

Our Commitment

CareTrust REIT, Inc. (together with its controlled subsidiaries, “CareTrust” or the “Company”) is committed to promoting sustainable practices across our operations and supporting our triple-net healthcare and seniors housing tenants in managing opportunities and challenges within their leased properties.

We work to identify sustainability risks across our buildings and corporate operations and encourage our tenants to manage property-level impacts in a commercially prudent manner. Additionally, we continually seek opportunities to enhance our sustainability policies, programs, and initiatives over time.

As a healthcare-focused real estate investment trust, our assets play an essential role in the continuum of care for the communities our tenants serve. We view sustainability as essential to our mission of helping people live and age well, while also driving long-term value for our shareholders.

Our commitment to Environmental, Social, and Governance (ESG) excellence is reflected in the promotion of sustainable practices within our business, the development of tenant ESG programs, and the consistent integration of corporate responsibility into our strategy. By aligning sustainability with our mission and stakeholder priorities, we aim to create lasting impact for our tenants, communities, employees, and investors.

Materiality & Stakeholder Engagement

CareTrust’s ESG strategy was shaped by a 2020 materiality assessment, which identified priority topics and guided our initial ESG roadmap. We continue to leverage stakeholder engagement and industry research to ensure our initiatives remain aligned with both operational priorities and stakeholder expectations.

Third-Party Operated Properties: Cooperative Approach

CareTrust’s ESG program is designed for the triple-net lease model, uniquely aligning our sustainability goals with tenant success. As we expand our portfolio, we remain focused on working with operators who share our core values: delivering quality care, supporting employee well-being, and driving operational excellence.

Because tenants have full possession, control, and operational responsibility for our triple-net properties, CareTrust cannot unilaterally mandate sustainability measures. To address this, we require tenants to meet or exceed specified thresholds for maintenance and capital

improvements, and we have developed the Tenant ESG Program, which offers economic incentives for sustainability improvements.

This program creates mutually beneficial arrangements that align landlord and tenant priorities, which encourages positive environmental and operational changes that other landlords with direct control could implement independently. Further details on the Tenant ESG Program, including incentive structures and performance expectations, are outlined in the *Environmental Policy Commitments* section of this Policy.

Implementation

This central Environmental, Social, and Governance (ESG) Policy serves as an “umbrella” framework for all CareTrust ESG-related policies and programs. It outlines updated strategies to address gaps in our approach and reflects industry best practices across environmental sustainability, employee and tenant well-being, and governance.

The policy is published on our website and shared with new employees and stakeholders as part of our ongoing commitment to accountability and transparency.

Oversight

CareTrust’s ESG policies and programs are overseen by the ESG Steering Committee, which is composed of cross-functional representatives, executive management, and the Board of Directors through its Sustainability & Corporate Responsibility Committee.

The ESG Steering Committee develops and implements programs, reporting progress to senior management and the Board. Senior management is accountable for ESG performance, with a portion of annual incentive compensation tied to sustainability objectives. The Board monitors ESG policies, programs, and disclosures to ensure alignment with investor, employee, tenant, and community interests.

Management provides the Board with at least quarterly updates on policy and disclosure changes, including climate-related risks, opportunities, and activities. CareTrust also periodically reports to shareholders through our annual Corporate Sustainability Report. For more details, committee charters are available on our website under *Investors → Corporate Responsibility*.

Environmental Policy Commitments

CareTrust integrates environmental considerations into its operations, acquisitions, and engagement with operators, reflecting our commitment to sustainable practices across our portfolio.

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1. Energy, Water, and Waste Data Tracking and Monitoring

- Maintain a partnership with a third-party Environmental Management System (EMS) aligned with ISO 14001 standards.
- Collect and analyze energy, water, and waste consumption to monitor asset-level performance.
- Track and review energy and cost-savings achieved through past environmental projects.

2. Resource-Intensive Property Management

- Identify the top 20 properties with the highest intensity in energy, water, and waste performance. Develop tailored tenant engagement resources to communicate these findings and provide tenants with strategies for reducing resource use. Properties that consistently appear on top-intensity lists will be flagged for closer monitoring and engagement.
- Assess year-over-year performance and communicate reductions to operators for properties that no longer fall within the top 20 during consecutive assessments.
- Identify assets that do not currently have recycling services and engage tenants by providing them with information on local providers.

3. Landlord–Tenant Collaboration: Tenant ESG Program

- Provide economic incentives to tenants for implementing sustainability improvements.
- Maintain our Tenant Sustainability Incentive List outlining specific goals with corresponding anticipated incentive amounts (e.g., material sourcing, water use reduction, sustainable procurement, minimum energy performance, waste management).
- Share the Tenant Code of Conduct & Corporate Responsibility Policy with tenants who opt into the program, which includes practices for managing GHG emissions, energy efficiency, air quality, renewable energy, green building materials, water and waste management, and sustainable development.

