

# Green Financing Framework



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## 1. Overview

W. P. Carey Inc. (including its subsidiaries, “W. P. Carey”) is an internally-managed diversified real estate investment trust (“REIT”) and a leading owner of commercial real estate, net-leased to companies on a long-term basis. Our real estate portfolio is primarily located within the United States and Northern and Western Europe. Almost all of our revenues originate from lease revenue provided by our real estate portfolio, which is comprised primarily of single-tenant industrial, warehouse, office, retail, and self-storage facilities that are critical to our tenants' operations. As of June 30, 2021, our portfolio comprised 1,266 properties, net-leased to 356 tenants in 25 countries, with an occupancy rate of 98% and a weighted-average lease term of 10.8 years. As of June 30, 2021, approximately 62% of our contractual minimum annualized base rent (“ABR”) was generated by properties located in the United States and approximately 36% was generated by properties located in Europe.

## 2. W. P. Carey’s ESG Strategy

Since our founding in 1973, we have believed that being responsible to our stakeholders and our communities is fundamental to being good corporate citizens. We employ these principles across our strategies as part of our Environmental, Social and Governance (“ESG”) program, which can be further explored in our [Proxy Statement](#) or in our [2020 ESG report](#).

W. P. Carey is committed to a comprehensive ESG program, that allows us to maximize our impact in each of the following categories:

- **Environmental:** We consistently evaluate and target sustainability opportunities for all build-to-suits and redevelopments as well as for existing buildings within our portfolio. We believe these initiatives represent attractive investments while also enabling us to reduce our carbon footprint and partner with our tenant base on their own ESG goals. Every year, we target to increase our Green Building<sup>(1)</sup> footprint through either new investments or the certification of existing buildings.
- **Social:** *Doing Good While Doing Well*<sup>®</sup> is woven into the fabric of who we are. We prioritize our employees to ensure we attract and retain a high-caliber, diverse workforce. We view engagement with all stakeholders, including tenants and investors, and supporting the communities in which we work and do business, as critical components of being good corporate citizens.
- **Governance:** A company’s tone is set at the top and we are proud that many of our governance provisions are recognized as best practices. We are committed to managing risk, providing transparent disclosure and being accountable to our stakeholders.

## 3. Green Financing Strategy

W. P. Carey may periodically pursue Green Financing transactions, which will be used to finance or refinance new or existing Eligible Green Projects (as defined in Section 4) that align with our core ESG principles. We seek to create value for all of our stakeholders, while committing ourselves to furthering our contribution to the environment with sustainable investment practices, natural resource conservation, and the mitigation of pollutants.

(1) For a building to be considered “green” under our investment criteria, it must at a minimum (i) be certified by LEED, BREEAM or a similarly recognized organization or certification process; or (ii) rely on renewable energy sources (such as, solar, wind or hydroelectric power) for a material portion of its energy needs.

## 4. Alignment with the Green Bond Principles, 2021





We intend for this Green Financing Framework (the “Framework”) and any Green Financing transaction pursued by W. P. Carey to be aligned with the Green Bond Principles (2021) (“GBP”). The GBP are voluntary guidelines that were developed by an industry working group administered by the International Capital Markets Association. The GBP intend to promote integrity in the green bond market by setting standards relating to transparency, disclosure and reporting.



### 4.1 Eligible Green Projects

In the event that W. P. Carey successfully undertakes any Green Financing transactions, an amount equal to any net proceeds from such transactions will be allocated to existing or future investments or financings (including Green Buildings, capital investment projects, financings and new developments made during the 36 months prior to such Green Financing transaction).

In order to continuously expand our commitment to environmental responsibility, we will encourage tenants to implement sustainable practices, offer monitoring and third-party environmental reporting, and promote our Green Light Initiative™, which is a proactive tenant outreach program designed to introduce them to Eligible Green Projects that may be of interest.

Examples of our Eligible Green Projects include the following:

GBP Eligible Category	Eligible Green Projects and Examples	UN SDG Alignment
Green Buildings	Investments and financings related to real estate projects that have received or are expected to receive third-party sustainability certifications or verification such as: <ul style="list-style-type: none"> <li>• LEED (Silver, Gold, Platinum)</li> <li>• BREEAM® (Very Good, Excellent, Outstanding)</li> <li>• ENERGY STAR: Rating of 75 or greater</li> <li>• Additional equivalent certifications</li> </ul>	
Renewable Energy	Investments related to the design, construction, operation and maintenance of on-site or off-site renewable energy sources, such as wind and solar	
Energy Efficiency	Investments related to the design, construction, operation, and maintenance of energy-efficient systems (including efficient LED lighting, HVAC, cool roofing and energy management systems) that yield at least a 15% energy efficiency improvement	
Pollution Prevention and Control	Investments aimed to reduce waste and contribution to landfills	

GBP Eligible Category	Eligible Green Projects and Examples	UN SDG Alignment
Sustainable Water and Wastewater Management	Investments in infrastructure that promote clean water management, conservation and water-use efficiency	
Clean Transportation	Investments in electric transportation, including investments in infrastructure for the operation of electric vehicles (EV)	

## 4.2 Process for Project Evaluation and Selection

W. P. Carey has established a Green Finance Committee that will be responsible for the evaluation and selection of Eligible Green Projects. The Green Finance Committee includes members of W. P. Carey’s Asset Management, Capital Markets, Accounting and Legal teams. The project evaluation process will follow general guidelines set forth by the Green Finance Committee. The Green Finance Committee will monitor and ensure that proceeds are allocated to projects that meet eligibility criteria.

