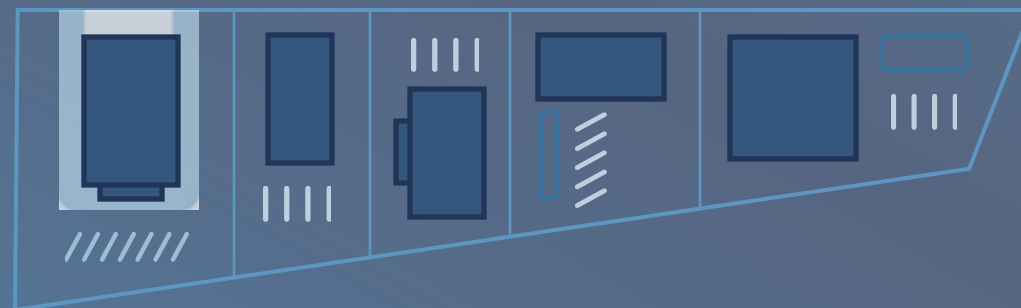
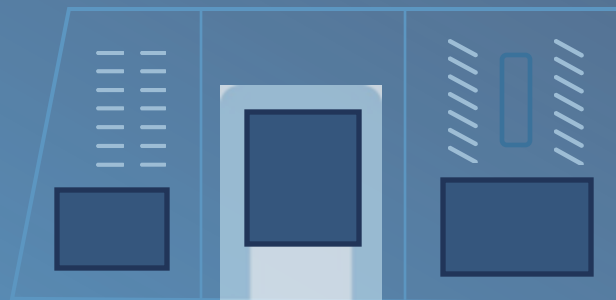


Four Corners Property Trust  
NYSE: FCPT



# FCPT

ESG REPORT 2023



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# MESSAGE FROM **CEO** OCTOBER 1, 2023

As an independent, publicly-traded company that owns, acquires, and leases restaurant and other retail properties on a net basis, Four Corners Property Trust's (FCPT) primary purpose is to create long-term sustainable shareholder value. To achieve dependable returns and growth, we continue to advance our understanding of potential environmental, social, and governance (ESG) risks and opportunities. In addition, we integrate ESG best practices, including diversity, equity, and inclusion, into the operations of both the Company and the Board of Directors.

Our ESG oversight starts at the company level and moves to our Board of Directors, with ultimate authority and specific responsibilities delegated to the Audit and Risk Committee. Our ESG Committee at the management level ensures the implementation of ESG-related programs, continually improving our approach, including the recent revision of policies to strengthen our ESG commitment.

Talent acquisition and retention are crucial to our success. By attracting, developing, rewarding, and retaining talented individuals from diverse backgrounds, we support our business objectives and create long-term value for our shareholders. Our collaborative, inclusive culture has earned us a "Great Place to Work" designation. We remain committed to investing in the health and safety of our team members and expanding our programs to promote mental and physical well-being.

While our triple-net lease structure limits our ability to influence our tenants' environmental practices, we incorporate environmental risk oversight into our due diligence process and strive to minimize our operations' environmental footprint. As a Global Real Estate Sustainability Benchmark (GRESB) member, we respond to an assessment that focuses on sustainability issues material to investors and the industry, and further demonstrate our dedication to sustainability and ESG principles.

In addition, FCPT has committed to integrating diversity, equity, and inclusion principles at all levels, resulting in a Board composition that boasts 50% female representation and 25% representation from underrepresented classes. This commitment extends throughout our broader team as well, with a workforce comprising 50% female employees and 31% people of color.

Reflecting on the progress made since our last report, we are proud of the strides we have made in advancing ESG initiatives. We remain dedicated to continuous improvement and eagerly look forward to sharing our future achievements with our shareholders.

