



# 2022 ESG Report

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# FORWARD-LOOKING STATEMENTS

Certain statements included in this report are forward-looking statements. Those statements include statements regarding the intent, belief, or current expectations of the Company and members of our management team, including those related to our ESG strategies, plans and goals, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” “should” or similar expressions. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

The Company’s forward-looking statements are subject to various risks and uncertainties. Factors that could cause actual outcomes to differ materially from our forward-looking statements include macroeconomic factors in the United States including inflation, changing interest rates and economic contraction, the extent of any recoveries on delinquent loans, the financial stability of our borrowers and the other risks and important factors contained and identified in the Company’s filings with the Securities and Exchange Commission (“SEC”), including its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and its subsequent filings with the SEC, any of which could cause actual results to differ materially from the forward-looking statements. The forward-looking statements included in this communication are made only as of the date hereof.

# About Franklin BSP Realty Trust, Inc.

Franklin BSP Realty Trust, Inc. (“FBRT” or “the Company”) is a real estate investment trust (“REIT”) that originates, acquires, and manages a diversified portfolio of commercial real estate debt secured by properties located in the United States. We maintain a large pipeline of investment opportunities cultivated by our experienced real estate team. FBRT does not have any employees and is externally managed by Benefit Street Partners L.L.C. (“BSP” or “our Advisor”).

FBRT’s strategy is focused on originating and managing a portfolio of commercial real estate debt, which is diversified by property type and geographic location. We also invest in subordinate loans, mezzanine loans, and securities. Our flexible lending approach allows our team, which has extensive experience and expertise in origination, underwriting, and asset management, to customize each loan to a specific property. For more information on our investment strategy, please refer to [our website](#).

We believe our diversified portfolio of senior floating rate loans, conservative and flexible balance sheet, and strong Advisor serve as unique differentiators that propel our value proposition. A sample of our transactions can be [viewed here](#).

We depend on our external Advisor and their commercial real estate team to provide critical support services to generate stable income and attractive risk-adjusted returns for our stockholders. At our size – with \$6.2 billion in total interest-earnings assets as of December 31, 2022 – the unique structure of an externally managed REIT allows FBRT to access BSP’s platform and relationships in a manner that is cost-effective and risk adjusted.

Our network of relationships with brokers and borrowers drives proprietary deal flow and a large pipeline of investment opportunities. We lend against all commercial property types with a national origination footprint and invest across the capital structure.

BSP is a wholly owned subsidiary of Franklin Resources, Inc. (“Franklin Templeton” or “FT”), one of the world’s largest independent investment managers. Franklin Templeton is also a United Nations Principles for Responsible Investment (“UN PRI”) signatory. Our relationship and interconnectivity with our external manager, BSP, and their parent organization, Franklin Templeton, remain integral and highly relevant to our own focus on environmental, social, and governance (“ESG”) matters.

## Relationship between Franklin BSP Realty Trust, Benefit Street Partners, and Franklin Templeton:





### Franklin Templeton

NYSE: BEN

-  IPO: 1971
-  AUM: \$1.4T<sup>1</sup>
-  Employees: 9,000+ globally
-  Offices: 30+ countries with offices

Wholly-owned Subsidiary

### Benefit Street Partners



-  Advisor of FBRT
-  Leading credit-focused alternative asset manager
-  \$76B AUM<sup>2</sup>
-  411 employees

Management Contract

Sponsorship

### Franklin BSP Realty Trust

NYSE: FBRT

-  Externally managed REIT
-  NYSE-listed
-  Zero employees

<sup>1</sup> Franklin Templeton \$1.43T AUM as of June 30, 2023

<sup>2</sup> Benefit Street Partners and Alcentra \$76B AUM as of June 30, 2023

# A Message from Our CEO

I am pleased to present Franklin BSP Realty Trust's inaugural ESG report, showcasing our progress throughout the past year as responsible stewards of capital. The release of this report builds upon our previously published SASB disclosures and demonstrates FBRT's commitment to transparency and progress across environmental, social, and governance initiatives.

Through collaboration with our Board of Directors, Benefit Street Partners, and its parent company, Franklin Templeton, we continue to develop our ESG program across four core tenets: corporate governance, our people, our community, and the environment. Over the past year, we engaged with a variety of stakeholders to further refine the focus of our ESG strategy to drive forward initiatives that generate long-term value for our stockholders.

- We are committed to transparency and accountability in our ESG practices.
- We believe that addressing ESG risks is essential to driving long-term value for our investors.
- We strive to advance our ESG program and be a better corporate citizen.

FBRT's investment process is the center of our operations.

We approach sustainability mindful of our responsibility as a fiduciary to generate long-term value on behalf of our stockholders. The integration of strategic ESG factors into our investment screening enhances effective risk management across our commercial real estate portfolio and promotes long-term value creation for all stakeholders.

Our Advisor collaborates with FT to foster strong relationships with its employees and our community. Through these relationships, we advocate for programs that provide mentorship, training, and development opportunities to underrepresented groups in our industry. This past year, we became a signatory to ILPA's Diversity in Action Initiative, partnered with Sponsors for Educational Opportunity to offer our first Summer 2023 internship, and supported BSP's Women's Event at the New York

Stock Exchange to improve visibility and recognition of women leaders in our industry.

We look forward to providing our stakeholders with regular reporting and updates.

Sincerely,



RICHARD BYRNE



Chief Executive Officer and Chairman of the Board of Directors

# About this Report

We believe we have a responsibility to serve, support, and be transparent with our stakeholders

At Franklin BSP Realty Trust, Inc., we believe we have a responsibility to serve, support, and be transparent with our stakeholders. As part of this overall mission, we are committed to effectively managing relevant ESG and sustainability issues and reporting on our progress regularly. We believe a deliberate focus on our own sustainable business practices and those of BSP strengthens our ability to effectively identify, respond to, and manage risk in a way that enhances our operations, assets, reputation, and ultimately our resilience as an organization.

With this context, we are pleased to share our 2022 ESG Report as a follow up to our [2022 SASB Factsheet](#), which outlined FBRT's and BSP's ESG efforts through December 31, 2021. Performance metrics and data in this report reflect the period of January 1 through December 31, 2022 unless otherwise stated; descriptions and references to relevant efforts and initiatives largely reflect those that occurred in 2022, however select references to 2023 activities are included as well.

The purpose of this report is to provide stakeholders with decision-useful, relevant, and meaningful information pertaining to our management of ESG risks and opportunities and broader sustainability practices embedded into our business. For a second year, we leveraged the Sustainability Accounting Standards Board's ("SASB") industry-specific disclosure recommendations

to guide our reporting of ESG topics deemed potentially material to our industry. SASB disclosures included in the content index of this report were prepared in accordance with SASB's recommended standards for the Mortgage Finance and Asset Management and Custody Activities industries. FBRT's use of two sets of SASB standards reflects our goal of performing objective and thorough assessments of relevant ESG risks and opportunities along with our commitment to provide investors and other stakeholders with comprehensive, comparable, and transparent reporting.

# Our Approach to ESG

ESG considerations are increasingly fundamental aspects of operational and financial risk assessments. By integrating ESG considerations into our operations and investment decisions, we aim to enhance our risk management, resilience, and societal contribution to a more sustainable future.

We allocate resources to accelerate initiatives that we believe support our focus to generate attractive risk-adjusted returns.

FBRT relies on four key tenets to guide our ESG strategy:



## CORPORATE GOVERNANCE

We are committed to sound, ethical, and transparent governance practices and reporting, and regular engagement with stockholders and other key stakeholders.



## OUR PEOPLE

We are committed to the wellbeing, development, and success of BSP's workforce.



## OUR COMMUNITY

We are committed to supporting the communities in which we live and operate, and those with which we interact through the course of doing business, and remaining cognizant of our ability to influence.



## ENVIRONMENTAL RESPONSIBILITY

We are committed to supporting and advocating for responsible environmental practices relevant to our investment strategies.

# Our Shared ESG Strategy

We engage and collaborate regularly with BSP and Franklin Templeton to establish and align ESG priorities

Our ESG strategy is overseen by our Board of Directors through the leadership of the Board's Nominating and Corporate Governance committee, which consists solely of independent directors. The Board and the Nominating and Corporate Governance committee are responsible for our corporate governance policies. Given that we are externally managed and do not have any employees, our social and environmental policies are largely driven by both BSP and Franklin Templeton. The Board and the Nominating and Corporate Governance committee engage and collaborate with BSP and Franklin Templeton on these policies as they relate to our Company.

FBRT aligns its commercial real estate lending and business practices with the UN PRI, of which Franklin Templeton is a signatory.

For more information on Franklin Templeton and BSP's efforts, please refer to Franklin Templeton's [Global Citizenship](#) and [Sustainable Investing and Stewardship](#) webpages.



# Materiality Based Approach to ESG

FBRT leverages SASB's industry-specific standards and materiality matrices to inform reporting and strategy. The key stakeholders considered during the refining of report focus areas were the investment community, relevant workforces across BSP and Franklin Templeton, and the communities in which we live and operate.

Keeping these stakeholder groups in mind, along with insights from third-party organizations focused on industry specific ESG considerations such as SASB, ISS, and MSCI, we determined the thematic areas listed on the right listed on the right remain central to our ESG strategy and considerations.

