforts in diversity and inclusion with the creation of our Diversity, Equity and Inclusion Policy. A team is made up of individuals with different backgrounds and perspectives, and we know our team is made stronger when those individuals are seen, heard and included without barriers. In this policy, we:

- Define what Diversity, Equity and Inclusion means to Spirit
- State our commitment to employees, our community, our tenants and our shareholders
- Explain how we honor our commitment through:
 - » Board Oversight and Senior Management Involvement
 - » Various Corporate Policies and Programs, including:
 - + Zero Tolerance for Discrimination - Workplace Harassment and Discrimination Prevention Policy
 - + Equal Employment Opportunities
 - » Talent Development and Training, including Leadership and Diversity and Inclusion Training
 - + Leadership Training
 - + Diversity and Inclusion Training
 - » Community Involvement

Please see our [Diversity, Equity and Inclusion Policy](#) on our website for more information.





Women’s Leadership Council


Led by employees of all levels of the Company, the WLC is dedicated to empowering the women of Spirit in professional and personal growth, by building leaders, creating social connections and serving the community. In 2021, the WLC hosted book club meetings and a guest speaker series.





DEI Accomplishments During 2021


- 


Hosted a workshop on “The Power of Listening in a World of Differences” with author Sara Ting
- 


Hosted a DEI Speaker Series virtual session with JPMorgan for a panel discussion on DEI topics
- 


Hosted a DEI Speaker Series virtual session with Lambda Legal Attorney in celebration of Pride Month and donated \$5,500 to Lambda Legal
- 

Partnered with Prairie View A&M and funded \$15,000 towards student scholarships. We also partnered with Paul Quinn College and funded a \$5,000 scholarship.
- 

Built key partnerships with Cristo Rey Dallas and Project Destined
- 

DEI Committee formed
- 

Facilitated a company-wide engagement survey regarding the value of DEI initiatives, the inclusiveness of Spirit’s workplace, training of interest and feedback on hiring, career success and ways to strengthen DEI efforts
- 

Beginning in February 2021, distributed frequent company-wide email communications on DEI awareness to all employees
- 

Company statement made internally and on social media platforms in support of Asian-Americans
















Human Capital Management

We are only as good as our people, and we are committed to attracting the best and brightest talent in the industry and retaining them through a culture of collaboration and mutual respect. To that end, we strive to ensure the well-being and development of our talented team, and we do so by the following:

Employee Compensation and Benefits

We are committed to awarding our employees compensation and benefits that are competitive amongst peers, including:







	Medical, Dental and Vision Insurance		Short and Long-Term Disability
	Pet Insurance		401(k) and Roth Savings Plans
	Flexible Spending Accounts (Health and Dependent)		Employee Assistance Program
	Life and AD&D Insurance		Employee Discount Program
	Paid Vacation		Bereavement Leave
	Maternity and Paternity Leave		Leave permitted for employees who contract COVID-19 or care for an individual who contracts COVID-19
	Military Leave		

All of this information and more is covered in our Employee Handbook, which outlines the employment policies of Spirit and the benefits offered to all employees.



Mental and Physical Well-Being

The mental and physical well-being of our employees is an important piece of our business and overall success. We support our employees’ health and wellness by implementing:

	A transition to a 100% remote work environment for all employees in March 2020 due to COVID-19. The Company formed a “Return to Office” Committee consisting of a cross section of employees across various levels and departments that researched best practices and safety measures in order to re-open our office safely	
	The opening of our office in October 2020 on a voluntary basis and, as of 2022, the return of all employees to the office three days a week, with remote work permitted two days a week	
	Regular employee surveys regarding satisfaction with topics such as corporate culture, work-life balance and working from home, and formed action plans based on responses	
	Annual health and wellness challenges	 Wellness screenings
	A physical work environment designed for health and well-being (sit-stand desks, ergonomic chairs, healthy snack options, maximized natural light at all workspaces, creative and collaborative workspaces)	



Social Engagement

We have a passion for creating a social, collaborative and engaged workforce. We firmly believe that regular social and team building events for our employees encourage socialization, collaboration and relationship building among our Spirit family – all things that are vital for employee engagement. Our passion for a social and engaged workforce is evident through the initiatives our Spirit One Committee develops, including the following:

- Monthly “Coffee Talks” where smaller groups of employees enjoy their morning coffee virtually with one another and discuss “non-work” topics
- Annual company-wide social events (which have been virtual in 2020 and 2021), including, for example:
 - » Think Green Earth Day Challenge, which encouraged employees to do something good for the Earth and post a photo of it
 - » Virtual Holiday Party
 - » Adopt-a-Family holidays volunteer event
 - » Department specific team building events throughout the year

Employee and Tenant Appreciation

Recognition of our employees’ accomplishments and hard work is a key component of our talent engagement strategy. We actively promote the recognition of our employees, including presenting a “game ball” to one employee or group of employees at each monthly Town Hall meeting to recognize their efforts on a particular project or transaction.

