



2016

SUSTAINABILITY

REPORT



ABOUT US

HCP IS AN S&P 500 COMPANY AND INVESTS PRIMARILY IN REAL ESTATE SERVING THE HEALTHCARE INDUSTRY IN THE UNITED STATES. WE ARE A MARYLAND CORPORATION ORGANIZED IN 1985 AND QUALIFY AS A SELF-ADMINISTERED REAL ESTATE INVESTMENT TRUST. WE ARE HEADQUARTERED IN IRVINE, CALIFORNIA, WITH OFFICES IN NASHVILLE AND SAN FRANCISCO. OUR DIVERSE PORTFOLIO IS COMPRISED OF INVESTMENTS IN THE FOLLOWING HEALTHCARE SEGMENTS: (I) SENIOR HOUSING TRIPLE-NET, (II) SENIOR HOUSING OPERATING PORTFOLIO, (III) LIFE SCIENCE AND (IV) MEDICAL OFFICE.

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ABOUT THIS REPORT

This marks our sixth annual Sustainability Report (this “Report”) published to date, and each has been developed in accordance with the Global Reporting Initiative (“GRI”)⁽¹⁾ standards (Core), including the GRI Construction and Real Estate Sector Supplement and other industry protocols.

Ernst & Young LLP has performed review-level assurance for the calendar year ending December 31, 2016 on selected sustainability indicators. The Review Report (and Management Assertion attached as Exhibit A) are included as Appendix C at the end of this Report.

⁽¹⁾ For additional information regarding our reporting standard and boundary, please refer to the GRI Content Index herein.

MESSAGE FROM OUR CEO

I am proud to present HCP's sixth annual sustainability report. 2016 was a transitional year for us and required us to reposition our business to generate more predictable and sustained value for our stockholders. We believe we are on the right track and our actions have contributed to stronger performance metrics and a lower cost of capital, which is positive for all of our stakeholders.

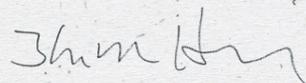
Our commitment to generate sustained value reaches beyond the economic realm and extends to our sustainability initiatives in the areas of environment, social responsibility and corporate governance (ESG). These initiatives improve operating efficiencies and enhance the quality of our portfolio.

2016 was a noteworthy year for HCP's sustainability program and our efforts produced meaningful results as well as esteemed industry and global recognition:

- Named NAREIT's 2016 Healthcare Leader in the Light Award for contributions to sustainable real estate ownership and operations, and a sustainability program that produces significant, measurable results
- Named to the North America Dow Jones Sustainability Index (DJSI) for 4th consecutive year and to the World DJSI for the 2nd year in a row, for outperforming our peers in sustainability metrics
- Ranked 2nd in the Healthcare Sector by the Global Real Estate Sustainability Benchmark (GRESB) and achieved Green Star designation for the 5th year in a row, for leadership in approach to ESG disclosure
- Named to the Leadership category by CDP (formerly Carbon Disclosure Project) for demonstrating leadership in best practices in environmental management, and achieving a score of "A"
- Named to the FTSE4Good Index series for the 5th consecutive year for meeting globally recognized corporate responsibility standards and demonstrating strong ESG practices

We are proud of our progress and will continue to pursue and invest in sustainability initiatives that improve our overall ESG performance and support our long-term goals.

Sincerely,



Thomas M. Herzog
Chief Executive Officer

WE EMBRACE OUR STOCKHOLDERS' VIEW THAT **TRANSPARENCY IS VITAL AND ULTIMATELY DRIVES A LOWER COST OF CAPITAL.** WE INTEND TO LEAD THE SECTOR IN CLEAR AND FULSOME DISCLOSURE OF KEY OPERATING AND FINANCIAL MEASURES.