These areas of focus guide our resource allocation to improve performance on relevant issues and related reporting efforts. We continuously evaluate the relevance of these issues at least annually and as our ESG program and stakeholder expectations evolve, using each to inform reporting, investment decision-making, goal setting, and strategy. Potential adjustments due to changes in the regulatory environment or stakeholder expectations are reviewed internally and then presented to the Nominating and Corporate Governance Committee.



## BUSINESS ETHICS, TRANSPARENCY, AND CORPORATE GOVERNANCE

The FBRT Board of Directors is comprised of knowledgeable individuals with diverse perspectives that enable strong oversight of business decisions and strategy implementation. As a Company, we operate with transparency and ethics front-of-mind to bolster the trust of stakeholders and reduce our exposure to risk. We believe we have appropriate policies and procedures in place to ensure our workforce adheres to the highest ethical principles.



## ENVIRONMENTAL FOOTPRINT AND CLIMATE-RELATED RISKS & OPPORTUNITIES

We recognize the importance of mitigating environmental risk in both our operations and in our investments, in addition to seeking to minimize BSP and FBRT's operational footprint. We continue to assess ways to measure energy usage, greenhouse gas emissions, waste generation, and water usage. In addition, we acknowledge the importance of identifying and assessing the impact of climate-related risks and opportunities on our business.



## ADHERENCE TO RESPONSIBLE INVESTMENT PRACTICES

FBRT and BSP are unified in our approach to responsible investment and stewardship of capital by considering ESG risks in investment decision making processes.



## DIVERSITY, EQUITY, AND INCLUSION

We are committed to fostering a diverse and inclusive workplace to provide equal opportunities and value all perspectives. To monitor our progress, we track various diversity metrics.



## HUMAN CAPITAL

Prioritizing the development and wellbeing of our workforce is not only a key aspect of risk management, but also, simply, the right thing to do. Through BSP and FT, we provide our workforce with the resources, programs, and support they need to advance in their careers, prioritize their wellbeing, and feel empowered to achieve more.

# Our ESG Strategic Focus and Partnerships

We continue to increase our knowledge of the ESG ecosystem and improve our understanding of the ways in which we can meet stakeholder expectations

Recognizing the importance of continuous progress, in 2023 FBRT partnered with an experienced third-party advisor to assist with general ESG strategy development, stakeholder engagement, and reporting. Through this ongoing partnership, we continue to increase our knowledge of the ESG ecosystem and improve our understanding of the ways in which we can meet stakeholder expectations, reduce real and perceived business risk, improve our competitive position, and support our desire to provide stockholders with favorable risk-adjusted returns.

To this end, we have increased our disclosure on relevant ESG topics, increased proactive engagement with ESG rating agencies and other stakeholders, and developed and enhanced policies and programs that support our goals, including our newly published Conflict Minerals Policy, Statement on Human Rights, Political and Charitable Contributions Guidelines, and Corporate Environmental Policy. Through BSP, we also continue to benefit from a partnership with an experienced advisor that enhances the integration of ESG considerations into our investment processes.

For further information on how we prioritize sustainability in our operations, please see the [Sustainability Efforts in Our Operations](#) section of this report.

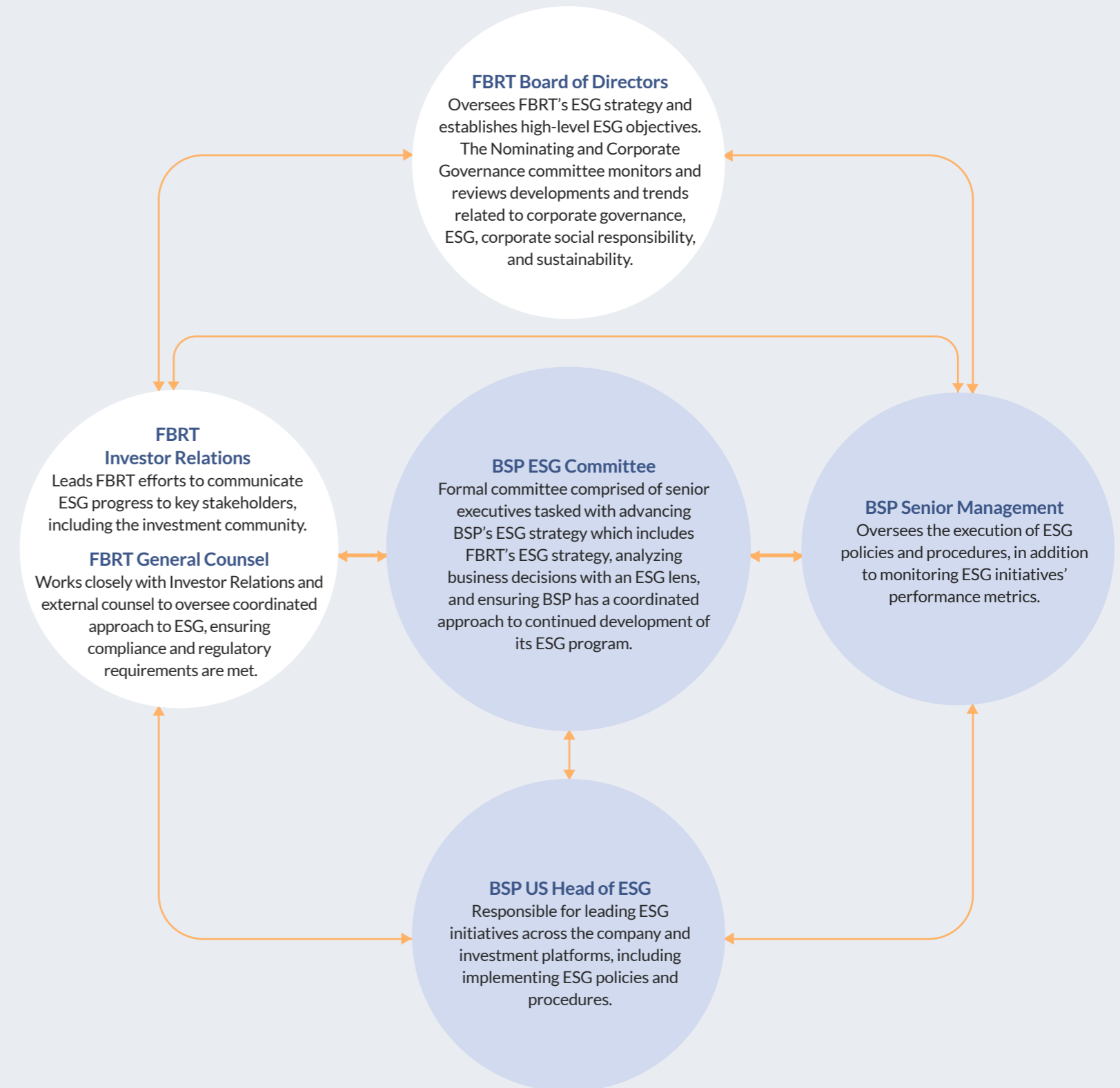


# ESG & Sustainability Oversight

Our leaders and organizational structure are key components to the successful implementation of our ESG strategy. FBRT and BSP operate with a robust oversight structure to ensure ESG and sustainability matters are effectively integrated into our operations and support our growth strategy, under the oversight and guidance of the Nominating and Corporate Governance Committee of the FBRT Board. FBRT does not have any employees; therefore, our executive leadership team consists of executives from our advisor, BSP. Given our relationship with BSP, the ESG priorities and initiatives implemented by BSP extend throughout our business as well.

In 2021, BSP formed an ESG Committee that supports the Company's on-going commitment to responsible investing, adoption of ESG integration, and corporate social responsibility efforts. The committee comprises senior executives from FBRT and BSP, including other subject matter experts. The Committee establishes a platform and forum for sharing relevant best practices across the organization, advancing our ESG strategy into the future, and further formalizes the governance structure which oversees our ESG efforts. Through the ESG Committee, we aim to maintain a cohesive, coordinated approach to our ESG strategy and effective incorporation of ESG factors into critical business decisions.

In addition to the ESG Committee, we assign ESG responsibilities to individuals at various levels to ensure that our responsible investment principles are embedded throughout our business:



# Embedding ESG Considerations into our Investment Processes

FBRT is dedicated to being a responsible steward of capital. Our investment strategy is rooted in well-informed, responsible decision making in which we consider a variety of investment criteria, including those related to ESG and sustainability. Integrating ESG considerations into our investment decisions strengthens our credit underwriting and monitoring processes, minimizing downside risks and optimizing long-term value creation for our investors.

We rely on strong internal oversight and dynamic third-party partnerships to ensure ESG investment criteria are appropriately considered in our investment strategy. Our senior management, in partnership with our investment team's leadership, aligns asset-level evaluations with our firm-wide ESG program. This allows BSP and FBRT to adequately assess ESG risks and potential value creation opportunities.

As part of our investment screening process, we leverage BSP's Responsible Investment Policy and Principles which encompasses a wide range of ESG considerations, including environmental, social, health, safety, labor, and governance criteria. We thoughtfully incorporate these

principles during our pre-screening investment process to identify any red flags and high-risk investments. Furthermore, we incorporate these considerations when conducting screening and due diligence on potential investments. These considerations strengthen our investment screening and are integral to enhancing our operational and financial decision making.