## 4.3 Management of Proceeds

Upon the receipt of any proceeds from a potential Green Financing transaction, W. P. Carey’s Green Finance Committee will ensure that a ledger is established within the accounting group that will record any allocations made, with internal audit conducting a review to ensure compliance with policies and procedures. We intend to fully allocate any net proceeds as soon as practicable. In the event there are any unallocated net proceeds, they will be managed in accordance with W. P. Carey’s cash management policy. Payment of principal and interest on W. P. Carey’s Green Financial instruments will be made from the company’s general funds and will not be directly linked to the performance of any Eligible Green Projects. In the case of divestment or if an investment no longer meets the eligibility criteria listed above, we intend to reallocate the funds to other Eligible Green Projects during the term of the relevant issuance.

## 4.4 Transparency & Reporting

### 4.4.1 Allocation Reporting

W. P. Carey will publish an allocation report for each Green Financing transaction annually until all net proceeds have been fully allocated<sup>(2)</sup>. The report will provide an update on the allocation of net proceeds for each Green Financial instrument, with the inaugural annual report to be posted within one year of the receipt of any proceeds. The allocation report may also include the following items: a list of Eligible Green Projects funded, total amount of allocated net proceeds, balance of unallocated net proceeds, performance indicators and certifications.

(2) Updates will be provided on a timely basis in the case of material developments.

### 4.4.2 Impact Reporting

Where feasible, the Green Finance Report may include levels of certification and environmental key performance indicators, such as those included below:

Project Category	Example Certifications / KPIs
Green Buildings	<ul style="list-style-type: none"> <li>• Level of certification achieved</li> <li>• Total square footage certified</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Renewable energy capacity sourced and developed (MW)</li> <li>• Emissions (including metric tons of CO2e) avoided or reduced</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Energy savings (e.g. MWh)</li> </ul>
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>• Total waste diverted from landfill (metric tons)</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>• Total capacity of water usage / savings (gallons)</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>• Number of electric charging stations installed</li> </ul>

## 5. External Review

We expect that our Green Finance Report will be accompanied by (i) an attestation from our senior management as to the allocation of proceeds from any Green Financing transaction to Eligible Green Projects; (ii) a report from our independent auditors, who will examine such attestation by our senior management in accordance with standards established by the American Institute of Certified Public Accountants.



## Disclaimer

This Framework is being provided by W. P. Carey for informational purposes only. The examples of Eligible Green Projects are for illustrative purposes only and no assurance can be provided that disbursements for investments with these specific characteristics will be made by W. P. Carey. The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. W. P. Carey does not assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current W. P. Carey policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by W. P. Carey and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by W. P. Carey as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of W. P. Carey or any of its affiliates (“Securities”). This Framework is not, is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any such Securities. If any such offer or invitation is made, it will be done so pursuant to separate and distinct documentation in the form of prospectus or other equivalent document and a related pricing term sheet (the “Offering Documents”) and any decision to purchase or subscribe for any such Securities pursuant to such offer or invitation should be made solely on the basis of such Offering Documents and not these materials. In particular, investors should pay special attention to any sections of the Offering Documents describing any risk factors. The merits or suitability of any securities or any transaction described in these materials to a particular person’s situation should be independently determined by such person. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of the securities or such transaction and prospective investors are required to make their own independent investment decisions. This Framework is not incorporated by reference into, or become a part of, any Offering Documents or any security. Any failure of W. P. Carey to comply with this Framework will not constitute a default under or breach of any Securities.

Certain of the matters discussed in this Framework constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Exchange Act of 1934, both as amended by the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements include, among other things, statements regarding the intent, belief or expectations of W. P. Carey and can be identified by the use of words such as “may,” “will,” “should,” “would,” “assume,” “outlook,” “seek,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “forecast” and other comparable terms. W. P. Carey’s execution of the Framework is subject to the risk that W. P. Carey will be unable to execute its strategy because of economic, market or competitive conditions or other factors. Results and the use of proceeds from any green financing could differ materially from those expressed or implied in any forward-looking statements. Risks, uncertainties and other factors that might cause such differences include the risks, uncertainties and other factors identified in W. P. Carey, Inc.’s filings with the U.S. Securities and Exchange Commission (the “SEC”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication, unless noted otherwise. Except as required under the federal securities laws and the rules and regulations of the SEC, W. P. Carey does not undertake any obligation to release publicly any revisions to the forward-looking statements to reflect events or circumstances after the date of this communication or to reflect the occurrence of unanticipated events.