HCP's recent repositioning included a commitment to a new strategic vision, helped shape our investment philosophy, and influenced our strategy for 2017 and beyond. We are firmly committed to delivering strong risk-adjusted stockholder returns through a prudent, balanced focus on:

1 Portfolio Quality and Growth

- Maintaining a clearly articulated investment thesis across each segment
- Ongoing capital recycling, development and redevelopment
- Properly managing concentrations by tenant and asset type
- Exercising disciplined capital allocation

2 Strong Balance Sheet

- Improved credit metrics which merit strong corporate ratings
- Competitive cost of capital to fund new investments

3 Sustainable Cash Flow

- Organic private-pay rental growth complemented by accretive acquisitions and development
- Stringent and comprehensive investment underwriting and diligence processes
- A commitment to assets, markets and deal structures that support consistent dividend growth

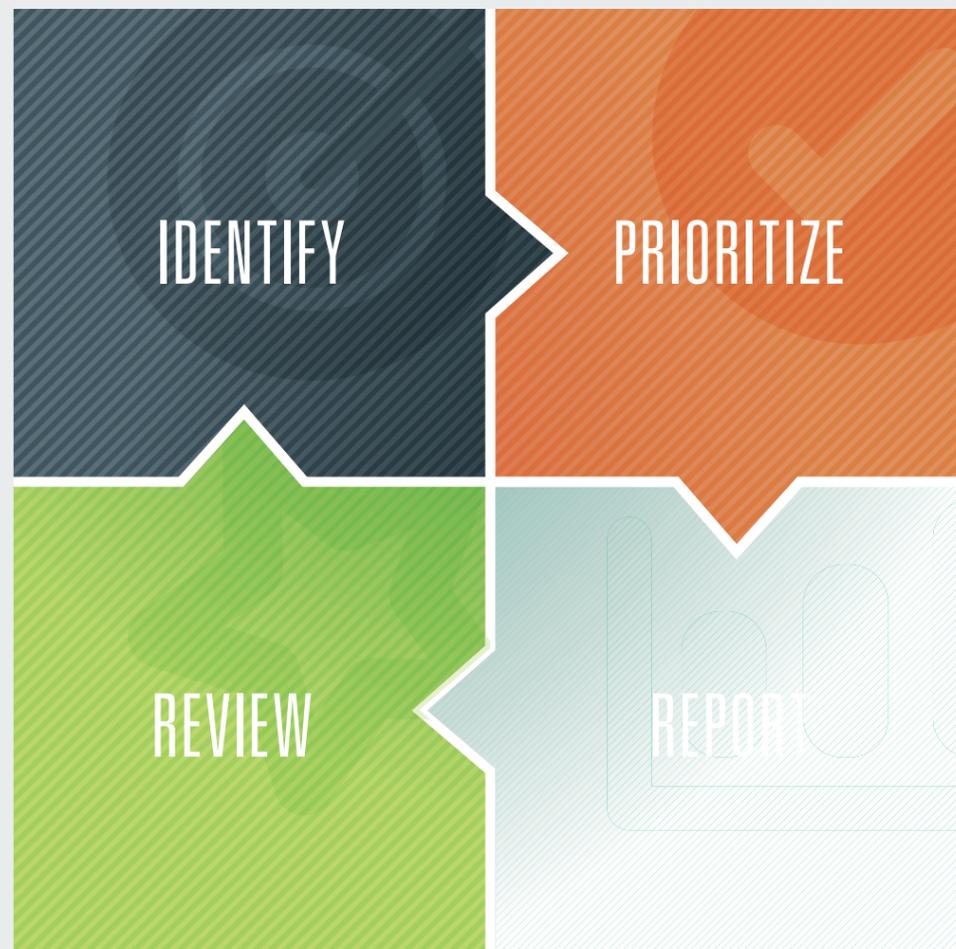
2016 WAS A TRANSITIONAL YEAR FOR HCP AS WE SUCCESSFULLY EXECUTED OUR STRATEGIC PLAN.



* Concentration is based on cash NOI plus interest income. Reflects the previously announced RIDEA II transaction, sale of 64 Brookdale Senior Living, Inc. ("Brookdale") triple-net assets, sale or transfer of 25 additional Brookdale triple-net assets and transfer of 4 Brookdale communities to another operator.

Each year, we engage in a comprehensive sustainability assessment process to determine the material economic, environmental, corporate governance and social areas of focus for our company. We begin by identifying a broad list of relevant topics through stakeholder engagement and industry benchmarking, while considering regulatory developments and risks and opportunities. Next, we analyze and prioritize those issues that matter most to our business and our stakeholders, keeping in mind our operational level of control with respect to our properties.

We then utilize the results of our materiality assessment and stakeholder engagement mechanisms to identify the material aspects that ultimately shape the content for our annual Sustainability Report, as well as for determining or adjusting our short-, medium-, and long-term sustainability goals. Finally, we review and assess our previously identified material issues as well as risks and opportunities, and incorporate the results into the process for the next reporting cycle.