Primarily focused on senior loan originations in a competitive real estate finance environment, FBRT remains mindful that borrower, sponsor, and service provider commitments to ESG standards may positively contribute to the credit, risk, and performance profile of our investments.

As part of our approach to responsible investing, we evaluate environmental risks comprehensively during the loan underwriting process, typically mandating Phase I Environmental Site Assessments (ESA) to identify and assess potential environmental liabilities associated with a property. We require our borrowers to obtain flood insurance, earthquake insurance, wind insurance, and/or environmental insurance to mitigate the risks of losses due to environmental issues, such as natural disasters, to the extent appropriate and practicable. To the extent there is a situation where a certain risk is un-insurable or under-insured, we further mitigate with recourse

carveouts or lower leverage. These efforts allow FBRT to consider and assess risks associated with the increased frequency and severity of natural disasters and potential costs and liabilities associated with environmental-related remediation.

We also consider the evaluation of environmental factors such as energy and water efficiency, as well as certifications like LEED and other green certifications.

The consideration of ESG factors in our investment decisions is central to our competitive position and ability to deliver attractive risk-adjusted returns for our stockholders. We expect global regulatory forces will influence sustainable investment policies and disclosures, and will adapt our practices accordingly.

# | GOVERNANCE

# Governance

We emphasize a culture of accountability and conduct our business in a manner that is fair, ethical, and responsible

FBRT is committed to strong corporate governance practices. We emphasize a culture of accountability and conduct our business in a manner that is fair, ethical, and responsible to deliver long-term stockholder value. FBRT has comprehensive corporate governance policies and structures in place to foster accountability and transparency for our management team. These policies reflect our underlying commitment to maintain the highest standards of ethics and integrity and to operate our business in compliance with all applicable anti-corruption, anti-bribery, and anti-trust laws and regulations. We also maintain robust risk management programs to ensure compliance with applicable laws and regulations governing ethical business practices.

## Board Composition

Our Board of Directors is responsible for the oversight of Company management, ensuring strategic decisions are made with the long-term value of our stakeholders in mind. Our Board operates under a set of established guidelines which are based on best practices that meet or exceed the existing NYSE and U.S. Securities and Exchange Commission standards. These guidelines set expectations for ethical behavior and ensure our Board is equipped to make well-informed business decisions.

Our Board of Directors consists of seven knowledgeable individuals, each with diverse backgrounds and experience relevant to our business.

Our board collectively possesses a strong mix of expertise to oversee the Company's strategy and generate long term value.


 Strategy Development

 ESG

 Risk Management

 REITs

 Corporate Governance

 Operations

For more information on the skills distribution of our Board, please refer to our [2023 Proxy Statement](#).

# Board Composition



**RICHARD BYRNE**

CEO & Chairman of the Board

EXPERIENCE:

Deutsche Bank  
Merrill Lynch



**PETER MCDONOUGH**

EXPERIENCE:

Diageo North America  
The Procter & Gamble Company  
University of Canterbury  
Gillette  
Black & Decker



**PAT AUGUSTINE**

EXPERIENCE:

Solomon Brothers  
NationsBank (Bank of America)  
Swiss RE Insurance Asset Management  
Meridian Enterprises



**BUFORD ORTALE**

EXPERIENCE:

Merrill Lynch  
NationsBanc  
Sewanee Ventures  
Enliven Partnership  
Armour, LLC  
Western Express  
PNQR



**JOE DUMARS**

EXPERIENCE:

National Basketball Association (“NBA”)  
Sacramento Kings  
Independent Sports & Entertainment  
Detroit Pistons



**ELIZABETH TUPPENY**

Lead Independent Director

EXPERIENCE:

Domus  
EKT Development, LLC  
Earle Palmer Brown  
Weightman Advertising  
The Marketing Group  
Philadelphia Industrial Development Council



**JAMIE HANDWERKER**

EXPERIENCE:

KSH Capital  
Cramer Rosenthal McGlynn  
Windridge Partners, L.P  
ING Barings

- Independent
- Audit Committee
- Compensation Committee
- Nominating & Corporate Governance Committee
- Chair



We are proud of our efforts to expand the diversity of our Board, as reflected in our Director composition below.

**29%** female

**14%** racially diverse

**43%** overall gender and racial diversity

FBRT has a strong commitment to diversity, equity, and inclusion, and we will continue to prioritize Board diversity in the future.

FBRT believes diversity is an important attribute of the members who comprise our Board and that the members should represent an array of backgrounds and experiences, including racial, ethnic and gender diversity. As a result of a comprehensive Board skills and member composition exercise undertaken by the Nominating and Corporate Governance Committee in 2022, we recruited Joe Dumars, who was also re-elected by stockholders at our 2023 annual meeting.

The Nominating and Corporate Governance Committee undertakes an annual review of the skills, characteristics, and function of our Board ensuring our Board members remain adept and meet the needs of our stakeholders. In addition, our Board undergoes an annual election process in which our stockholders vote to re-elect incumbent directors. Through these processes, we gain confidence in the ability of our Board to respond to stakeholder needs as our business evolves.

In addition to the processes stated above, other notable governance policies in place are:

- Majority director independence policy, with 86% of the Board being independent directors
- The Board has explicit overboarding restrictions
- The Board has a majority vote standard, a director resignation policy, and is not classified
- Our Board and its committees conduct annual self-evaluations
- The Lead Independent Director has robust governance responsibilities

For additional information on our Board of Directors and governance policies, refer to our [2023 Proxy Statement](#).

Our Board of Directors is organized into three committees, each of which is entirely composed of independent directors and has detailed responsibilities outlined in respective committee charters.

**1** AUDIT COMMITTEE



Monitors the Company's financial reporting, compliance with legal and regulatory requirements, performance of internal controls over financial reporting, and risk assessment.



Our independent registered public accounting firm reports directly to the Audit Committee.

**2** COMPENSATION COMMITTEE



Review, determine, and implement the Company's compensation philosophy and executive officers' compensation.



Administer the Company's equity and other incentive compensation plans to align interests of BSP employees with FBRT shareholders.

**3** NOMINATING AND CORPORATE GOVERNANCE COMMITTEE



Oversee and advise the Board with respect to the Company's corporate governance matters, including director elections, Corporate Governance Guidelines, and the evaluation of the Board.



Oversee the Company's ESG policies and initiatives, including climate-related matters.

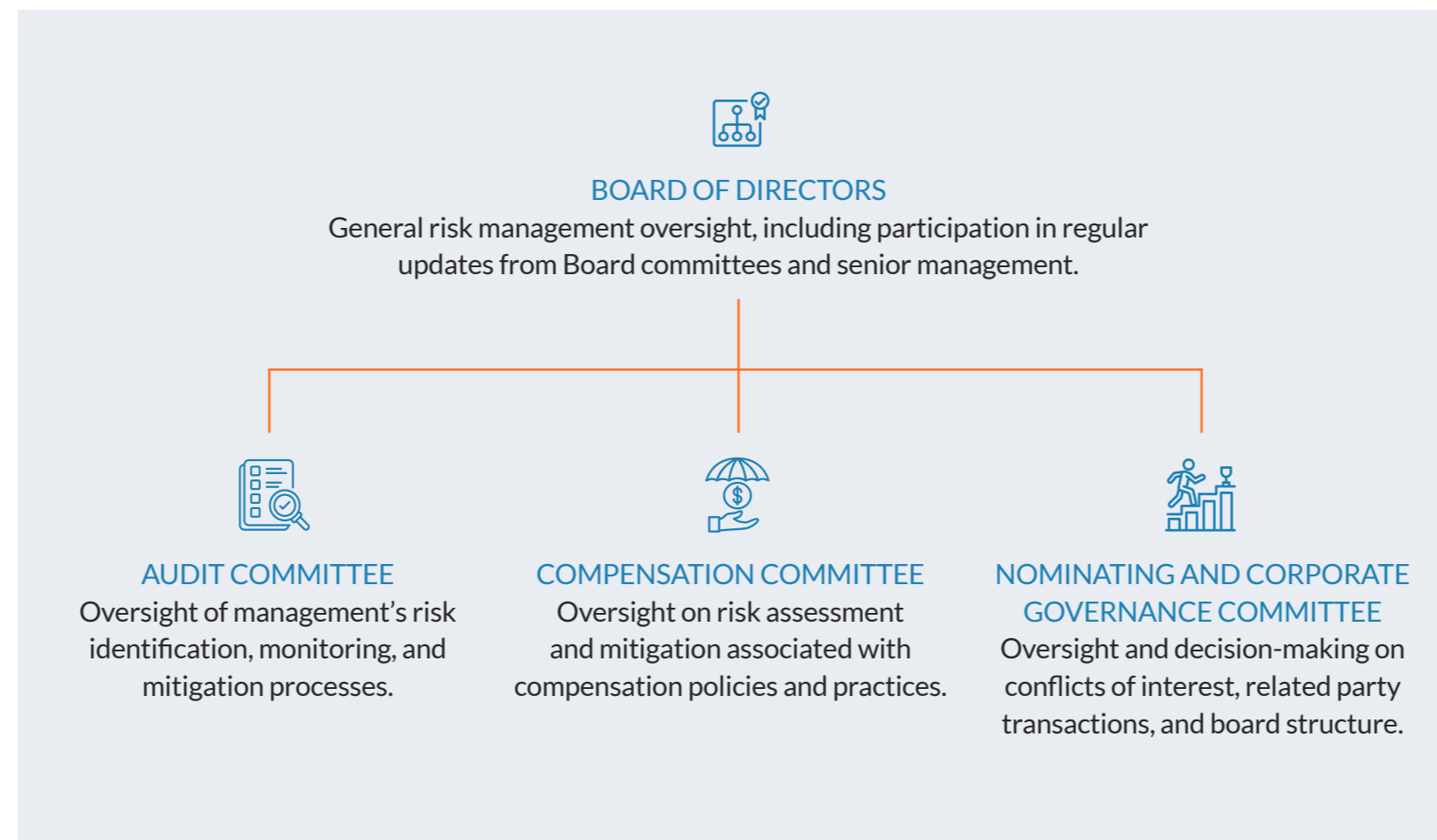


# Risk Management

At FBRT, we have various policies and procedures in place to ensure we appropriately identify and manage the risks relevant to our business. Our Board of Directors plays an active role in overseeing broad risk management while senior staff is responsible for day-to-day risk management processes. We believe integrating risk management responsibilities throughout our business at various levels ensures risks are appropriately identified and mitigated.

