



[As in effect on April 29, 2020]

## **STAG Industrial, Inc.**

### **Environmental Sustainability Policy**

STAG Industrial, Inc. (the “Company”) is a real estate investment trust focused on the acquisition, ownership and operation of single-tenant, industrial properties throughout the United States. For the majority of the Company’s properties, the tenants have entered into triple-net leases, where the tenant is responsible for all aspects of and costs related to the building and its operation during the lease term, including utilities, taxes, insurance and maintenance costs, but typically excluding roof and building structure. Although our tenants maintain operational control of the properties that they lease under these triple-net leases, we seek to:

- identify, assess and manage environmental risks and opportunities at our properties;
- collaborate with our tenants on sustainable strategies to optimize property environmental performance; and
- partner with our tenants to improve the environmental efficiency of our properties through the implementation of strategic environmentally-focused property practices and solutions.

### **Adoption and Oversight**

The Company’s Nominating and Corporate Governance Committee is charged with evaluating and advising the Board of Directors on environmental sustainability matters, analyzing and recommending appropriate environmental performance goals and targets, policies and practices, and monitoring overall company-level performance on environmental sustainability matters.

In exercising this responsibility, the Nominating and Corporate Governance Committee commissioned the formation of a management-level Corporate Responsibility Committee that is tasked with adopting corporate responsibility policies and practices and strategically implementing them into the Company’s business operations.

The Corporate Responsibility Committee adopted this Environmental Sustainability Policy (this “Policy”), effective April 29, 2020. This Policy is maintained by the Company’s General Counsel. Substantive revisions to this Policy may be approved by the Corporate Responsibility Committee, including the Company’s General Counsel, in conjunction with oversight by the Nominating and Corporate Governance Committee.

### **Scope**

This Policy applies to all business operations, including the operation, development and renovation of our existing property portfolio, target property acquisitions, supply chain, outsourced services, and activities at our corporate offices. In accordance with this Policy, we will endeavor to:

- engage with internal and external stakeholders to solicit feedback about environmental matters, including our performance relative to our environmental initiatives and opportunities for enhancement of such initiatives;
- periodically report to the Nominating and Corporate Governance Committee on our performance relative to our environmental initiatives; and
- provide external periodic reports on our progress relative to these commitments.

## **Developing Our Property Portfolio**

We strive towards environmental sustainability and believe that the mitigation of environmental risk exposure and the maximization of environmental opportunities are relevant to the development of the properties across our portfolio.

We believe that effective management of environmental risks and opportunities in the acquisition process can improve the overall environmental performance of the properties in our portfolio, reduce their overall net environmental impact and generate long-term value. This process is initiated in our target property acquisition phase and continues throughout our property acquisition process.

We employ responsible investing practices as part of our acquisition due diligence process. Our evaluation of potential portfolio properties during our standard due diligence phase includes an Environmental Site Assessment conducted in accordance with the current standards of the American Society for Testing and Materials and by an industry-recognized and insured independent environmental engineering firm. During this process, we review and address any recognized environmental conditions impacting the property.

The majority of our properties are subject to triple-net leases, and therefore, we do not control the operations and activities at most of our properties. Where feasible, however, in considering potential acquisitions, development opportunities or renovation projects, we evaluate and underwrite the installation of building systems, equipment and technologies that improve efficiency and conserve natural resources. In addition, we are committed to increasing the energy efficiency of our portfolio properties through the adoption and implementation of ongoing strategic management approaches designed to mitigate the risk exposure to, and reliance on, non-renewable energy sources and capitalize on the opportunities in clean or renewable energy sources. In furtherance of that commitment, we strive to engage with our tenants and influence positively their sustainability practices.

We believe that effective collaboration with our tenants on sustainability initiatives is vital to the implementation of our environmental strategies. Through collaborative engagement with tenants, we strive to implement the following environmental strategies at our portfolio properties:

- reduce or eliminate the use of energy from non-renewable sources;
- increase the use of energy from renewable energy sources;
- deploy construction materials and features designed to increase the overall energy efficiency of our buildings;
- utilize lease provisions that are environmentally friendly and that incentivize tenants to adopt energy efficient practices to promote sustainability; and

- leverage building square footage to increase overall renewable energy production at our properties.