THE RESULTS OF OUR MATERIALITY ASSESSMENT DRIVE THE DEVELOPMENT OF OUR EVER-EVOLVING SUSTAINABILITY STRATEGY. THE FOLLOWING ILLUSTRATION REFLECTS OUR IDENTIFIED MATERIAL ASPECTS AND THE RELATED FOCUS OF OUR SUSTAINABILITY IMPACTS IN FOUR STRATEGIC AREAS.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an integral component of our materiality assessment process, and is key to facilitating the alignment of our sustainability strategy with our business objectives. We concentrate our stakeholder engagement efforts in four core groups: our employees, our stockholders, our tenants and operators (or “partners”), and our local communities.

STAKEHOLDER	ENGAGEMENT TYPE	DESCRIPTION	FREQUENCY
EMPLOYEES	Satisfaction Survey	Useful engagement tool for employees to submit ideas and relay concerns	Annually
	Town Hall Meetings	A platform to engage directly with employees and provides a Q&A forum with our Chairman and CEO	Quarterly
STOCKHOLDERS	Outreach Program	Mechanism to correspond with our investors to address governance, social and/or environmental matters	Ongoing
	Investor Conferences	An opportunity to engage directly with investors and industry peers at NAREIT-sponsored events	Bi-Annually
PARTNERS	Satisfaction Survey	Useful engagement tool for our tenants and operators to submit ideas and relay concerns	Annually
	HCP Annual Conference	Provides a venue to share operational and sustainability best practices for implementation at our properties	Annually
COMMUNITIES	Alzheimer’s Walk Sponsorships	Support of local community (Irvine and Nashville) events benefitting the elderly	Annually
	Volunteering and Giving	Support of local community (Irvine and Nashville) needs through volunteering and charitable donations	Year-round

RISK MANAGEMENT

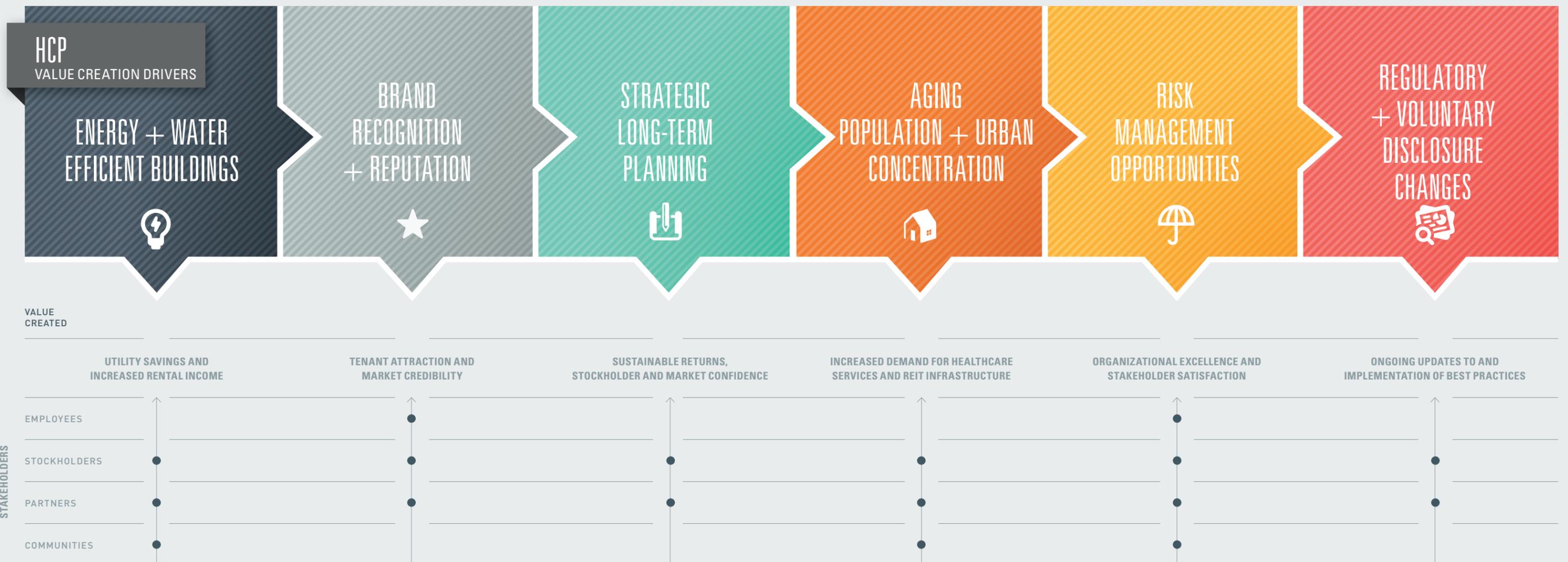
An important component in sharpening our sustainability focus is an ongoing assessment of risks, challenges, and opportunities identified through our strategic planning process. Our approach to risk management is guided by best practices and applicable regulatory standards. The following summarizes a few of our identified risks and potential business- and sustainability-related impacts.