## Enterprise Risk Management

Each of our three committees of the Board of Directors plays an important role in risk oversight, as follows:



FBRT management, under the supervision of the Audit Committee and the full Board of Directors, continuously monitors and assesses various financial, legal, operational, and regulatory risks pertinent to our business. We assess risk related to our investments, business segments, conflicts of interest, corporate structure, taxation, and investments in our Company. Some of the risks identified include:

- Restrictive covenant requirements
- Rising interest rates
- Financing limitations due to general economic and market conditions
- Real estate considerations, such as natural disasters, health crises, or acts of war or terrorism
- An oversupply of (or a reduction in demand for) particular properties to prospective tenants
- Insurance coverage on potential property losses
- Competition
- Limitations of due diligence process

By identifying our risks, we are able to enact the appropriate internal controls to mitigate these risks and position our business for sustainable growth. Our internal controls environment ensures key business processes are functioning properly, thus minimizing risk and providing reasonable assurance over the preparation and presentation of our financial statements.

For additional information on our risk management structure, please refer to our [2022 Form 10-K](#) and [2023 Proxy Statement](#).

# Data Privacy and Security

FBRT understands the importance of minimizing cybersecurity risk. We are committed to maintaining a strong cybersecurity program that is characterized by effective protection, timely detection capabilities, effective response, and appropriate oversight and reporting.

FBRT has the appropriate oversight and risk management processes in place to identify and mitigate cybersecurity threats. We believe our cybersecurity disclosures, as outlined in this report and in our SEC filings, provide our stakeholders with transparency and demonstrate that FBRT can responsibly manage cybersecurity information.

Our Audit Committee oversees cybersecurity risk management by reviewing and discussing the Company's privacy, information technology, and cybersecurity risk exposures with management. Supporting our Audit Committee is a knowledgeable and experienced team that is led by the Franklin Templeton Chief Information Officer and Chief Risk & Transformation Officer. Our risk and security personnel are equipped with a holistic understanding of our systems, data, and risk management capabilities.

Our cybersecurity program is focused on continuous improvement and the development of strong partnerships and interworking relationships. To achieve these outcomes, we rely on a four-pillar framework containing the following elements:



## CYBERSECURITY GOVERNANCE

Ensuring proper oversight and BSP employee participation in the adoption of a strong oversight culture.



## CYBERSECURITY PROGRAM MANAGEMENT

Regular assessment of the risk landscape with a focus on ways in which we can mitigate, report, and manage associated risks.



## SECURITY OPERATIONS

Focus on systems and processes to identify, detect, respond, and predict cybersecurity risks, ensuring we are able to protect our systems and operations.



## CYBERSECURITY PROGRAM EFFECTIVENESS

Assessment of our risk landscape, compliance management, third party vulnerability testing, and control effectiveness.

When assessing our cybersecurity risk exposure, we examine the potential impact to our operations, including financial performance and reputation. We also consider the ways in which our current policies and processes can help minimize these risks. By understanding our risk exposure, we can develop proper controls to mitigate each risk and keep our information safe.

As part of our cybersecurity controls, we leverage the latest encryption configurations and technologies on our systems, devices, and third-party connections, and further

vet third-party vendors' encryption, as required, through our vendor management process.

To educate our employees on cybersecurity, we conduct annual web based training supplemented by a phishing program, cyber awareness month, tabletop exercises, business unit sessions, and publication of relevant articles.

We have not experienced any material cybersecurity breaches over the past three years.

# Stockholder Rights

At FBRT, we make a conscious effort to engage with our stockholders and understand their perspectives. We believe making well-informed decisions aligned with our stockholders' interests generates long-term value.

Throughout the year, we actively discuss business performance, operations, corporate governance practices, and corporate social responsibility with our stockholders. We engage on various fronts, including attending investor conferences, holding one-on-one meetings and calls with stockholders and potential investors, and holding an annual meeting where stockholders vote on various routine and non-routine business matters. Our engagement with stockholders ensures consistent and transparent communication.

We do not have a dual class share structure and follow a one vote per share structure. We permit our stockholders to amend our Bylaws. We value and respond to stockholder feedback, as demonstrated through our recent addition of a Management Say on Pay proposal to the 2023 annual meeting ballot. These are examples of adapting our policies and processes to protect stockholders' interests.

Throughout our 2023 engagement efforts, stockholders have given us positive feedback on our diversity, inclusion, and sustainability efforts. We believe our ESG progress throughout 2022, including increasing board diversity, releasing our first sustainability fact sheet, and publishing a corporate environmental policy, has led to this positive sentiment. We aim to continue progressing in each of these areas.

## Compensation Aligned with Value Creation

We believe in the importance of aligning compensation with the Company's performance. The Compensation Committee members of the FBRT Board are responsible for overseeing the risks, policies, and practices associated with certain compensation and incentives at the company level. In addition, the Board works with an independent compensation consultant to advise on pay methodologies, award terms, peer practices, and other compensation considerations.

FBRT does not have any employees. As such, we do not pay salaries or bonuses. Our manager receives management fees, a portion of which are directly based on increases in stockholder value. In 2022, our Compensation

Committee approved equity awards of FBRT stock to certain employees of BSP and its affiliates in 2022. When issuing awards, the Compensation Committee considers numerous factors including Company financial and operational performance and peer compensation practices, aligning the interests of our executive and non-executive officers with those of our stockholders. In order to align our compensation policies with long-term stockholder value creation, equity awards granted to executive officers are subject to stock ownership requirements and a three-year vesting period.

For additional information on our compensation policies and practices, refer to the Compensation Discussion & Analysis section of our [2023 Proxy Statement](#).

# Business Ethics and Transparency

We are committed to conducting our business in a manner that is fair, ethical, and responsible to earn and maintain the trust of our stakeholders. Our [Code of Ethics](#) requires that our directors and officers conduct business in an ethical manner and in compliance with all applicable laws, rules, and regulations. It covers topics including rules, conflicts of interest, confidentiality of information, full and fair disclosure, reporting of violations and compliance with laws and regulations.

Over the past year, we adopted new corporate policies, our [Statement on Human Rights](#) and [Conflict Minerals Policy](#). Our Statement on Human Rights reinforces our commitment to ethical behavior, outlining expectations for labor practices, health and safety, economic inclusion, and anti-discrimination. In addition to holding our employees to these standards, we expect our vendors to strive to uphold the same standards and principles. In this way, we hold both ourselves and our partners responsible for conducting business activities in the highest ethical and professional manner.

We demonstrated our commitment to ethical behavior through the creation of new corporate policies

Numerous other [corporate policies](#) complement our Code of Ethics and guide employee, contractor, and supplier behavior. These policies include:

[Anti-Bribery and Anti-Corruption Policy](#)

[Anti-Harassment and Anti-Discrimination Policy](#)

[Corporate Environmental Policy](#)

[Political and Charitable Contributions Guidelines](#)

[Whistleblower Policy](#)

Our Compliance Team oversees FBRT's compliance with applicable laws and regulations and coordinates with subject matter experts throughout our business to identify, monitor, and mitigate compliance risks.

## Employee Training on Business Ethics

To ensure employees are aware of the expectations for business conduct and understand how to report violations, BSP requires acknowledgment of our Code of Ethics upon hire and annually, and provides 100% of its employees with anti-bribery and corruption training annually. In this way, BSP reinforces high standards for ethical business conduct and solidifies a company culture that values high moral and ethical principles.

## Whistleblower Protections

As stated in our [Whistleblower Policy](#), FBRT encourages open discussion of our business practices within the workplace. We have procedures in place to ensure individuals can confidentially report good-faith complaints through our hotline, which is managed by an independent service provider. Our Audit Committee upholds the responsibility to investigate all complaints, determine the appropriate corrective actions, and maintain a log of all reports. Whistleblowers and participants in investigations of reports remain protected through our anti-retaliation policy which states that no employee can be discharged, demoted, suspended, threatened, or harassed for making a good faith complaint. In addition, unless necessary to conduct an adequate investigation, the identity of individuals who file a report remains confidential.