Furthermore, appreciation of our tenants is a crucial piece of continually building our tenant relationships and advancing our overall business strategy. We show appreciation for our tenants by hosting a Partner Appreciation Event in Dallas, Texas, and, when we were not all able to meet in person, by inviting different tenants to our Town Halls to come and speak to our employees. These events are meant not only to show appreciation for our tenants, but to also give our employees a chance to meet our tenants in person, better understand their opportunities and challenges and connect the work we do to our core mission of funding the heart of American business.

Employee Development and Training

Not only are we committed to attracting the best and brightest talent in the industry, we are committed to developing each employee to reach their full potential. To that end, we strive to offer various resources and training to our employees to better position them for success, such as:

- Executive, officer and director-level individual coaching
- Leadership training administered by a third-party consulting firm
- Tuition reimbursement
- Lunch and Learn presentations on various business and legal topics
- Monthly Town Hall meetings with the entire company led by the CEO to discuss the current status and strategic objectives of the company
- Direct interactions between the Board of Directors and employees at least annually
- Mandatory Diversity and Inclusion and Information and Technology Security Training
- Pryor Learning Membership (an external, award-winning business training platform) available for all employees

There are forums for employees to interact with our CEO and Board of Directors regularly through Town Hall Meetings, Lunch and Learn programs, and more.



In addition to ensuring our employees have all the resources they need to excel, we evaluate best practices to allow employees to maximize their productivity and creativity. In 2021, we undertook a company-wide analysis of time spent in scheduled meetings and identified several areas for improvement and efficiency.

As a result of this study, we developed guidelines to decrease the number of scheduled meetings, minimize the number of required attendees, reduce the length of meetings and set guardrails for when meetings can be scheduled, allowing employees more time and space to accomplish professional and personal tasks and focus resources on creative thinking, problem solving and strategic initiatives.



Community & Philanthropy

Spirit One Committee

Spirit is committed to being a good corporate citizen by supporting charitable organizations and encouraging our employees to personally participate in volunteer activities.

Since its inception, the Spirit One Committee has organized donations and volunteer hours at several nonprofit organizations including United Way, Genesis Women's Shelter, The Family Place, The Arts Community Alliance, Bryan's House and Meadows Mental Health Policy Institute, among others.

Employee Gift Matching Program

Spirit is also committed to supporting and encouraging its employees' contributions to charitable organizations outside of the company's organized service projects. To assist employees with charitable giving and augment the impact of their charitable dollars, Spirit has instituted an Employee Gift Matching Program. Under the Employee Gift Matching Program, Spirit will match, up to a certain dollar amount per employee, charitable contributions made by our employees to eligible organizations.



Volunteer Highlight

On Easter Sunday, Spirit delivered 200 lunches to Parkland Hospital's COVID-19 and ER Units and 260 lunches to Baylor University Medical Center, which are local to the Dallas-Fort Worth area. Each lunch had Spirit's logo on the package and a message of thanks from the Spirit team. Spirit has continued this support to medical centers in the area following this initiative, including recently providing office supplies to Parkland Hospital as they were very low on basic needs.

Donated over \$200,000

across 36 organizations





SECTION 4

Environmental



Environmental Management System

In 2021, we adopted an **Environmental Management System** (EMS) to formalize our company policy of implementing sound environmental practices throughout the business. Our Nominating and Corporate Governance Committee is responsible for oversight of our EMS, and our ESG Task Force and Think Green Committee are charged with discussing, planning and executing on our environmental initiatives.

Within our EMS framework, we utilize a "Plan-Do-Check-Act" (PDCA) cycle referencing ISO 14001, the internationally recognized standard for successful environmental management. We outline the various processes in each step of the PDCA process to ensure responsible environmental management. The EMS also touches upon environmental considerations at our headquarters and throughout our portfolio.