RISK	POTENTIAL BUSINESS-RELATED IMPACTS	POTENTIAL SUSTAINABILITY-RELATED IMPACTS
INCREASED COMPETITION	Leasing ability and revenues of our partners, including ability to meet financial obligations to us	More stringent reporting requirements from initiatives such as GRI, CDP, DJSI and GRESB
JOINT VENTURE STRUCTURES	Impasse due to lack of sole decision-making authority	Limited control to implement efficient equipment and sustainability initiatives
REGIONAL CLIMATIC EVENTS	Higher operational costs due to business disruption and property damage	Additional costs to implement earthquake- or flood -resistant projects
INFORMATION TECHNOLOGY	Financial loss due to operational interruptions caused by system failures	Negative reputation perceived by stakeholders due to security breaches

OUR APPROACH TO RISK MANAGEMENT IS GUIDED BY BEST PRACTICES AND APPLICABLE REGULATORY STANDARDS.

VALUE CREATION

INTEGRATING SUSTAINABILITY INTO OUR STRATEGIC BUSINESS OBJECTIVES IS CRITICAL TO OUR LONG-TERM SUCCESS. BY CAPITALIZING ON OUR IDENTIFIED VALUE DRIVERS, WE ARE ABLE TO CREATE VALUE FOR OUR STAKEHOLDERS.



ENVIRONMENTAL REPORT

MANAGEMENT APPROACH

We collect environmental data for our properties through our integrated environmental management system in collaboration with our tenants, operators, property managers, and third-party environmental engineers. When climate mitigation projects are identified, we calculate financial metrics including return on investment, payback period, and net present value. Further, we assess dedicated green budget categories annually to account for environmentally efficient equipment. By increasing the energy, water, and waste efficiency at our properties, we not only reduce long-term operating costs, but are able to retain and attract green-minded tenants.

As a company driven by value creation, we strive to advance the performance of our buildings through efficient measures. Our proactive green strategies include energy, greenhouse gas ("GHG") emissions, water, and waste reduction goals of 15% by 2020 (from our 2011 baseline) for the long-term, and of 1-2% annually for the short- to medium-term.

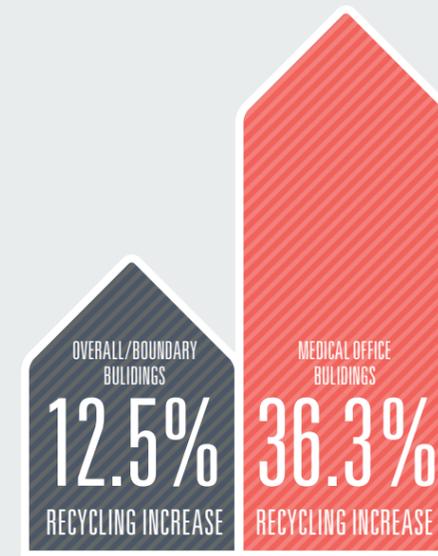
ENERGY AND EMISSIONS

In 2016, our energy and GHG emissions reductions were 3.1% and 4.1%, respectively as compared to 2015.

We continue to drive value financially and environmentally through improved and expanded energy efficient upgrades across our portfolio. We completed 363 emissions reduction projects with an estimated savings of 5,782 metric tonnes of CO2 emissions (approximately 1.6% of our boundary properties' total emissions) this year.



WASTE AND RECYCLING



We manage the removal of waste through recycling and landfill disposal. For most properties, waste weight is estimated for reporting purposes. Our overall waste increased slightly this year. However, we are working with our partners to implement our waste reduction and recycling plans at our newly acquired properties.