# | SOCIAL



# Our People

Pursuant to an advisory agreement, FBRT is managed by Benefit Street Partners L.L.C. and thus has no employees of its own. While the activities and initiatives outlined in this section are bespoke to BSP and FBRT, related resources, initiatives, and events regarding Franklin Templeton remain available to BSP employees and are often integrated into BSP's employee engagement efforts.

BSP recognizes that its workforce is a critical asset and is dedicated to cultivating a highly skilled, motivated, and valued team. BSP demonstrates a commitment to its workforce by creating a safe, diverse, and inclusive workplace, providing competitive compensation and benefits programs, as well as providing opportunities for career growth and professional development.

The BSP team brings together individuals with diverse backgrounds, deep real estate knowledge, and credit expertise. The employees of our Advisor and Advisor's affiliates perform a full range of real estate services for our Company, including those related to origination, acquisitions, accounting, legal, asset management, wholesale brokerage, and investor relations. For more information on BSP's real estate team, please refer to the [BSP website](#).

## Employee Recruitment, Development, and Retention

Talent development, attraction, and retention are key to the Company's success. To recruit and retain a highly-skilled, diverse, and engaged workforce, BSP provides employees with a safe, flexible work environment supported by various talent development opportunities. Importantly, the resources BSP provides encourage and empower employees to progress in their careers while maintaining a healthy work-life balance.



## Talent Attraction and Development

Our goal is to build an inclusive workplace, find and retain the best talent, and maximize employee potential. BSP's human capital management philosophy promotes continuous learning, professional development, and mentorship through various initiatives that foster engagement and enhance the employee experience. Reporting and management practices focus on strengthening BSP's ability to recruit, hire, retain, manage, and promote talent. For example, practices implemented to execute this philosophy include goal setting, performance evaluations, succession planning, and communicating opportunities for learning and development.

BSP equips employees with professional development and learning resources from the moment they become part of the team. To ensure that new employees are set up for success, the New Employee Learning Series is required as part of the onboarding process to increase familiarization with the industry and our Company through a wide range of resources. Incorporating Franklin Templeton's inclusive education training into onboarding sets the expectation of inclusive leadership and aims to foster employee sentiment of belonging and engagement.

In order to retain and develop our talent, employees are encouraged to self-select trainings ranging from virtual learning to advanced certifications that are relevant to their scope of work, development goals, and professional objectives.

BSP also provides job-specific training for employees of certain disciplines through the Franklin Templeton Academy. This resource provides employees with knowledge specific to their area of focus and is regularly updated to ensure employees can remain up-to-date on foundational protocols as well as on emerging topics like sustainable investing.

To complement Franklin Templeton's learning courses, BSP provides additional leadership and management training that increases skills and encourages personal and professional growth, focusing on problem solving, project planning, coaching, and critical thinking that are beneficial to the success of our teams and leaders. In addition, a New Leader Learning Path is offered to encourage development of leadership skills, as well as third-party facilitated annual leadership training for executives.



BSP employees have access to the LinkedIn Learning series, offering a wide range of courses suited to employees' needs.



Employees are eligible for reimbursement to continue their professional education and to obtain advanced certifications. Through Franklin Templeton, BSP employees also have access to discount agreements for review materials and other related expenses for these courses and certifications.

# Employee Engagement and Incentives

## Employee Engagement

Facilitating an environment wherein employees are highly engaged with their roles and responsibilities is essential; it drives overall employee satisfaction and thus the Company's success. In addition to less formal efforts, BSP aims to keep employees regularly engaged through a variety of channels including:



Quarterly town halls, which provide all employees with critical updates from our business leaders.



Employee surveys conducted annually to gauge employee sentiment.



A robust annual performance review process to provide employees with clear feedback and recommendations for near-term improvement and longer-term career development opportunities. BSP completed annual performance reviews for 100% of employees in 2022.

In addition to broad-based efforts aimed at BSP's entire employee base, BSP also provides avenues for historically underrepresented groups in the real estate industry to access bespoke mentorship and professional development opportunities.



BSP recognizes the importance of engaging with and supporting the success of all employees, including those in underrepresented groups. BSP is proud of its initiatives to engage with female employees, who are traditionally underrepresented in our industry.

To this end, BSP recently reinvigorated its internal women's network intending to enrich our female community and facilitate fellowship, mentoring, growth, and recognition. In 2023, these women gathered at the New York Stock Exchange ("NYSE") for a professional development day.

BSP publishes a quarterly newsletter that highlights women in our organization and includes development and engagement opportunities, both professional and community-focused, and relevant thought leadership. The newsletter is shared with approximately 150 women and discussion extends to our dedicated Microsoft Teams channel.

To further highlight BSP's gender diversity commitments, BSP sponsors industry events such as the Kayo Conference Series, which connects investors in private markets through various annual conferences, email newsletters, online community, and digital content. Sponsoring these events demonstrates commitment to providing professional women in the financial services industry with a forum to connect with leaders, receive mentorship, and champion other women.



Annual Women's Day attendees join Coach Kim Mulkey, LSU's Women's Basketball coach, after she rang the closing bell at the NYSE.

Engaging directly with our employees allows us to internalize and act on their feedback; this has led to changes in practices to meet their needs and increased employee satisfaction as a result. We are proud of BSP's efforts to engage with its employees and look forward to continued improvements and enhancements on this critical value driver as our business grows.





## Benefits & Incentives

BSP maintains competitive compensation policies that incorporate financial and nonmonetary rewards. In addition to base salary and benefits, all BSP employees participate in incentive plans; this is a direct reflection of the leadership’s belief that allowing employees to share in the realized success of the organization will only enhance accountability and thus performance. BSP’s executive compensation program is designed to attract, retain, and reward performance, as well as align incentives with the achievement of its strategic plan and short- and long-term operating objectives. To this end, all employees are eligible for an annual cash bonus and senior level employees are also eligible for stock incentive compensation.

BSP is committed to ensuring pay equity. We believe this enhances the Company’s ability to hire diverse individuals with the required expertise. Compensation models are reviewed annually to ensure fair and inclusive pay practices. Further, the FBRT Compensation Committee works with a compensation consultant to review FBRT’s executive restricted stock grants and Board compensation.

In addition to practices on pay equity, the efficacy and competitiveness of general health and benefit plans offered to BSP employees are reviewed and assessed annually to ensure they continue to protect the health, safety, and wellness of BSP’s workforce.

Benefits offered to BSP’s workforce include:



Competitive health (medical, dental and vision), wellness, and risk benefits for employees and their families



Flexible spending and health savings accounts for both healthcare and dependent care



401(k) retirement savings program, including company matching contributions, stock purchase plan, and other incentive programs to help employees plan for the future



Short- and long-term disability insurance



Paid family caregiver leave and a minimum of 12 paid weeks of family parental leave (birth, adoption, and surrogacy)



Flexible work environment and inclusive, collaborative culture



Paid time off for volunteering

Through the Worklife Assistance Program, BSP is able to offer employees expansive virtual health care and telehealth services that focus on mental and emotional health as well as physical fitness. A 24/7/365 guidance consultant complements the Worklife Assistance Program and assists employees in finding the appropriate work-life balance for their lifestyle.

BSP also provides employees with flexibility through the option of a hybrid work environment. To support this type of work environment and foster productivity, BSP provides online tools and collaborative platforms to enhance connectivity between virtual and on-site employees. BSP leverages an internal employee portal and other connectivity tools. Providing this type of flexibility supports employees’ wellness and mental health, as well as a healthy work-life balance.

BSP believes that providing its employees with comprehensive benefits and competitive pay contributes to the overall long-term success of the Company and its people.

### Labor, Health, and Safety

A safe and healthy workplace empowers employees to perform to their full potential. BSP protects the health and safety of employees, which includes following all Occupational Safety and Health Act (“OSHA”) requirements, as well as other applicable laws and regulations. BSP’s company-wide health and safety practices ensure employees have the resources to create a safe and healthy workplace for all.

Creating a safe workplace also entails protecting employee rights, including the right to freedom of association, collective bargaining, the right to organize, and to engage in workers’ representation. We believe providing employees with these rights demonstrates our commitment to acting in the best interest of our workforce.

The Company expects suppliers to comply with the health and safety standards outlined in our Statement on Human Rights. The Statement addresses working hours, a commitment to providing a fair wage, and a safe work environment, and prohibits any type of child or forced labor. By holding suppliers to high standards, we ensure our commitment to health and safety extends throughout the value chain.

### Diversity, Equity, and Inclusion

BSP’s diversity, equity, and inclusion (“DEI”) strategy is centered around recruiting and retaining a workforce diverse in background, knowledge, skill, and experience, while also fostering an inclusive culture. A diverse workforce allows BSP to compete in the marketplace more effectively, sustain success, and build long-term value. BSP leverages Franklin Templeton’s recruiting and partnerships platform, as well as its robust mentorship opportunities, to recruit a diverse workforce.

BSP’s DEI infrastructure is led by Franklin Templeton’s Chief Diversity Officer, who reports directly to the CEO of Franklin Templeton. The Franklin Templeton team in the Office of DEI works closely with the Diversity & Inclusion Executive Council, Business Resource Groups, DEI Committees, and other firm leaders to ensure BSP maintains its strong culture of inclusion. With strong support from our Board of Directors, Executive Committee, and Human Resources team, this partnership elevates our DEI focus and propels our work in this area forward.