Through the EMS framework, we seek to be environmentally responsible and conscientious in everything that we do as we strive to both increase shareholder returns and make the communities in which we operate a better place to live and work.



Environmental Focus of Tenants



As a triple net-lease real estate investment trust, we invest predominantly in single tenant real estate under triple-net leases. Thus, our tenants are generally responsible for maintaining the leased premises, including controlling their energy usage and implementation of environmentally sustainable practices at each location. While this dynamic does not give us direct control over our assets, our goal is to be a leader in the net lease space by partnering with our tenants to define environmental opportunities. We currently manage and mitigate the environmental risk that may be associated with our net-lease properties by:



Including green lease clauses in our form lease agreement which allow Spirit to recover the capital costs of energy efficient improvements, require the tenant to comply with applicable environmental laws, remediate or take other corrective action if environmental issues arise and request that tenants provide energy and water consumption data on a periodic basis. Please see our [EMS](#) on our website for more information.



Maintaining comprehensive pollution insurance coverage and requiring sellers to remediate known environmental issues for all properties, ensuring that should any environmental issues occur, there are resources available to ensure safe and timely remediation.



Preparing for natural disaster by carrying “All-Risk” property and rental value insurance to include fire, wind/hail, earthquake, flood and other extended coverage for our properties that we deem appropriate and adequate.

By publishing this report, we align with several of our tenants who are already committed to environmental, social and governance principles, with the hopes of encouraging others to further their commitments and join Spirit on our journey to better our corporate responsibility.



Our Top Ten Tenants Are Committed to Sustainability



Our Top Ten Tenants by ABR



*We define tenants with sustainability commitments as those who have publicly disclosed information on their sustainability and community initiatives on their websites or through an ESG or corporate social responsibility report.
 *All percentages based on Q4 2021 ABR of \$588.1 million



Environmental Focus at Corporate Headquarters

Our commitment to sustainability and reducing our environmental footprint is demonstrated by our approach to managing operations at our corporate headquarters. Some highlights include:

- ✓ Installation of automatic lighting control systems
- ✓ Use of ENERGY STAR® certified computers, monitors, copiers, conference room displays and printers
- ✓ Active recycling of materials such as aluminum, paper and plastic, and use of recycled paper where possible
- ✓ Use of low VOC paint and “green” cleaning products
- ✓ Elimination of disposable cups



Environmental Focus Throughout The Community

Our Think Green Committee is dedicated to making environmentally smart choices for Spirit and is also tasked with choosing at least one community service project or nonprofit to donate to per year that has an environmental focus.

- In 2021, our Think Green Committee partnered with Groundwork Dallas, a non-profit dedicated to improving the natural surroundings of the Dallas-Forth Worth area.
- We hosted members of Groundwork Dallas at one of its monthly Town Hall meetings to give employees a presentation about the organization, work that they do and how their work makes an environmental impact.
- We participated in a company-wide clean-up event facilitated by Groundwork Dallas where employees assisted with trash remediation by land and canoe at the Frasier Dam Recreation Area.

The Think Green Committee also facilitated multiple corporate donations to Groundwork Dallas, as well as the Texas Trees Foundation, an urban forestry non-profit dedicated to connecting people with trees to improve the quality of life in cities.



\$21,750
donated to Groundwork
Dallas and

\$11,000
donated to the Texas
Trees Foundation in 2021





ESG in Acquisition Due Diligence Process

In evaluating new investments, we obtain an environmental site assessment (Phase I) as part of the analysis to understand the environmental condition of the property, including whether there is indication of any release of hazardous substances, chemical or waste storage, or other environmental concerns or risks and to determine whether the property and the operations thereon meet certain environmental standards.

If applicable, we may require additional environmental testing, including Phase II environmental site assessments, or require the seller to remediate environmental contamination in compliance with applicable laws prior to acquiring the property. We also thoroughly underwrite the financial health and responsibility record of our tenants that are engaged in potentially environmentally sensitive operations. By conducting appropriate environmental diligence and vetting our tenant’s credit and track record, we aim to ensure that environmental concerns are identified and addressed in a responsible manner.

At Spirit, we also track properties that are in 100-year flood zones and will continue to do so in order to mitigate climate risk exposure. For any property located in a flood zone, we require tenants to carry appropriate flood insurance.