Together with our partners, we implement recycling programs at our buildings to reduce contributions to landfill waste. We also engage in the recycling of demolition waste from construction on development, redevelopment, and improvement projects. Our efforts have proved successful – this year, we achieved a 12.5% increase in total recycled waste overall, and our MOB portfolio achieved a significant recycled waste increase of 36.3%.

WATER

Issues surrounding water use and management are especially important to us. We are conscious of the fact that many of the areas in which we operate are drought-susceptible regions of the country, including California, the location of our headquarters. We implement many types of water efficient installations at our properties including smart water systems, motion sensor and aerator faucets, low-flow toilets, retention ponds, rain sensors, turf block, and drought resistant landscaping. All water consumed by our properties is taken from local municipal water supply systems. While our water consumption increased slightly this year, we are working with our partners to implement even more water conservation measures.



LEED

The LEED program is an initiative of the U.S. Green Building Council, and provides certifications to those buildings reflecting sustainable attributes through design, construction and operation. LEED-certified buildings use less water and energy and reduce greenhouse gas emissions, as well as produce cost savings.

UC DAVIS MEDICAL GROUP MIDTOWN CLINIC



UC DAVIS MIDTOWN CLINIC
MEDICAL OFFICE PROPERTY
SACRAMENTO, CALIFORNIA

Our UC Davis Medical Group Midtown Clinic MOB earned LEED Silver (Core and Shell) and Gold (Commercial Interiors) certifications this year.



SKYRIDGE III



SKYRIDGE III - EVERGREEN
MEDICAL OFFICE PROPERTY
LONE TREE, COLORADO

Our Skyridge III - Evergreen MOB earned LEED Silver (Core and Shell), and our 531 Eccles Avenue Life Science Property earned LEED Certified (New Construction) this year.

ECCLES AVENUE



531 ECCLES AVENUE
LIFE SCIENCE PROPERTY
SOUTH SAN FRANCISCO,
CALIFORNIA

SOCIAL REPORT

Our social strategy is designed to enhance our relationships with our stakeholders, as well as to make meaningful and lasting changes in our communities. Social responsibility is a priority at HCP and we want our employees and business partners to take pride in working for and with a company dedicated to being socially responsible. Accordingly, employee and tenant satisfaction are important to us. This year, our employee satisfaction rate was 74%, and our tenant satisfaction rate at our MOB's was 84%. Our social goals for 2017 include improving satisfaction rates, expanding our commitment to diversity with additional metrics and disclosure, and expanding our company-wide volunteering efforts.

CHARITABLE AND PHILANTHROPIC ACTIVITIES

Our Social Responsibility Committee is responsible for our company-wide philanthropic and charitable activities with a mission to support the advancement of healthcare in general. Each year, the committee initiates discussions with healthcare organizations that share our desire to support research, education, and other activities related to healthcare. This year, HCP gave over a half million dollars in charitable donations. Additionally, the committee oversees our gift matching program, in which HCP matches employee gifts annually of up to \$2,500 for charitable organizations and \$1,500 for educational institutions.

Our employees are dedicated to engaging in fundraising and volunteering opportunities to support our senior citizens. This year marked our 5th consecutive year to sponsor and participate in Seniors Day at the Aquarium of the Pacific. Our contribution allows seniors free admittance, and our employees provide volunteer services for the day. We also annually sponsor and participate in the Walk to End Alzheimer's in Orange County, California and Nashville, Tennessee for our employees located in these areas.

To further promote and support volunteerism, HCP offers employees up to eight hours of paid time-off per year to engage in community service activities of their choice. Employees are also paid while participating in company-sponsored volunteering efforts occurring during business hours.

 **\$521,429** CHARITABLE DONATIONS



OUR EMPLOYEES

Our employees are our greatest asset and represent the foundation of our success. With a relatively small employee base of 188 people, we strive to attract and retain the best talent in our industry, while providing fair treatment and a safe and progressive work environment.

We provide competitive compensation and benefit packages to all permanent full-time employees, and extend portions of our benefit plan to immediate families and domestic partners. We also offer a 401(k) plan with generous company matching for retirement planning.



CONTINUING EDUCATION INCENTIVES

Additionally, we provide reimbursements of up to \$5,000 annually per employee for higher education that is related to our business, industry, and individual professional development. Fostering professional development creates long-term value for both the employees and us.

Please visit www.hcpi.com/sustainability/social-responsibility.html for additional information regarding the benefits we offer.