In 2023, BSP formed a DEI team composed of 10 individuals, 60% of which identify as female and 60% of which identify as racially or ethnically diverse. The team will meet regularly to discuss diversity topics and initiatives with the goal of promoting diversity and inclusion initiatives at the firm.

## Benefit Street Partners DEI Team Leads



**SHIRLEY HAMBELTON**

SENIOR COUNSEL

Co-Chair



**ANANT KUMAR**

HEAD OF RESEARCH

Co-Chair



BSP is a signatory of the Institutional Limited Partners Association’s (“ILPA”) Diversity in Action initiative. ILPA is a non-profit organization focused on bringing together limited partners and general partners who share a commitment to advancing diversity, equity, and inclusion in the private equity industry. The goal of the initiative is to motivate market participants to engage in the journey toward becoming more diverse and inclusive and to build momentum around the adoption of specific actions that advance DEI over time. As a signatory, BSP participates in roundtable discussions, working groups, and surveys to drive forward best practices and industry transparency in diversity, equity, and inclusion initiatives.

## Policies and Training

BSP builds and communicates a culture of DEI with foundational policies and training. To supplement BSP's policies and reinforce our commitment to DEI, FBRT maintains non-discrimination and anti-harassment policies, including a formal [Code of Ethics](#), a [Statement on Human Rights](#), and an [Anti-Harassment and Anti-Discrimination policy](#). Our policies reaffirm the Company's commitment to embracing diverse perspectives and conducting business in the most ethical manner. In each of these policies, we outline the firm's labor practices, including those related to anti-discrimination and inclusion.

To encourage productive conversations within the organization, employees complete annual training that includes a focus on respect in the workplace, through which employees learn about key behaviors to look out for, best practices for interacting with co-workers, and the importance of speaking up and being vocal when and where a potential need for change is identified. This comprehensive training also explores topics like bullying and abusive conduct, gender identity, gender expression and sexual orientation, dating and social relationships, empathy building, diversity and inclusion, stereotypes, discrimination, national origin harassment, in addition to manager roles and responsibilities related to fostering an inclusive workplace. A similar in-person diversity training for BSP senior level executives was held recently to ensure that leaders in the company continue to lead by example and provide a meaningful tone from the top of the organization.



## Equal Opportunities

BSP’s commitment to DEI has contributed greatly to its growth and success. Aligned with its focus on diverse hiring and ensuring equal opportunities for candidates of all backgrounds to enter the talent pipeline, BSP is committed to providing equal employment opportunities. In practice, this manifests itself in deeply integrating the question and matter of equal opportunity into all recruiting, compensation, performance, and promotion decisions, and ensuring such decisions are based on merit, without any discrimination on the basis of gender, sexual orientation, age, family status, ethnic origin, nationality, disability, or religious belief.

## SEO Career

Embracing DEI ultimately makes BSP a more resilient business. We recognize this effort often begins with talent recruiting. In 2023, BSP partnered with Sponsors for Educational Opportunity (“SEO”), a non-profit organization which recruits and trains high-achieving Black, LatinX, and Native American college students for challenging summer internships, with the intention of opening pathways to full-time jobs.

We aim to protect the rights of all employees, as outlined in our anti-harassment and anti-discrimination policies. Examples of this can be found in BSP’s commitments to the LGBTQ+ community, where BSP offers same-sex domestic partner benefits, and to people with disabilities, where BSP makes accommodations including adaptive equipment, allowances for on-site service animals, flexible work arrangements and special parking assignments.

**BSP endeavors to include at least one historically underrepresented candidate in the first round of interviews when hiring for a position.**

	2021 <sup>1</sup>	2022 <sup>2</sup>
<b>Female Employees</b>		
Executive Management <sup>3</sup>	11%	11%
Non-Executive Management <sup>4</sup>	36%	47%
Professionals <sup>5</sup>	10%	10%
All Other Employees	45%	48%
<b>Minority Employees<sup>6</sup></b>		
Executive Management	0%	0%
Non-Executive Management	16%	17%
Professionals	21%	21%
All Other Employees	23%	21%
<b>Total Number of Employees</b>	<b>217</b>	<b>231</b>

<sup>1</sup> 2021 data calculated for Benefit Street Partners U.S employees as of 12/31/2021.

<sup>2</sup> 2022 data calculated for Benefit Street Partners U.S employees as of 12/31/2022.

<sup>3</sup> Executive management includes the Partners Committee. Executives that are also categorized as investment professionals are only included in this table once in the Executive category.

<sup>4</sup> Non-executive management includes non-investment professionals Managing Directors & Directors.

<sup>5</sup> Professional is defined as an investment professional.

<sup>6</sup> Minority is defined as an employee that does not identify as White.

## Encouraging Conversations

BSP encourages inclusion through Franklin Templeton’s employee-led Business Resource Groups (“BRGs”). These communities support a greater sense of shared experience with colleagues and allies to:



NURTURE COLLABORATION AND NETWORKING



CONTRIBUTE INSIGHTS ON KEY BUSINESS INITIATIVES



SUPPORT NEW EMPLOYEE RECRUITING AND MENTORING

Our 8 BRGs enhance the understanding of diversity in the workplace and broader communities, as well as foster a culture of mutual respect.

**able** Uniting and supporting those whose lives are impacted by disabilities. Raising awareness and acceptance of all abilities, ideas and perspectives, and supporting the mental well-being of our diverse workforce.

**ben** Supports the professional success of all Black employees by promoting environments that value diversity through four core pillars: Culture, Community, Career, and Commerce.

**hola** Facilitating the professional and personal growth of Hispanic and Latino employees and allies by creating an environment that promotes understanding and awareness of Latino culture.

**veterans** Serving Franklin Templeton’s military veterans, active reservists, families and allies by increasing awareness and providing opportunities that honor the sacrifice of those who serve(d).

**asian pacific islander** Raising awareness and promoting an understanding of Asian and Pacific Islander (“API”) backgrounds, experiences and identities, while advocating for the advancement and development of API professionals.

**ethnicity** Founded in EMEA, supports a thriving and inclusive environment for ethnic minorities through education, overcoming biases, allyship, inclusive recruitment practices, role models, community outreach, and culture.

**pride** Promoting an inclusive environment for LGBTQ+ employees to build networks, develop professional skills, and advance change and respect in the communities where we live and work.

**women** Elevating the visibility of key gender diversity issues, while also serving to encourage, inspire, champion and support women in our organization to reach their full potential.



# Our Community

FBRT, BSP, and Franklin Templeton believe that investing in local communities to create social and economic outcomes is required to generate meaningful positive change in the communities in which its employees live and work. We are focused on supporting various organizations through educational sponsorship and community development efforts to systematically create positive social impact through key partnerships.

BSP supports and empowers its employees' efforts in their communities by encouraging them to take opportunities to volunteer. As such, each employee is offered a day's worth of paid time off to volunteer at an organization of their choice. Further increasing BSP's positive impact, we support employees in their personal charitable efforts by directing matching gifts of up to \$1,000 per employee per year.

BSP's community initiatives are centered on three core tenets.

## COMMUNITY PARTNERSHIPS

Developing positive, long-lasting, and long-term relationships with organizations that allow BSP to conduct high-impact charitable activities.



## COMMUNITY INVESTMENTS

Supporting organizations through contributions, community service, and education as a direct and high-impact method of providing support where and when needed most.



## COMMUNITY INVOLVEMENT

Identifying opportunities to positively impact the community through on-the-ground initiatives whether to support longer-term goals or provide support, relief, and aid.



Supported employees' commitment to volunteerism through a Cycle for Survival event in which participants powered through an indoor cycling experience to raise funds for pioneering research and lifesaving clinical trials at Memorial Sloan Kettering Cancer Center.



Sponsored the Leveraged Finance Fights Melanoma event to bring together professionals from the leveraged finance, private equity, and investment communities to fight melanoma and raise awareness on skin cancer prevention.



Sponsored the Kayo Summit conference, which provides professional women in the financial services industry with a forum to connect with leaders, receive mentorship, and champion other women.



In 2023, we worked closely with the local YWCA to repurpose office amenities from the closure of an FBRT satellite office that could benefit YWCA clients and services. The Rochester & Monroe Country YWCA has been a trusted and essential community for women and children for over 130 years.

# | ENVIRONMENT

# Integrating Environmental Factors into Investments

FBRT incorporates select environmental criteria when evaluating existing holdings and potential investments

FBRT recognizes that integrating environmental factors into investment due diligence and underwriting processes strengthens decision-making and should contribute to greater risk-adjusted returns. More specifically, FBRT incorporates select environmental criteria and engages with asset owners when evaluating existing holdings and potential investment in order to mitigate direct exposure to potential material financial impacts.

Please see the [Embedding ESG Considerations into our Investment Processes](#) section for more information on how FBRT integrates ESG considerations across our underwriting practices.



**CLIMATE CHANGE:** The built environment should work to understand and identify real assets and operations vulnerable to climate change-related physical risks and develop business continuity plans and asset protections accordingly.