WILLIAM H. LENEHAN  
**President and CEO**

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# FCPT OVERVIEW

## Analytical, Disciplined Investment Philosophy

- Focus on cost of capital and investment spread
- Use of a consistent, data-driven scorecard to objectively rate every property
- Investment committee memo and separate public announcement for every acquisition

## High-Quality Net-Lease Portfolio

- Recently constructed, e-commerce-resistant portfolio
- Strong tenant EBITDAR rent coverage, nationally established brands, and low rents provide for high tenant retention and limited vacancies

## Accretive Diversification

- Grown from a single tenant to 143 brands
- Established verticals into resilient, essential non-restaurant retail categories of medical retail and auto service
- Disciplined pricing approach based on maintaining strong credit parameters and a high-quality tenant base

## Investment Grade Balance Sheet

- Committed to maintaining conservative 5.5x–6.0x leverage
- Well-laddered, 91% fixed rate debt maturity schedule
- Significant liquidity, unencumbered assets, and high fixed charge coverage facilitates growth

REPRESENTATIVE  
BRANDS SAMPLE



# OUR ESG JOURNEY PROGRESS & ACHIEVEMENTS

In drafting our ESG report, we relied upon GRESB and the Sustainability Accounting Standards Board (SASB) to determine the areas most relevant to our US investors. We performed a benchmarking analysis to understand what other companies in our sector are reporting, and also referred broadly to the Global Reporting Initiative (GRI) to identify anything that we may have missed.

FCPT is proud to highlight the progress made in ESG since our last report in 2021. Our dedication to these principles, though not the primary driver of our business, contributes to the overall quality and sustainability of our operations.

## Some of our key achievements:

- **Enhanced ESG Oversight:** Our Board of Directors now delegates specific ESG responsibilities to the Audit and Risk Committee. The ESG Committee, led by our CEO and comprised of senior leaders at our company, ensures the diligent implementation of ESG-related programs
- **Emphasis on Diversity, Equity, and Inclusion (DEI):** FCPT has committed to integrating DEI best practices at all levels, resulting in a Board composition that boasts 50% female representation and 25% representation from underrepresented groups. This commitment extends throughout our broader team as well, with a workforce comprising 50% female employees and 31% people of color
- **Employee Engagement and Satisfaction:** Our focus on creating an inclusive and equitable work environment has earned FCPT the designation of a "Great Place to Work." We developed and published our policies on human rights, anti-human trafficking, child labor, anti-bribery, and anti-corruption, further strengthening our commitment to social responsibility
- **Environmental Stewardship:** Despite the limitations of our triple net lease structure, we've integrated environmental risk oversight into our due diligence process and continue to focus on reducing our operations' environmental footprint
- **Supplier Engagement and Sustainable Supply Chain:** Our recently adopted Supplier Code of Conduct encourages our suppliers to uphold ethical behavior and adopt sustainable practices

# SUSTAINABILITY FRAMEWORK

Our commitment to sustainability and Environmental, Social and Governance (ESG) principles creates value for FCPT and our shareholders. We regularly review our internal policies to advance in the areas of environmental sustainability, social responsibility, employee well-being, and governance

## Environment



We evaluate our business operations and the environmental risk aspects of our investment portfolio on an ongoing basis and strive to adhere to sustainable business practices

## Our Team



Our culture is inclusive and team-oriented with a high retention rate. We hire for the long-term and invest in development, with a flat organization that drives employee engagement. We are 'A Great Place to Work' certified company

## Social



In our underwriting process, we apply values-based negative screening, ensuring we do not transact with any tenant, buyer, or seller, nor acquire any properties associated with negative social factors. We extend this ethical commitment to our supply chain, fostering a culture of integrity and responsibility. FCPT does not process or have access to consumer data, aligning our operations with data privacy best practices

## Governance



We aim for best-in-class corporate governance structures and compensation practices that closely align the interests of our Board and leadership with those of our stockholders. Four of our eight Board Directors are female and seven are independent, including our chairperson. Only independent Directors serve on the Board's committees

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## OVERVIEW & COMMITMENT

# CORPORATE GOVERNANCE

FCPT was founded on a culture of transparency and accountability to shareholders. Our structure embodies several features that demonstrate our commitment to strong corporate governance.