Approach to Climate Change

As we evaluate our approach to climate change, it is important to prioritize risks and opportunities. To properly demonstrate this prioritization and commitment, we have aligned our approach with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Climate Strategy

At Spirit, we are focused on identifying potential climate-related risks and subsequent opportunities for mitigation and we have incorporated climate-related considerations into this year’s ERM assessment. Our ESG Task Force is tasked with evaluating the various climate-related risks and opportunities we face and reporting any findings to the ELT, which then reports to our Nominating and Corporate Governance Committee who holds ultimate climate-related oversight. Going forward, a crucial element of our climate strategy will include tenant engagement and green lease clauses, where possible, to encourage our tenants to become more sustainable through their operations and look for partnership synergies.

Risk Management

In our latest ERM process, we considered climate-risk. Please see the [Risk Management Section](#) of this report for more information.



Environmental Plans for the Future

Looking forward, we see opportunities to focus on environmental improvements at our headquarters, through community initiatives and throughout our portfolio. A particular focus will be to meaningfully engage with our tenants, who we are committed to partnering with to define potential, actionable future opportunities.



CASE STUDY

Bedford Park Shopping Center

In April 2021, an LED lighting conversion project was completed at our Bedford Park Shopping Center in Bedford Park, Illinois. In partnership with our tenant, we were able to capitalize on the ComEd® Energy Efficiency Incentive Program which offers incentives for energy-saving LEDs, including fixture replacements. 42 fixtures were converted to LED, and approximately 66% of the costs were covered through the incentive program. The conversion project has produced synergies for the tenant, who after a payback period of approximately seven months, has an estimated cost savings of nearly \$15,000 a year and a reduction in energy usage of 72%.





SECTION 5

About This Report

About this Report and Forward-Looking Statements & Risk Factors

This is Spirit's inaugural Environmental, Social, & Governance (ESG) Report. In this report, Spirit references ESG reporting frameworks and standards, including the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosure. The quantitative and qualitative metrics included in this report cover Spirit's operations for the 2021 calendar year, or as otherwise stated. This report includes information, data and statistics from third parties. Spirit believes these sources are reliable but has not independently verified such information. Spirit engaged HXE Partners to support the stakeholder engagement process and report design, content development and data collection.

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements can be identified by the use of words and phrases such as "preliminary," "expect," "plan," "will," "estimate," "project," "intend," "believe," "guidance," "approximately," "anticipate," "may," "should," "seek," or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate to historical matters but are meant to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions of management. These forward-looking statements are subject to known and unknown risks and uncertainties that you should not rely on as predictions of future events. Forward-looking statements depend on assumptions, data and/or methods which may be incorrect or imprecise, and Spirit may not be able to realize them. Spirit does not guarantee that the events described will happen as described (or that they will happen at all). The following risks and uncertainties, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: industry and economic conditions; volatility and uncertainty in the financial markets, including potential fluctuations in the Consumer Price Index; Spirit's success in implementing its business strategy and its ability

to identify, underwrite, finance, consummate, integrate and manage diversifying acquisitions or investments; the financial performance of Spirit's retail tenants and the demand for retail space, particularly with respect to challenges being experienced by general merchandise retailers; Spirit's ability to diversify its tenant base; the nature and extent of future competition; increases in Spirit's costs of borrowing as a result of changes in interest rates and other factors; Spirit's ability to access debt and equity capital markets; Spirit's ability to pay down, refinance, restructure and/or extend its indebtedness as it becomes due; Spirit's ability and willingness to renew its leases upon expiration and to reposition its properties on the same or better terms upon expiration in the event such properties are not renewed by tenants or Spirit exercises its rights to replace existing tenants upon default; the impact of any financial, accounting, legal or regulatory issues or litigation that may affect Spirit or its major tenants; Spirit's ability to manage its expanded operations; Spirit's ability and willingness to maintain its qualification as a REIT under the Internal Revenue Code of 1986, as amended; the impact on Spirit's business and those of its tenants from epidemics, pandemics or other outbreaks of illness, disease or virus (such as the strain of coronavirus known as COVID-19); and other risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters discussed in Spirit's most recent filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent Quarterly Reports on Form 10-Q. You are cautioned not to place undue reliance on forward-looking statements which are based on information that was available, and speak only, as of the date on which they were made. While forward-looking statements reflect Spirit's good faith beliefs, they are not guarantees of future performance. Spirit expressly disclaims any responsibility to update or revise forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.