In recognition of these efforts, in 2019, the Company received a Green Lease Leaders Award (Silver Level), which highlighted our status as a forward-thinking real estate company that utilizes energy efficient and sustainable leases. We have been informed that we will receive a Green Lease Leaders Award (Gold Level) at the 2020 announcement.

## **Portfolio Accomplishments**

Certain of our accomplishments to date include:

- *Solar panel installation.* We have completed three solar panel installations, expect to complete another eight solar panel installations by 2021, have identified additional viable sites within our existing portfolio and are actively pursuing opportunities at our properties nationwide. At the conclusion of 2020, our rooftops will be hosting approximately 23 megawatts of solar arrays.
- *Reflective roofing.* We have converted 20% of the rooftops at our properties from non-reflective to reflective since 2015, which redirects sunlight to reduce warehouse temperature and decrease energy usage, and we expect that more than 46 % of our portfolio will feature reflective roofing by the end of 2020.
- *LED lighting conversion.* We currently have efficient lighting systems in more than 87% of our portfolio. We have converted more than 8.5 million square feet of less efficient lighting systems to LED systems since 2016. Our corporate goal is to convert 5% of the portfolio square footage to LED lighting annually.

## **Developing Our Corporate Offices**

We believe that promoting sustainable environmental practices in the workplace can lead to a more vibrant and productive work environment for our employees. We demonstrate our commitment to environmental sustainability initiatives at our corporate offices through the following practices:

- energy efficient lighting;
- specified HVAC hours or programmable thermostats;
- reduced paper usage;
- encouragement of employee use of ride sharing or public transportation;
- recycling; and
- waste reduction.

## **Stakeholder Engagement and Reporting**

Effective stakeholder engagement on environmental sustainability topics, particularly related to climate change and global warming, greenhouse gas emissions (“GHG”), energy efficiency and consumption, water usage and waste production and indoor environmental quality, can lead to the

adoption of practices that can drive business and real estate value appreciation, decrease operating costs and mitigate the environmental impact of human activity.

We identify engagement-level stakeholders as those stakeholders that could potentially affect our business or be potentially affected by our business based off their proximate relationship to our operations. We strive to regularly engage with the following stakeholders on environmental sustainability topics:

- stockholders;
- tenants;
- local community members;
- vendors;
- employees;
- executive management; and
- members of our Board of Directors.

We seek to engage with our stakeholders through surveys, strategic collaboration, and informal and formal processes to recognize and understand the environmental concerns that are important to them. We seek to analyze the environmental concerns raised by stakeholders in light of our business operations and report on and address the issues that are material to the Company. We believe that effective stakeholder engagement is essential to our environmental sustainability efforts and can strengthen accountability and credibility. In furtherance of this, we encourage stakeholders to engage us thoughtfully on environmental sustainability matters.

### **Environmental Sustainability Management**

We are committed to operating our business with the highest level of responsibility, preserving our credibility and reputation in the real estate investment trust, or REIT, industry and generating long-term value for our many stakeholders and the Company.

- We recognize the impact that real estate can have on the environment.
- We recognize the implications of the reports issued by the United Nations Intergovernmental Panel on Climate Change and the Task Force on Climate-related Financial Disclosures and strive towards appropriate implementation of their recommendations into our business operations.
- We recognize that the environmental landscape is changing due to human activity and that the accumulation of GHG emissions in the earth's atmosphere is rapidly changing our climate.
- We recognize that businesses in general are reliant on the environment for natural resources through their supply chain.

- We seek to understand and assess the environmental risks and opportunities of our operation, and also strive to incorporate sustainable policies and practices to mitigate and manage such risks and opportunities.
- We strive to manage appropriately the consumption of natural resources in our operations to reduce our environmental impact, ensure business continuity and provide a sustainable landscape for future generations.
- We seek to identify and assess the energy consumption of our corporate offices, as well as our portfolio properties, and decrease the overall consumption of energy from non-renewable sources.
- We seek to identify and assess the water consumption of our corporate offices and portfolio properties.
- We seek to identify and assess the waste production of our corporate offices and portfolio properties.
- We seek to identify, assess and improve the recycling efforts at our corporate offices and portfolio properties.
- We seek to incentivize and improve the sustainability practices of our tenants and utilize environmentally focused lease provisions with an emphasis on energy efficiency to promote sustainability.
- We seek to evaluate and incorporate robust energy management and environmental considerations into our target property investment analysis.
- We seek to incorporate more energy efficient features into our portfolio properties to reduce energy consumption.