### **Our Board consists of eight members, of which seven are independent**

- An independent chairperson leads our Board
- All Directors are subject to annual re-election with a majority vote standard
- Regular executive sessions are held exclusively with independent Directors only

### **The Board maintains the following standing committees, consisting of independent, non-employee Directors:**

- Audit and Risk Committee
- Compensation Committee
- Investment Committee
- Nominating and Governance Committee

**Our Audit and Risk Committee is composed of three Directors who qualify as SEC-defined "audit committee financial experts"**

## Key Practices

# CORPORATE GOVERNANCE

- Our Compensation Committee retains an independent compensation consultant
- We uphold stock ownership policies for our non-employee Directors and named executive officers and maintain clawback provisions within our equity compensation plan and award agreement
- Officers, Directors, and employees are prohibited from engaging in short sales and hedging of our securities or holding our securities in margin accounts or otherwise pledging them as collateral
- Executives do not receive any perquisites not generally available to all corporate employees
- We prioritize transparency in our business activities, reporting on acquisitions and dispositions of real estate properties as they occur
- We do not use corporate funds for political or charitable donations, although we encourage our shareholders to be personally charitable
- We adhere to high ethical standards, and our property acquisitions are guided by our commitment to social responsibility in the communities we serve

# RISK MANAGEMENT

The Board at FCPT holds ultimate responsibility for risk oversight, assessing significant risks faced by the Company and reviewing mitigation options. The Board believes that its committee composition and the distribution of each member's expertise contribute to an effective risk-monitoring structure, ensuring the company's resilience and adaptability in the face of potential challenges. This responsibility is delegated to various Board committees, ensuring a comprehensive approach to risk management.

- The **Compensation Committee** oversees risks associated with the responsibilities in its charter, including overseeing executive compensation at FCPT while ensuring compensation arrangements do not encourage unnecessary or excessive risk-taking; ESG goals are tied to compensation
- The **Nominating and Governance Committee** is responsible for assessing the Board's role in risk oversight and recommending appropriate disclosures. It oversees risks related to corporate governance, corporate responsibility, director succession planning, political and charitable contributions, insider trading, and reputational risk
- The **Audit and Risk Committee** reviews the integrity of internal controls over financial reporting and significant financial risk exposures and oversees the Company's enterprise risk management process and the Company's ESG program. This includes evaluating policies and practices related to risk assessment and risk management, covering areas such as cyber-attacks, environmental and social issues, and other material risks
- The **Investment Committee** guides the Company's strategic investments in alignment with shareholder interests. It reviews potential acquisitions, dispositions, lease extensions, and capital investments and oversees the performance of the Company's assets. The committee also evaluates investment performance against selected benchmarks, ensuring all activities align with the company's overall strategy



## POLICIES AND COMMITMENT TO ETHICS

At FCPT, our commitment to ethical conduct and compliance serves as the foundation of our corporate identity. By integrating strong governance policies, maintaining transparency, and adhering to the highest ethical standards, we aim to create lasting value for our shareholders and foster a positive impact on the communities we serve.

The diligent oversight provided by the committees of our Board ensures robust risk management and effective monitoring of key areas, safeguarding the company's interests and upholding our commitment to ethical conduct.

- Our **Code of Business Conduct and Ethics** underscores our commitment to conducting business with integrity, fairness, and respect for all and to upholding all applicable laws and regulations
- Our **Supplier Code of Conduct** sets standards for our suppliers in terms of environmental impact, social responsibility, and corporate governance, aligning with our own business principles
- FCPT's **Insider Trading Policy** and **Stock Ownership Policy** together encourage responsible financial practices and align the interests of our leadership with those of our shareholders, reinforcing our focus on long-term success
- The **Anti-Bribery and Anti-Corruption Policy** emphasizes our zero-tolerance approach towards bribery and corruption, outlining preventive measures and encouraging ethical business practices
- Our **Whistleblower Policy** encourages employees to report any unethical behavior or violations, ensuring a safe and confidential environment that fosters open communication
- FCPT's policies on **Human Rights, Anti-Human Trafficking, Child Labor, & Equal Opportunity Employment** reflect our commitment to respect and protect human rights