**ENVIRONMENTAL MANAGEMENT:** It is paramount for the built environment to monitor and manage environmentally hazardous inputs, waste, and byproducts to reduce the use of hazardous/toxic substances where possible, and otherwise store and dispose of these materials in a manner that protects surrounding ecosystems.



**C-PACE:** BSP is building a C-PACE program which is a public-private partnership allowing private capital to finance measures that reduce a commercial building's energy consumption.



# Sustainability Efforts in Our Operations

BSP seeks innovative and impactful solutions to minimize its direct operational impact on the environment, such as reducing energy consumption and waste production in office space. Focusing on environmental sustainability not only underscores BSP's efforts to integrate ESG into investment processes, but also allows for a reduction in costs and environmental footprint while contributing to a safe and healthy workplace.



FBRT's corporate headquarters are in a certified Leadership in Energy and Environmental Design ("LEED") Silver building. Operating in a LEED certified building demonstrates our commitment sustainability and enhances the health and well-being of those in our offices.

## Emissions & Energy

We understand the value in reducing energy consumption and greenhouse gas emissions.

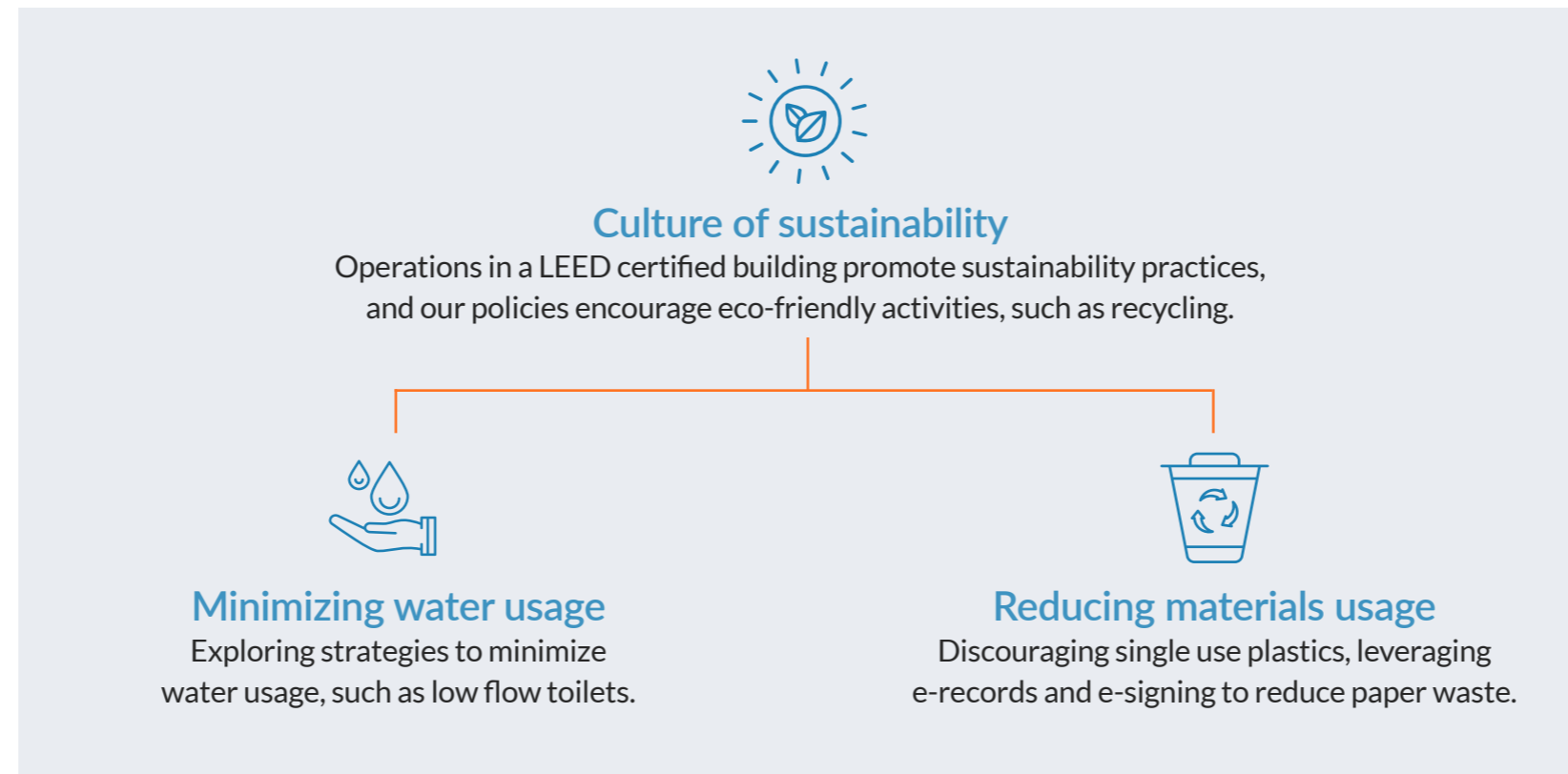
Incorporating technological advancements into our operations is one way in which we minimize our environmental impact and realize cost savings. When selecting office equipment, we consider equipment with environmental benefits, including those with lower emissions profiles, higher energy efficiency, and longer operational life. Technology in our office spaces includes Energy Star appliances, motion detector lighting, and high-efficiency HVAC units.

In addition, BSP has migrated technology infrastructure to the cloud in an effort to reduce the impact on our office and operations. Migrating to the cloud has facilitated a more efficient hybrid work environment while also helping to reduce our energy usage, paper and natural resource consumption, and carbon footprint.



# Waste & Water

Within BSP's workplace, environmentally friendly practices such as reducing waste generation and water use contribute to the development of a culture highly cognizant of sustainability.



## Operational Footprint

FBRT is dedicated to reducing our environmental footprint through efficiencies in our operations. BSP's hybrid work policy allows many employees to work from home and decreases the number of employees commuting into the office. Less commuting translates to reduced emissions and energy consumption, as well as a decreased burden on our corporate office. For example, we recently closed our Rochester office as part of a wider effort across BSP and Franklin Templeton to consolidate office spaces and reduce our global real estate footprint; those who were based in our Rochester office are now working remotely.

# Go-forward Environmental Strategy

We proactively address environmental considerations and assess their relevance to our business as we adapt to the evolving regulatory landscape and seek to advance the sophistication and impact of our sustainability efforts.

FBRT has begun to identify climate-related risks, such as those discussed in our 10-K. We continuously evaluate industry best practices and reporting norms, including identification of opportunities to enhance ESG reporting and alignment with third-party frameworks. Our efforts in this area, over the past year, are demonstrated through our alignment with an additional set of SASB standards relevant to our industry. We will continue to expand disclosures where feasible and we are monitoring developments and potential requirements related to climate reporting from the U.S. Securities and Exchange Commission.

# | APPENDIX

# Performance Metrics

Metric	Unit	FY21	FY22
<b>Our Employees<sup>9</sup></b>			
<b>General Employee Data</b>			
Number of Employees	Number	217	231
Full-time Employees <sup>10</sup>	Number	217	231
Part-time Employees <sup>11</sup>	Number	0	0
Average Headcount Executive Management <sup>12</sup>	Number	9	9
Average Headcount Non-Executive Management <sup>13</sup>	Number	25	30
Average Headcount Professionals <sup>14</sup>	Number	105	110
Average Headcount All Other Employees	Number	78	82
New Hires	Number	59	37
Average Employee Length of Service	Years	4.9	4.4
<b>Employee Training and Development</b>			
Frequency of Ethics Training	Number	Annually	Annually
Required Employees who Complete Code of Conduct/Ethics Training	Percentage (%)	100	100
Employees Receiving Regular Performance Reviews	Percentage (%)	100	100

9. Given FBRT's external management by BSP, all related employee data pertains to BSP.

10. Calculated as of fiscal year end for employees who work 40 hours per week.

11. Calculated as of fiscal year end for employees who work less than 40 hours per week.

12. Calculated as of fiscal year end. Executive management includes the Partners Committee. Executives that are also categorized as investment professionals are only included once in the Executive category.

13. Calculated as of fiscal year end. Non-executive management includes non-investment professionals Managing Directors and Directors.

14. Calculated as of fiscal year-end. Professional is defined as an investment professional.

# FBRT Board Data Metrics

Metric	Unit	FY21	FY22
<b>Governance<sup>15</sup></b>			
<b>Board Composition<sup>16</sup></b>			
Board Members	Number	8	7
Board Member Average Term Duration	Years	4	6
Board of Directors Average Age	Years	62	63
Independent Directors	Number	7	6
<b>Board Member Diversity<sup>17</sup></b>			
Female Board Members	Number	3	2
Minority Board Members	Number	0	0
Board of Directors Gender Representation	Percentage (%)	38	29
Board of Directors Diversity Representation	Percentage (%)	0	0

15. Governance-related data regarding the Board of Directors pertains to the FBRT Board of Directors.

16. Board composition metrics calculated as of 12/31/2021 and 12/31/2022. For additional metrics, refer to our 2023 Proxy Statement.

17. Board diversity metrics calculated as of 12/31/2021 and 12/31/2022. For additional metrics, refer to our 2023 Proxy Statement.