SECTION 6

Report Indices

Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) enables businesses around the world to identify, manage and communicate financially-material sustainability information to their investors. SASB provides a complete set of 77 globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry. The following table aligns with the Real Estate Standard, which we found to be the most relevant to our business strategy.



TOPIC	CODE	DESCRIPTION	SPIRIT RESPONSE
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Not currently available
	IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Not currently available
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Not currently available
	IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Not currently available
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	As a triple net-lease REIT, our tenants are responsible for maintenance, energy usage and environmental practices within our properties. While this dynamic does not give us direct control over our assets, our goal is to be a leader in the net lease space by partnering with our tenants to define environmental opportunities. An example of this is through implementation of green lease clauses and installation of energy efficient fixtures (such as LED lighting) where feasible and agreed upon through engagement with the tenant.
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Not currently available
	IF-RE-140a.2	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Not currently available
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Not currently available





TOPIC	CODE	DESCRIPTION	SPIRIT RESPONSE
Water Management	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	As a triple net-lease REIT, our tenants are responsible for maintenance, energy usage and environmental practices within our properties. While this dynamic does not give us direct control over our assets, our goal is to be a leader in the net lease space by partnering with our tenants to define environmental opportunities. One of the key environmental considerations with our tenants is preparing for natural disasters. We do this by carrying “All-Risk” property and rental value insurance to include fire, wind/hail, earthquake, flood and other extended coverage for our properties that we deem appropriate and adequate. We also implement green leases clauses in our contracts to facilitate engagement with tenants and discuss possible opportunities for mitigation of water management risks.
Management of Tenant Sustainability Impacts	IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Not currently available
	IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Not currently available
	IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	<p>As a triple net-lease REIT, our tenants are responsible for maintenance, energy usage and environmental practices within our properties. While this dynamic does not give us direct control over our assets, our goal is to be a leader in the net lease space by partnering with our tenants to define environmental opportunities. We currently manage and mitigate the environmental risk that may be associated with our net-lease properties by:</p> <ul style="list-style-type: none">• Including green lease clauses in our form lease agreements which require the tenant to comply with applicable environmental laws, remediate or take other corrective action if environmental issues arise and more• Maintain comprehensive pollution insurance coverage for all properties, ensuring that should any environmental issues occur, there are resources available to ensure safe and timely remediation• Preparing for natural disaster by carrying “All-Risk” property and rental value insurance to include fire, wind/hail, earthquake, flood and other extended coverage for our properties that we deem appropriate and adequate• If applicable, requiring the sellers to remediate known environmental issues in compliance with applicable laws prior to acquiring a property
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Accounting for approximately 96% of our portfolio, 3.8% of our properties are located in 100-year flood zones (by square feet).





TOPIC	CODE	DESCRIPTION	SPIRIT RESPONSE	
Climate Change Adaptation	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Risk management is a priority at Spirit and critical to how we conduct our operations. Identifying and discussing potential risks informs our strategy and priorities as we look towards the future. As part of that focus and as mentioned above, we conduct an ERM assessment to identify and address which risks internal stakeholders deem material to the business. The results of that assessment help us to determine how those risks should be prioritized and accounted for in our strategy. As a firm, we have identified climate-risk as one material to our operations and are currently working to determine the specific climate-risks we find most material and how we should manage those risks.	
Activity Metrics	IF-RE-000.A	Number of assets, by property subsector	Equity Data Centers: 3 Equity Health Care: 34 Equity Industrial: 188 Equity Office: 8 Equity Shopping Centers: 18	Equity Regional Malls: 3 Equity Free Standing: 1,728 Equity Lodging / Resorts: 1 Equity Specialty: 20
	IF-RE-000.B	Leasable floor area, by property subsector	Equity Data Centers: 428,620 square feet Equity Health Care: 600,751 square feet Equity Industrial: 18,410,303 square feet Equity Office: 1,104,191 square feet Equity Shopping Centers: 1,535,838 square feet	Equity Regional Malls: 471,841 square feet Equity Free Standing: 25,530,284 square feet Equity Lodging / Resorts: 121,668 square feet Equity Specialty: 961,899 square feet
	IF-RE-000.C	Indirectly managed assets, by property subsector	All properties within our portfolio are indirectly managed	
	IF-RE-000.D	Average occupancy rate, by property subsector	Equity Data Centers: 100% Equity Health Care: 100% Equity Industrial: 100% Equity Office: 100% Equity Shopping Centers: 100%	Equity Regional Malls: 100% Equity Free Standing: 99.8% Equity Lodging / Resorts: 100% Equity Specialty: 100%