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## OVERVIEW & COMMITMENT

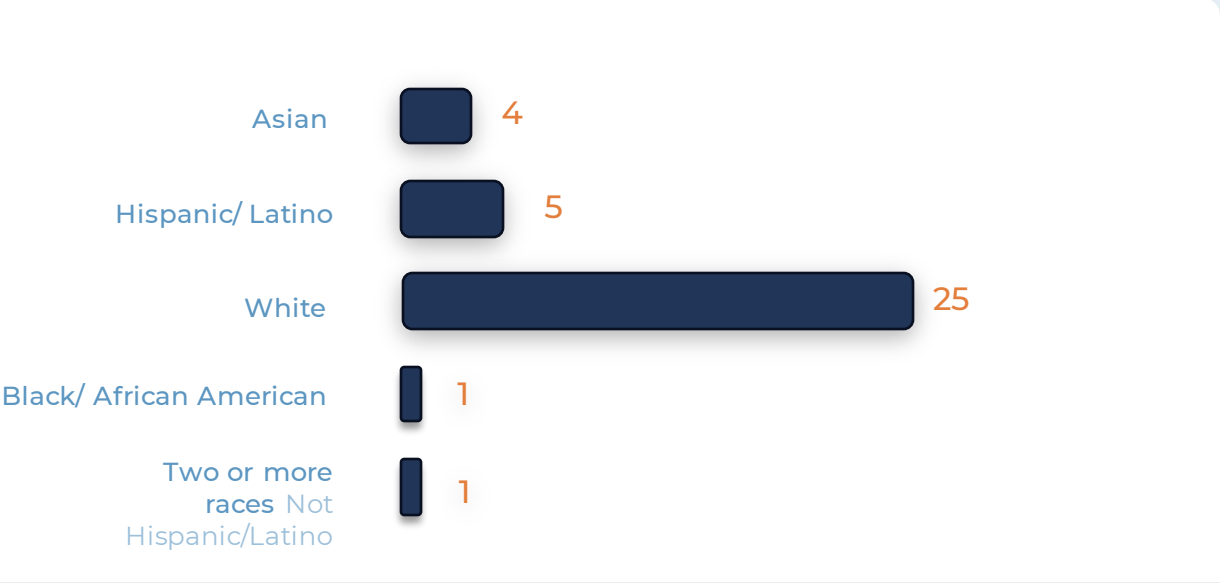
### SOCIAL RESPONSIBILITY

At FCPT, we are firmly committed to fostering a vibrant work environment and corporate culture that champions diversity, inclusion, equal opportunity, and personal and professional development. Our comprehensive approach encompasses several key aspects that contribute to our ongoing success and enrich our culture:

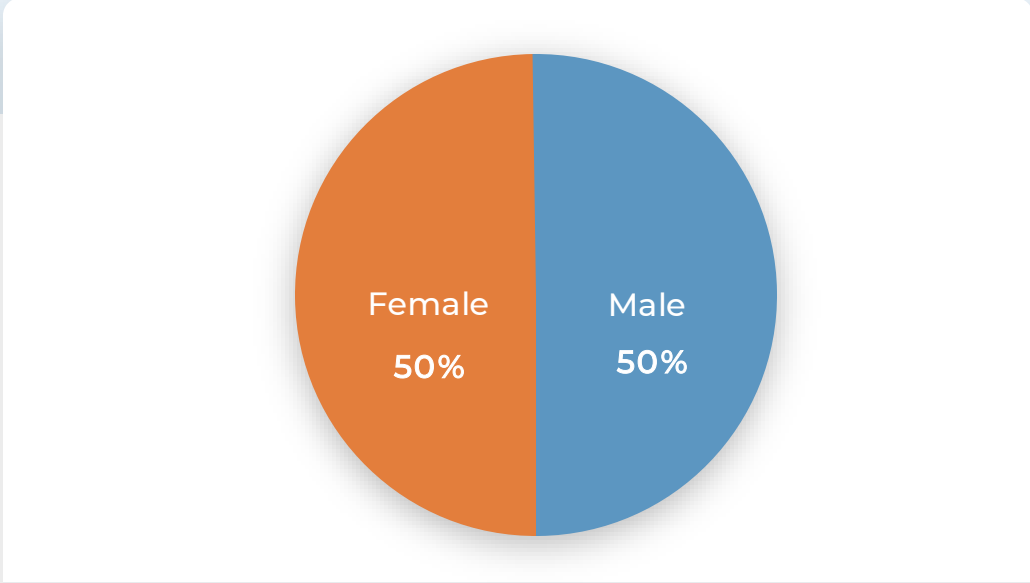
- **Encouragement and Facilitation of Diversity and Inclusion:** We believe that a diverse and inclusive workforce makes us better by producing innovative ideas, increasing creativity, and delivering better results for our shareholders. This commitment extends to every individual in our organization, including our Board of Directors, executive management, and all other FCPT team members
- **Equal Opportunity:** We prioritize recruiting and retaining a diverse workforce, valuing the unique experiences, backgrounds, and perspectives that drive innovation while ensuring equal opportunities for professional growth and advancement within an inclusive culture
- **Personal and Professional Development:** We provide various training and development opportunities for our employees to enhance their skills, stay current with industry trends, and optimize their performance and engagement in our organization
- **Competitive Benefits and Well-being:** We support our employees' overall well-being through comprehensive benefits programs and policies that promote physical, mental, and emotional health in a safe and healthy workplace
- **Community Engagement and Corporate Citizenship:** FCPT encourages employees to engage with their communities through volunteer programs, fostering a strong sense of social responsibility and corporate citizenship

# DIVERSITY, EQUITY, AND INCLUSION

At FCPT, we understand that diversity, equity, and inclusion (DEI) are not just beneficial for our organization but are essential for fostering innovation, collaboration, and sustainable growth. Our commitment to DEI is embedded within our corporate culture and business operations, ensuring an environment where different perspectives are heard, valued, and leveraged to create lasting shareholder value.



Our team's diversity allows us to bring a wide range of perspectives to our work, helping to drive innovation and success in our business operations. We are committed to maintaining and enhancing this diversity as we continue to grow



FCPT is proud to maintain a balanced gender representation among our employees, with women comprising 50% of our corporate workforce. Our team showcases a variety of racial and ethnic backgrounds, contributing to the diversity that we strongly value<sup>1</sup>

1. This data, as reported to the California Civil Rights Department, is from the 36 members of our corporate workforce and excludes our Kerrow Restaurant operating business. Data reported is as of May 2023

# EMPLOYEE RETENTION: ENGAGE, EMPOWER, SUCCEED

At FCPT, we believe that ensuring a vibrant and dynamic work environment is pivotal to retaining top talent and driving overall success.

We strive to create a flourishing workplace distinguished by low employee turnover, elevated morale, and long-tenured expertise. Through equity compensation, our team members become significant owners in the Company, aligning their interests with the success of FCPT and fostering a sense of collective achievement

## Our comprehensive strategy includes the following key aspects:

- **Talent Acquisition:** We pursue top-tier and ethical candidates through rigorous selection processes, while ensuring equal opportunity and fostering diversity, equity, and inclusion in our workforce
- **Professional Growth:** We provide ample opportunities for skill development, training, and mentorship
- **Aligned Incentives:** We offer competitive compensation packages, performance-based rewards, and equity incentives that align employee and shareholder interests, and promote wealth creation for all employees. All corporate employees participate in our annual long-term equity compensation plan
- **Respectful Culture:** We uphold a culture of honesty, respect, and open communication, and provide anti-harassment and diversity, equity, and inclusion training for all employees to foster a positive and inclusive workplace
- **Work-Life Balance:** We encourage flexible working arrangements, offer comprehensive wellness programs, and provide resources that support employee well-being and overall satisfaction





## EMPOWERING OUR TEAM: COMPREHENSIVE BENEFITS & WELLNESS

Together, we empower our employees to excel both professionally and personally, fostering a thriving work environment that drives success for our team and the Company.