 **\$5,000**
ANNUAL REIMBURSEMENT PER PERSON PER YEAR FOR HIGHER EDUCATION

DIVERSITY AND INCLUSION

HCP values and embraces diversity, and strives to ensure that women and minorities are represented fairly in our workforce and our hiring and selection process for our employees and our Board of Directors ("Board") as well. Women account for 46% of our workforce, 59% of which serve in a leadership capacity as managers, directors and officers, representing 27% of our overall officers and senior management.

Additionally, we promote a work environment that emphasizes respect for the dignity of all employees, and seek to create a diverse workforce that is also inclusive, where all employees feel welcome and comfortable to be themselves. By properly leveraging our differences as well as our similarities, we are able to maintain a workforce with a healthy mix of ages, perspectives, cultures, talents, genders, insights and skills.


WOMEN REPRESENT **46%** OF OUR WORKFORCE

HCP supports the protection of human rights and is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination based on race, color, religion, national origin, sex (including gestation), sexual orientation, age, disability, or veteran status. We had zero reported incidents of discrimination in 2016.

We plan to expand our diversity efforts in 2017 to include additional metrics and disclosure. We firmly believe in transparency and sharing our progress—it keeps us accountable and encourages others to be equally transparent.

Please see Appendix B herein for our social performance metrics and related data.

GOVERNANCE REPORT

We review corporate governance best practices and trends on an ongoing basis, and look to proactively improve our governance framework. During 2016, we enhanced specific elements of our corporate governance by electing a lead independent director, strengthening the alignment of executive pay with corporate performance for our executives, and improving the clarity of our supplemental financial disclosures. We are committed to sustainable corporate governance practices that promote long-term value creation, transparency and accountability to our stakeholders.

STOCK HOLDER
OUTREACH PROGRAM

✓	100% of Non-Employee Directors are Independent	✓	Effective Board Risk Oversight
✓	3 New Directors in 4 Years	✓	Code of Conduct for Directors, Employees and Vendors
✓	Separate Executive Chairman and Chief Executive Officer	✓	Realignment of Board Committees and Chair Assignments in 2015 and 2016
✓	Annual Election of Directors with Majority Voting Standard	✓	Anti-Hedging, Anti-Pledging and Clawback Policies
✓	Annual Board and Committee Self-Evaluations	✓	Robust Executive and Director Stock Ownership Guidelines
✓	Board Oriented and Continuing Education Program		

BOARD OF DIRECTORS
AND COMMITTEES

Our Board is responsible for the evaluation and organization of our leadership structure. Our Executive Chairman and Chief Executive Officer (“CEO”) roles are separate positions in order to enhance the Board’s ability to effectively oversee management, while allowing the CEO to focus on business operations. The addition of a Lead Independent Director further enhances the independence of the Board and facilitates free and open discussion and communication among the independent directors.



All Board Committees Led by Independent Directors

Board and committee refreshment is important to HCP, and in 2015 and 2016, the Board realigned its committees and chair assignments to gain a fresh perspective and outlook for each committee. When reviewing potential director candidates, our Board considers diversity in gender, age, ethnicity, national origin, and professional and personal experience, and strives to create diversity in perspective within the Board as a whole. As part of its annual self-evaluation, the Board assesses whether its diversity, which it views as a critical component to its effectiveness, is appropriate.

SUSTAINABILITY
COMMITTEE

We believe that effective corporate governance incorporates sustainability as a critical component to achieving business objectives and properly managing risk. As a company with a strong culture of corporate governance, we have established a sound organizational structure to guide and implement our sustainability strategy in the form of our Sustainability Committee. To achieve a broad perspective representing our entire employee base, our Sustainability Committee consists of employees of nearly every professional level - from executive officers to senior associates. To formalize the parameters of our established committee, we adopted a Sustainability Committee Charter in 2015.

The Sustainability Committee meets periodically to review sustainable opportunities and to identify risks and related mitigating options. Directives for the strategic development of our environmental, social, and governance goals are conveyed to our Executive Chairman and CEO, who along with our Board receive quarterly sustainability updates regarding strategy, goals, performance metrics, green projects, initiatives, and related results. Our Senior Managing Directors offer specialized support to the committee by obtaining external input from the business segments for which they are responsible, and provide feedback on best practices, impact monitoring, and implementation of our annual strategic agenda. This process, along with stakeholder engagement, aids in formulating our overall climate change and risk assessment strategy.