4. Green Leasing

- Incorporate new ESG-specific requirements into lease agreements when amending or modifying existing leases. Clauses may address energy management, sustainability improvements, Energy Star benchmarking, and climate risk assessments.

5. Corporate Office Initiatives

- Implement environmental initiatives within CareTrust’s corporate operations, focusing on employee commute programs and resource management practices.

Social Policy Commitments

CareTrust is committed to fostering a culture of engagement, well-being, fairness, and community connection across our employees, tenants, and broader stakeholders.

1. Employee Engagement

- Hold weekly meetings to encourage open communication between employees and management.
- Conduct employee satisfaction surveys in partnership with a third-party organization.
- Facilitate feedback sessions with C-suite staff to review survey results and develop engagement strategies.

2. Health and Well-Being

- Include well-being-related questions in employee surveys.
- Implement employee well-being initiatives based on survey findings.
- Track employee well-being initiatives through well-being-specific assessments and monitoring.
- Offer competitive compensation.
- Provide healthcare and benefits that meet or exceed market standards, including medical, dental, vision coverage, 401(k) plan, and paid time off.
- Provide additional benefits such as annual fitness stipends, flexible and remote work opportunities, and company-paid incentive trips.

3. Health and Safety

- Provide and maintain a safe and healthy workplace, encouraging employees to share health, safety, and environmental concerns.
- Monitor health and safety metrics (e.g., work-related injuries).
- Require triple-net tenants to operate facilities in compliance with all applicable health and safety laws, ordinances, and regulations.

4. Employee Training and Development

- Provide financial support for professional association memberships, continuing education credits, and participation in relevant conferences and seminars.
- Conduct regular performance and career development reviews.
- Distribute ESG commitments, strategies, and policies as part of a formal ESG training curriculum.

5. Fairness, Inclusivity, and Diversity

- Uphold Human Capital and Human Rights policies.

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- Maintain equal-opportunity employment practices.
- Include inclusivity and belonging metrics in employee satisfaction surveys.

6. Tenant Engagement

- Implement the Tenant ESG Program to support tenant-led sustainability practices.
- Host Operator Conferences to foster collaboration and provide a forum for open dialogue on key industry topics.
- Distribute tenant feedback surveys after each conference to capture insights and opportunities for improvement.

7. Community Engagement

- Provide charitable contributions to non-profit organizations, particularly those connected to the healthcare industry and its stakeholders.
- Provide employees with community service opportunities with paid time off for approved volunteer work and an employee donation matching program.

Governance Policy Commitments

CareTrust is committed to strong governance practices that ensure accountability, transparency, and ethical conduct in the advancement of ESG priorities.

1. ESG Governance and Oversight

- Oversee ESG performance through the Board's Sustainability & Corporate Responsibility Committee, which integrates sustainability into enterprise risk management and advises on executive incentives tied to ESG objectives.
- Review and update CEO incentive compensation annually to ensure alignment with long-term ESG strategy and objectives.
- Drive implementation of CareTrust's ESG policies and commitments through the ESG Steering Committee, composed of representatives from Underwriting, Asset Management, Accounting, and Construction.

2. Ethics

- Enforce a Code of Business Conduct and Ethics applicable to all employees, officers, and directors.
- Maintain a zero-tolerance policy for bribery and corruption.
- Share the Tenant Code of Conduct & Corporate Responsibility Policy with tenants opting into the ESG Program, requiring acknowledgement of its standards.
- Disclose expectations of suppliers, vendors, subcontractors, and their employees through CareTrust's Vendor Code of Conduct & Business Ethics.

3. Human Rights

- Uphold human rights across operations and tenant facilities, including prohibiting child and forced labor, protecting resident and patient dignity, ensuring occupational health and safety, and promoting non-discrimination, fair compensation, and equitable promotion practices.

4. Cybersecurity

- Integrate cybersecurity oversight into the Audit Committee's responsibilities, with the Chief of Staff accountable for day-to-day cybersecurity oversight.
- Partner with FIT Cybersecurity to safeguard information through 24/7 monitoring and comprehensive assessments of technical controls.
- Adhere to CareTrust's Information Security Incident Response Policy to guide risk identification, mitigation, and response.

5. Responsible Investment

- Utilize an ESG Acquisition Checklist during investment due diligence to integrate ESG considerations into decision-making.

6. Frameworks and Commitments

- Align disclosures and reporting with leading sustainability frameworks and benchmarks, including Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD), and applicable ESG ratings and assessments.

Climate Risk and Resilience Policy Commitments

CareTrust is committed to systematically identifying, assessing, and actively addressing climate-related risks and opportunities across our portfolio by engaging tenants and influencing asset performance.