At FCPT, we prioritize our employees' well-being by offering competitive compensation and an extensive benefits package. Our offerings include:

- **Comprehensive Healthcare:** Medical, dental, and vision coverage to safeguard our team's health with a significant portion of premiums paid by FCPT
- **Retirement Savings:** A robust 401(k) plan featuring employer matching contributions up to 4% of salary, fostering financial security for the future
- **Equity Compensation Plan:** Restricted stock awards are granted annually to all corporate employees, aligning employee success with company growth

In addition to these core benefits, we promote a culture of wellness through various initiatives:

- **Protection:** Disability and life insurance coverage for peace of mind
- **Fitness & Well-being:** Reimbursements for fitness programs, on-site Peloton access, and available wellness and mental health memberships
- **Nutritious Meals:** Weekly team lunches with healthy food options to fuel performance
- **Ergonomic Workspaces:** Standing desks and a focus on proper office ergonomics for comfort and productivity
- **Family Support:** Generous paid parental leave and flexible working schedules for work-life balance

# TALENT DEVELOPMENT: EMPOWER, NURTURE, SUCCEED

At FCPT, we understand that our team is the foundation of our success. To unleash their full potential, we are committed to cultivating their growth through on-going performance evaluation, targeted training, and dynamic development opportunities.

By investing in our employees' development, we fuel their passion, unlock their potential, and further the success of our Company's business strategy.

## Key aspects of our talent development strategy include:

- **Focused Performance Review:** Annual 360-degree assessments for management, conducted by an independent third-party reporting to the Board's Compensation Committee
- **Competency-Based Training:** Customized learning experiences designed to sharpen essential skills and expertise

## Our employees have access to a diverse range of resources and opportunities that empower them to excel within the company:

- **Tuition Assistance:** Financial support for select educational programs
- **Group Learning:** Collaborative sessions, including engaging Lunch and Learns, to encourage knowledge sharing and team building
- **Executive Coaching:** Tailored training and guidance for officers and executives
- **Course Reimbursement:** Support for professional and technical education, licenses, certificates, and advanced degrees
- **Internship Program:** Opportunities for hands-on experience and skill development
- **Mandatory Training:** Anti-Corruption, Anti-Harassment, and Diversity, Equity, and Inclusion courses for all employees
- **Goal Setting & Development:** Annual objectives and ongoing meetings with management to review progress and opportunities

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## OVERVIEW & COMMITMENT

### ENVIRONMENT

At FCPT, our focus on environmental stewardship is integral to our broader ESG efforts, shaped by our unique net-lease structure. The ESG Committee, a multidisciplinary team reporting directly to our CEO, leads these environmental initiatives. Comprising key figures across various departments, the team works to embed sustainability in every aspect of our operations. Regular meetings are held to evaluate our environmental policies, programs, and progress, ensuring our approach remains responsive and effective in addressing environmental challenges and opportunities inherent in our business.

#### Promoting Sustainability in Our Leased Properties

- Given our net-lease structure, our tenants independently operate our owned properties. However, we are proactive in advocating for sustainable practices among our tenants. We support them in enhancing the environmental performance of their properties—from energy conservation efforts to comprehensive environmental management programs—all within the parameters of our lease agreements
- In pursuing a more sustainable portfolio, we are actively developing new strategies for tenant engagement and methods for gathering environmental data. This will enable us to monitor and better understand the environmental footprint of our leased properties—demonstrating our ongoing dedication to ESG principles and environmental stewardship



## CORPORATE HQ

At FCPT, we recognize that our commitment to sustainability starts at home, which is why we've taken measures to minimize emissions at our headquarters.