CORPORATE GOVERNANCE
POLICIES

HCP endorses a business environment consistent with the highest standards of business ethics, and we promote these standards through policies that promote consistent and transparent corporate governance practices.

Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees, and our Vendor Code of Business Conduct and Ethics (“Vendor Code”) is applicable to our vendors and business partners (collectively, “Codes of Conduct”). The Vendor Code represents an integral part of our commitment to the highest ethical standards, ensuring that our employees and vendors work collectively to uphold those standards. Our Codes of Conduct explicitly instruct individuals on their obligations to comply with all laws, rules, and regulations applicable to HCP. These include, without limitation, laws concerning bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contribution, antitrust prohibitions, foreign corrupt practices, gifts, environmental hazards, employment discrimination or harassment, health and safety, false or misleading financial information, and misuse of corporate assets.

These policies, along with our other pertinent policies, are available on website, www.hcpi.com.

TRAINING AND
COMPLIANCE

We require company-wide training to encourage compliance with our policies and to instill our commitment that business is to be conducted honestly, fairly, and with integrity. We provide annual training to all of our employees on both codes of conduct, and 100% of our employees completed the training in 2016. We also provide and require annual training on insider trading and the Foreign Corrupt Practices Act, and each of our employees receives harassment prevention training every other year. Additionally, HCP experienced no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our properties and none that resulted in fines or non-monetary sanctions during the 2016 reporting period.

SUSTAINABILITY REPORTING INITIATIVES AND AWARDS

As a public company listed on the New York Stock Exchange, we are subject to reporting requirements of the Securities and Exchange Commission to communicate the financial aspects of our business to our stockholders and the general public. Similarly, we use reporting initiatives such as GRI, CDP, and GRESB to communicate the results of our sustainability initiatives to our collective stakeholders. Through regular communication of our progress in a publicly available forum, we have endeavored to affirm long-term value for our stakeholders while improving our sustainability-related business practices and motivating our partners to do the same.

Additional information regarding our sustainability reporting initiatives, including links to our latest reports, is available on our website at www.hcpi.com/sustainability.

SUSTAINABILITY ACHIEVEMENTS

 <p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p>	<p>Named to the North America Dow Jones Sustainability Index (DJSI) for 4th consecutive year and to the World DJSI for the 2nd year in a row, for outperforming our peers in sustainability metrics based on an analysis of financially material economic, environmental and social factors</p>
 <p>NAREIT Leader In The Light Sustainable Real Estate Practices</p>	<p>For the 4th time in the last 5 years received the National Association of Real Estate Investment Trusts (NAREIT) Healthcare Leader in the Light Award for contributions to sustainable real estate ownership and operations with a sustainability program that produces significant, measurable results</p>
 <p>G R E S B Global Real Estate Sustainability Benchmark</p>	<p>Ranked 2nd in the Healthcare Sector by the Global Real Estate Sustainability Benchmark (GRESB) and achieved Green Star designation for the 5th year in a row, for leadership in approach to ESG disclosure, and achieving a score of "A-"</p>
 <p>CDP DRIVING SUSTAINABLE ECONOMIES</p>	<p>Named to the Leadership category by CDP (formerly Carbon Disclosure Project) for demonstrating leadership in best practices environmental management, and achieving a score of "A-"</p>
 <p>FTSE4Good</p>	<p>Named to the FTSE4Good Index series for the 5th consecutive year for meeting globally recognized corporate responsibility standards and demonstrating strong ESG practices</p>

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Direct energy consumption by primary energy source.

	2015		2016	
	AMOUNT (MWh)	AMOUNT (GJ)	AMOUNT (MWh)	AMOUNT (GJ)
NATURAL GAS - METERED	234,904	845,653	226,822	816,561
MOTOR GASOLINE - NON-METERED	10,962	39,465	10,242	36,871
DIESEL/GAS OIL - NON-METERED	2,025	7,291	146	524
PROPANE NON-METERED	3,747	13,488	4,954	17,835
TOTAL	251,638 ⁽¹⁾	905,897 ⁽¹⁾	242,164	871,791

⁽¹⁾ The total direct energy consumption previously calculated in 2015 was 228,443 MWh, which covered our portfolio boundary of 463 properties. As such, our 2015 amounts were adjusted by 29 properties to reflect a rolling baseline year.