Task Force On Climate-related Financial Disclosures (TCFD)

The Financial Stability Board Task Force on Climate-related Financial Disclosures is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. The work and recommendations of the Task Force helps firms understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourages firms to align their disclosures with investors’ needs.



PILLAR	TOPIC	REFERENCE
Governance	Board oversight of climate-related risks and opportunities	<p>Our Nominating and Corporate Governance Committee is responsible for ESG oversight. The Committee reviews key ESG-related issues and policies and makes recommendations to the Board. Our Committee also oversees the development of our annual ESG Report and holds primary responsibility over our ESG strategy, including ESG-related policies and procedures and incorporating ESG-related topics into the Board’s education and development programs. The Committee receives ESG-related updates from the Executive Leadership Team (ELT) at least quarterly and on an as-needed basis.</p> <p>While the Nominating and Corporate Governance Committee holds primary ESG-oversight at the Board level, our Audit and Compensation Committees also oversee ESG-related responsibilities specific to their committee scope, including our ERM program and climate-related risk.</p>
	Management’s role in assessing and managing climate-related risks	<p>We have also established several subcommittees that meet regularly and report to our ELT, which further report to our Board. Members of our ELT and senior management sit on each of our internal ESG committees, as well as our ESG Task Force, to remain informed as well as involved in decision-making.</p>
Strategy	Short, medium, and long-term climate-related risks	<p>We have identified the below as potential climate-related risks that could potentially impact our portfolio.</p> <p>Physical Risks:</p> <ul style="list-style-type: none">• Flood risk• Wildfire risk• Hurricane risk• Loss of power <p>Transition Risks:</p> <ul style="list-style-type: none">• Increased CapEx for physical damage to properties• Potential increased SEC or other reporting requirements• Capital markets price changes due to sustainability or resilience performance



PILLAR	TOPIC	REFERENCE
Strategy	Impact on business, strategy and planning	At Spirit, we are focused on identifying potential climate-related risks and subsequent opportunities for mitigation and we have incorporated climate-related considerations into this year’s ERM assessment. Our ESG Task Force is tasked with evaluating the various climate-related risks and opportunities we face and reporting any findings to the ELT, which then reports to our Nominating and Corporate Governance Committee who holds ultimate climate-related oversight. Going forward, a crucial element of our climate strategy will include tenant engagement and green lease clauses, where possible, to encourage our tenants to become more sustainable through their operations and look for partnership synergies.
	Resilience of strategy using 2-degree or lower scenarios	We do not currently employ scenario analysis in our strategy.
Risk Management	Process to assess climate-related risks	Risk management is a priority at our company and critical to how we conduct our operations. Identifying and discussing potential risks informs our strategy and priorities as we look towards the future. We conduct an ERM assessment to identify and address which risks internal stakeholders deem material to the business. The results of that assessment help us to determine how those risks should be prioritized and accounted for in our strategy. As a firm, we have identified climate-risk as one material to our operations and are currently working to determine the specific climate-risks we find most material and how we should manage those risks.
	Process to manage climate-related risks	We conduct an ERM assessment to identify and address which risks internal stakeholders deem material to the business. The results of that assessment help us to determine how those risks should be prioritized and accounted for in our strategy. As a firm, we have identified climate-risk as one material to our operations and are currently working to determine the specific climate-risks we find most material and how we should manage those risks.
	Integration of risk process into overall risk management	We conduct an ERM assessment to identify and address which risks internal stakeholders deem material to the business. The results of that assessment help us to determine how those risks should be prioritized and accounted for in our strategy. As a firm, we have identified climate-risk as one material to our operations and are currently working to determine the specific climate-risks we find most material and how we should manage those risks.
Metrics and Targets	Metrics used to assess climate-related risks	Not currently available
	Scope 1 and Scope 2 emissions	Not currently available
	Describe targets used	Not currently available