# Sustainable Accounting Standards Board Framework

Key Topic	Metric	Category	Unit of Measure	Code	Disclosure
SASB Mortgage Finance (FN-MF)					
Lending Practices	(1) Number and (2) value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	Quantitative	Number, Reporting Currency	FN-MF-270a.1	Franklin BSP Realty Trust, Inc. ("FBRT") only originates, acquires, and manages commercial real estate debt. FBRT does not invest in residential mortgages.
Lending Practices	(1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosure, by FICO scores above and below 660	Quantitative	Number, Reporting Currency	FN-MF-270a.2	FBRT only originates, acquires, and manages commercial real estate debt. FBRT does not invest in residential mortgages.
Lending Practices	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	Quantitative	Reporting Currency	FN-MF-270a.3	<p>FBRT takes great pride in its compliance program with respect to regulations related to its business, including its lending activities to both new and existing borrowers. The Company has not been party to any material legal or regulatory proceedings related to its business practices and has not sustained any monetary losses associated with communications to customers or remuneration of loan originators.</p> <p>Please see our <a href="#">2023 Proxy Statement</a> for more information.</p>
Lending Practices	Description of remuneration structure of loan originators	Discussion & Analysis	N/A	FN-MF-270a.4	Please see <a href="#">Employee Recruitment, Development, and Retention section</a> for information on the remuneration structure of loan originators.
Discriminatory Lending	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660	Quantitative	Number, Reporting Currency, Percentage (%)	FN-MF-270b.1	FBRT only originates, acquires and manages commercial real estate debt. FBRT does not invest in residential mortgages.
Discriminatory Lending	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending	Quantitative	Reporting Currency	FN-MF-270b.2	<p>FBRT takes great pride in its compliance program with respect to regulations related to its business, including its lending activities to both new and existing borrowers. The Company has not been party to any material legal or regulatory proceedings related to discriminatory mortgage lending and has not sustained any monetary losses associated with anti-competitive behavior, malpractice, insider trading, market manipulation, fraud, anti-trust, marketing, or other related financial industry laws.</p>

Key Topic	Metric	Category	Unit of Measure	Code	Disclosure						
Discriminatory Lending	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	Discussion & Analysis	N/A	FN-MF-270b.3	<p>FBRT only originates, acquires and manages commercial real estate debt. FBRT does not invest in residential mortgages.</p> <p>FBRT takes great pride in its compliance program with respect to regulations related to its business, including its lending activities to both new and existing borrowers. The Company has not been party to any material legal or regulatory proceedings related to its business practices and has not sustained any monetary losses associated with anti-competitive behavior, malpractice, insider trading, market manipulation, fraud, anti-trust, marketing, or other related financial industry laws.</p> <p>Please find additional information about our compliance with local laws and regulations in the <a href="#">Business Ethics and Transparency section</a>.</p>						
Environmental Risk to Mortgaged Properties	(1) Number and (2) value of mortgage loans in 100-year flood zones	Quantitative	Number, Reporting Currency	FN-MF-450a.1	<table border="1"> <thead> <tr> <th></th> <th>Number</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Loans in 100-year flood zones<sup>16</sup></td> <td>5</td> <td>\$103,308,343</td> </tr> </tbody> </table>		Number	Value	Loans in 100-year flood zones <sup>16</sup>	5	\$103,308,343
	Number	Value									
Loans in 100-year flood zones <sup>16</sup>	5	\$103,308,343									
Environmental Risk to Mortgaged Properties	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather related natural catastrophes, by geographic region	Quantitative	Reporting Currency, Percentage (%)	FN-MF-450a.2	<p>FBRT did not sustain any material losses as a result of mortgage loan default and delinquency due to weather-related natural catastrophes. As a mortgage REIT we require our borrowers to maintain casualty insurance on the collateral properties.</p>						
Environmental Risk to Mortgaged Properties	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	Discussion & Analysis	N/A	FN-MF-450a.3	<p>Please find a description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting in the <a href="#">ESG Considerations in Our Investments section</a>.</p>						
<b>Activity Metrics</b>											
	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial	Quantitative	Number, Reporting Currency	FN-MF-000.A	<table border="1"> <thead> <tr> <th>Type of Mortgage</th> <th>Number</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Commercial Mortgages Originated<sup>17</sup></td> <td>161<sup>18</sup></td> <td>\$5.3B<sup>19</sup></td> </tr> </tbody> </table>	Type of Mortgage	Number	Value	Commercial Mortgages Originated <sup>17</sup>	161 <sup>18</sup>	\$5.3B <sup>19</sup>
Type of Mortgage	Number	Value									
Commercial Mortgages Originated <sup>17</sup>	161 <sup>18</sup>	\$5.3B <sup>19</sup>									

16. Tracking of number and value of loans in 100-year flood zones began in September 2022. Value reported is total UPB as of 6/30/2023.

17. Franklin BSP Realty Trust ("FBRT") participates in the origination of commercial real estate debt, but does not purchase any residential or commercial mortgages.

18. Loans as of 12/31/2022.

19. Principal balance as of 12/31/2022.

Key Topic	Metric	Category	Unit of Measure	Code	Disclosure
	(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial	Quantitative	Number, Reporting Currency	FN-MF-000.B	FBRT participates in the origination of commercial real estate debt, but does not purchase any residential or commercial mortgages. Please find originated loans in FN-MF-000.A.
Asset Management & Custody Activities (FN - AC)					
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Quantitative	Number, Percentage (%)	FN-AC-270a.1	To the best of our knowledge and in our view, Benefit Street Partners L.L.C. did not have any covered employees with a record of any material investment-related investigations, consumer-initiated complaints, private civil litigations or other regulatory proceedings in 2022.
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	Quantitative	Reporting Currency	FN-AC-270a.2	In 2022, FBRT did not sustain any monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers.  Any material legal proceedings are published in periodic reports filed with the U.S. Securities Exchange Commission.
Transparent Information & Fair Advice for Customers	Description of approach to informing customers about products and services	Discussion & Analysis	N/A	FN-AC-270a.3	Please find the description of the approach to inform our investors about our products and services in the <a href="#">About Franklin BSP Realty Trust, Inc. section</a> of this report.
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Quantitative	Percentage (%)	FN-AC-330a.1	Please find a breakdown of gender and minority group representation in the <a href="#">Diversity, Equity and Inclusion section</a> of this report.
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Quantitative	Reporting Currency	FN-AC-410a.1	FBRT does not specifically manage a certain asset class with a specific focus on environmental, social or governance issues. ESG is integrated during our screening and diligence process. Additionally, FBRT does not employ sustainability themed investing.  FBRT is dedicated to being a responsible steward of capital. The policy set forth by Benefit Street Partners L.L.C. guide the overall objectives of FBRT and are refined to complement our varied investments strategies. The investment policy covers relevant environmental, social, health, safety, labor and governance issues.  Please find expanded discussion of the incorporation of ESG factors into our investments process in the <a href="#">ESG Considerations in Our Investments section</a> .



Key Topic	Metric	Category	Unit of Measure	Code	Disclosure
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Discussion & Analysis	N/A	FN-AC-410a.2	<p>Please see expanded discussion of our approach to incorporation of ESG factors investment management and advisory in the <a href="#">ESG Considerations in Our Investments section</a>.</p> <p>In addition, FBRT participates in responsible investment organizations through our relationship with Franklin Templeton and BSP. Membership in these organizations provides access to a network of resources and information related to responsible investing, enhancing our ability to effectively identify and navigate current and emerging ESG risks and opportunities.</p> <p>Franklin Templeton is a member of several responsible investment organizations including:</p> <ul style="list-style-type: none"> <li>• UN Principles for Responsible Investment (PRI);</li> <li>• The Ceres Investor Network on Climate Risk and Sustainability (INCR);</li> <li>• The Institutional Investors Group on Climate Change (IIGCC); and</li> <li>• The UK Sustainable Investment and Finance Association (SIF).</li> </ul>
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Description of proxy voting and investee engagement policies and procedures	Discussion & Analysis	N/A	FN-AC-410a.3	<p>FBRT does not engage in proxy voting because we currently do not invest in publicly traded company equities. Therefore, FBRT does not have a proxy voting and investment engagement policy or procedure set.</p> <p>For more information on how we engage with our stockholders, refer to the <a href="#">Stockholder Rights section</a> of this report.</p>
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting Currency	FN-AC-510a.1	<p>In 2022, FBRT did not sustain any monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice or other related financial industry laws or regulations.</p> <p>Additionally, we report any material legal proceedings in our periodic reports filed with the SEC.</p>

Key Topic	Metric	Category	Unit of Measure	Code	Disclosure
Business Ethics	Description of whistleblower policies and procedures	Discussion & Analysis	N/A	FN-AC-510a.2	Please find our Whistleblower policy <a href="#">here</a> and a description of policies and procedures in the <a href="#">Governance section</a> of this report.
<b>Activity Metrics</b>					
	(1) Total registered and (2) total unregistered assets under management (AUM)	Quantitative	Reporting Currency	FN-AC-000.A	Franklin BSP Realty Trust’s core portfolio had \$6.2 billion AUM as of December 31, 2022. All of our AUM is considered registered, and therefore have no unregistered AUM to disclose.
	Total assets under custody and supervision	Quantitative	Reporting Currency	FN-AC-000.B	Franklin BSP Realty Trust does not have any assets under custody and supervision.



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