1. Assess and Engage on Climate Risks

- Implement a multi-step process (established in 2023) to identify physical and transitional climate-related risks.
- Conduct climate risk assessments addressing both physical hazards and transitional risks (e.g., energy benchmarking, building performance standards, property-specific physical risk reports).
- Conduct a Tenant Climate Risk & Opportunity Survey to capture preparedness, transitional risks, and mitigation strategies at individual properties.
- Maintain a centralized Climate Risk Planning Tool to consolidate insights, track prioritized risks and opportunities, and integrate regulatory research and sector guidance to support consistent decision-making.

2. Incorporate Climate Risk into Acquisitions

- Commission third-party Phase I Environmental Site Assessments (ESA), Property Condition Assessments (PCA), and the ESG Acquisition Checklist for all prospective properties.
- Negotiate tenant capital improvement allowances when PCA findings identify deficiencies affecting safety, licensure, or operational viability.
- Capture sustainability indicators through the ESG Acquisition Checklist to identify opportunities for operational improvements early in the acquisition process.

3. Advance Resilience Strategy

- Maintain a portfolio-level Resilience Strategy focused on tenant engagement and risk mitigation.
- Provide tenants with property-specific reports highlighting “Extreme Risk” ratings (80–100) for hazards such as heat, fire, flood, precipitation, and drought.
- Share asset-level climate risk findings and mitigation guidance with tenants and encourage completion of resilience self-assessments utilizing our Resiliency Checklist.
- Support tenant-led resilience projects by incorporating eligible initiatives into the Tenant Sustainability Incentive List.

4. Evaluate and Manage Risks Annually

- Perform an annual climate risk and opportunity evaluation aligned with the TCFD framework, categorizing risks and opportunities by timeframe: Short-term (1–4 years), Medium-term (5–9 years), and Long-term (10+ years).
- Assess risks using two scales: Business Exposure Level (1–5) and Likelihood (1–5) and assign a risk management status to each risk.
- Convene a cross-functional working group, supported by ESG consultants, to review and update findings. Results are reported to executive management and the Board to inform ESG strategy, disclosure, and risk governance.
- Implement green lease provisions and financial incentives to improve asset performance and engage sustainability specialists for climate-related risk assessment support.
- Engage tenants on relevant physical and transitional climate risks by monitoring operators' emergency response and resiliency plans, maintaining climate risk data and mitigation resources shared, and monitoring asset-level energy reporting compliance.

Related Policies and Procedures

To advance our ESG commitments and provide clear guidance and oversight, CareTrust has published the following policies addressing environmental, social, and governance priorities:

- [Charter of the Board's Sustainability & Corporate Responsibility Committee \(Board of Directors\)](#)
- [Charter of the Environmental, Social & Governance Steering Committee \(Internal\)](#)
- [Policy on Human Rights & Responsibilities](#)
- [Policy on Human Capital](#)
- [Tenant Code of Conduct & Corporate Responsibility](#)
- [Vendor Code of Conduct & Business Ethics](#)
- [Code of Conduct and Business Ethics](#)

These policies are reviewed and updated periodically to ensure alignment with evolving best practices, regulatory requirements, and stakeholder expectations.

NO RIGHTS CREATED

This Environmental, Social, and Governance (ESG) Policy, together with our other policy statements including our Policy on Human Rights & Responsibilities, our Policy on Human Capital, our Vendor Code of Conduct, our Tenant Code of Conduct & Corporate Responsibility Program, our Code of Business Conduct & Ethics and any other Company policy or program in effect from time to time (all of which are incorporated herein by this reference and referred to collectively herein as the "CareTrust Policies") do not, in any way, constitute an employment contract, an assurance of continued employment or a guarantee of continuing Company policy. We reserve the right to amend, supplement or discontinue this ESG Policy, and the matters addressed herein and any or all of the other CareTrust Policies without prior notice, at any time. The CareTrust Policies are not intended to and do not create any rights in any employee, director, tenant, customer, supplier, competitor, stockholder or any other person or entity.

STAKEHOLDER INPUT WELCOME

CareTrust recognizes that ESG practices evolve over time and benefit from open dialogue with stakeholders. We welcome feedback to help us identify and address environmental risks, opportunities, and sustainability priorities.

Stakeholders may contact Jason Rodgers, Chairman of our ESG Steering Committee, at [**jrodgers@caretrustreit.com**](mailto:jrodgers@caretrustreit.com). All input will be considered as part of our commitment to continuous improvement.

Policy History

Our Environmental Sustainability Policy, originally adopted on January 31, 2020, has been consolidated into this ESG Policy, incorporating relevant practices. The ESG Policy was updated by the ESG Steering Committee, in collaboration with our third-party consultant

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Conservice, and reviewed and approved by the Board's Sustainability & Corporate
Responsibility Committee.