- **Energy Efficiency:** We have updated our facilities with energy-efficient lighting and switches to minimize our energy usage and associated greenhouse gas emissions
- **Waste Reduction:** Our waste management policies promote recycling and reduce waste, helping to cut down on emissions associated with waste disposal
- **Remote Work and Travel Policies:** Our flexible work policies reduce commuting emissions, and we favor virtual meetings over travel where possible to limit our carbon footprint
- Utility billing for our HQ is included as part of Common Area Maintenance (CAM) charges, which are based on square footage; therefore, consumption data in kilowatt-hours (kWh) is not available



## TENANT ACTIVITIES

Our tenants' commitment to sustainable operations and transparency in reporting contributes positively to our overarching ESG strategy. It is important to note that the level of disclosure and commitment varies, and we respect that each tenant is at a different stage in their sustainability journey. We continue to encourage all of our tenants to strive for greater sustainability and transparency in their operations.



In our tenant base, we work with various public and private companies, each having a unique approach toward environmental transparency and sustainability. Some noteworthy public company examples are:

- **Darden** (DRI), our largest tenant, has adopted a strong stance towards sustainability. They provide comprehensive disclosures, including their energy consumption and greenhouse gas emissions
- **Brinker** (Chili's, EAT) also takes substantial steps towards environmental stewardship. They transparently report their energy consumption and GHG emissions
- **RBI** (Burger King, Popeyes, QSR) is committed to a more sustainable future, setting a goal of achieving net-zero emissions by 2050. They also provide extensive disclosures of their environmental data
- **Bloomin Brands** (Outback, Carrabba's, Bonefish, BLMN) demonstrates responsibility towards their environmental impact. They have set a goal of net zero by 2050 and disclose their total GHG emissions
- **NAPA Auto Parts (GPC), Starbucks (SBUX), Verizon (V), Panera (PNRA), and McDonald's (MCD)**, are other public companies in the portfolio that provide extensive ESG reports and GHG emissions data

# FORWARD LOOKING STATEMENTS AND DISCLAIMERS

## **Cautionary Note Regarding Forward-Looking Statements:**

This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include all statements that are not historical statements of fact and those regarding FCPT's intent, belief or expectations, including, but not limited to, statements regarding: operating and financial performance, acquisition pipeline, expectations regarding the making of distributions and the payment of dividends, and the effect of pandemics such as COVID-19 on the business operations of FCPT and FCPT's tenants and their continued ability to pay rent in a timely manner or at all. Words such as "anticipate(s)," "expect(s)," "intend(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. Forward-looking statements speak only as of the date on which such statements are made and, except in the normal course of FCPT's public disclosure obligations, FCPT expressly disclaims any obligation to publicly release any updates or revisions to any forward-looking statements to reflect any change in FCPT's expectations or any change in events, conditions or circumstances on which any statement is based. Forward-looking statements are based on management's current expectations and beliefs and FCPT can give no assurance that its expectations or the events described will occur as described.

For a further discussion of these and other factors that could cause FCPT's future results to differ materially from any forward-looking statements, see the risk factors described under the section entitled "Item 1A. Risk Factors" in FCPT's annual report on Form 10-K for the year ended December 31, 2022 and other risks described in documents subsequently filed by FCPT from time to time with the Securities and Exchange Commission.

## **Notice Regarding Non-GAAP Financial Measures:**

The information in this communication contains and refers to certain non-GAAP financial measures, including FFO and AFFO. These non-GAAP financial measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Reconciliations to the most directly comparable GAAP financial measures and statements of why management believes these measures are useful to investors are included in the supplemental financial and operating report, which can be found in the Investors section of our website at [www.fcpt.com](http://www.fcpt.com).



Four Corners Property Trust

NYSE: FCPT

THANK YOU

ESG REPORT 2023