Total fuel consumption from renewable sources in joules or multiples, including fuel types used.

We do not currently use significant amounts of renewable fuel. Some of our electricity consumption is sourced from regional grids which are partially based on renewable energy sources, but we do not calculate this separately.

Total electricity, heating, cooling and steam consumption in joules, watt-hours or multiples

	2015		2016	
	AMOUNT (MWh)	AMOUNT (GJ)	AMOUNT (MWh)	AMOUNT (GJ)
ELECTRICITY CONSUMPTION	617,946	2,224,605	610,002	2,196,007
STEAM CONSUMPTION	12,993	46,776	5,039	18,138
COOLING CONSUMPTION	7,204	25,934	5,327	19,178
TOTAL	638,143 ⁽¹⁾	2,297,315 ⁽¹⁾	620,368	2,233,323

⁽¹⁾ The total indirect energy consumption previously calculated in 2015 was 640,401 MWh, which covered our portfolio boundary of 463 properties. As such, our 2015 amounts were adjusted by 29 properties to reflect a rolling baseline year.

Standards, methodologies, and assumptions used. All of our data is collected through an environmental database system. Calculations are made using USEPA e-GRID factors for electricity and factors from USEPA and the GHG Protocol for other carbon emission sources.

ENERGY INTEGRITY

Our energy intensity ratio is calculated per thousand square feet of space in all our properties under our operational control. It includes all fuel, electricity, heating, cooling, steam as indicated.

	2015		2016	
PROPERTY TYPE: LIFE SCIENCE				
TOTAL ENERGY CONSUMPTION	MWh 70,435	GJ 253,567	MWh 68,530	GJ 246,707
CORRESPONDING FLOOR AREA (1,000S)	Ft2 1,275.1	M2 118.5	Ft2 1,257.2	M2 116.8
BUILDING ENERGY INTENSITY	MWh/ft2 55.2	GJ/M2 2,141	MWh/ft2 54.5	GJ/M2 2,112
PROPERTY TYPE: MEDICAL OFFICES (MOB)				
TOTAL ENERGY CONSUMPTION	MWh 412,817	GJ 1,486,141	MWh 404,264	GJ 1,455,349
CORRESPONDING FLOOR AREA (1,000S)	Ft2 13,493.3	M2 1,253.6	Ft2 13,479.2	M2 1,252.3
BUILDING ENERGY INTENSITY	MWh/ft2 30.6	GJ/M2 1,186	MWh/ft2 30.0	GJ/M2 1,162
PROPERTY TYPE: SENIOR HOUSING				
TOTAL ENERGY CONSUMPTION	MWh 406,529	GJ 1,463,505	MWh 389,738	GJ 1,403,058
CORRESPONDING FLOOR AREA (1,000S)	Ft2 24,578.1	M2 2,283.4	Ft2 24,491.6	M2 2,275.3
BUILDING ENERGY INTENSITY	MWh/ft2 16.5	GJ/M2 640.9	MWh/ft2 15.9	GJ/M2 616.6

DIRECT (SCOPE 1) + INDIRECT (SCOPE 2) GHG EMISSIONS BY TYPE

Total direct and indirect greenhouse gas emissions by type.

	2015 AMOUNT (t CO2e)	2016 AMOUNT (t CO2e)
DIRECT EMISSIONS	54,262	52,257
INDIRECT EMISSIONS	321,154	307,890
TOTAL DIRECT + INDIRECT EMISSIONS	375,416 ⁽¹⁾	360,147

⁽¹⁾ The total GHG emissions previously calculated for Scope 1 and Scope 2 emissions in 2015 was 373,836 tonnes CO2e, which covered our portfolio boundary of 463 properties. As such, our 2015 amounts were adjusted by 29 properties to reflect a rolling baseline year.

GHG EMISSIONS INTENSITY

Our GHG emissions intensity ratio is calculated per thousand square feet of space in all of our properties under our operational control including Scope 1 and Scope 2 emissions.

	2015		2016	
PROPERTY TYPE: LIFE SCIENCE				
TOTAL DIRECT AND INDIRECT EMISSIONS	Amount (t CO2e) 16,987		Amount (t CO2e) 16,018	
CORRESPONDING FLOOR AREA (1,000S)	Ft2 1,275.1	M2 118.5	Ft2 1,257.2	M2 116.8
BUILDING EMISSIONS INTENSITY	t CO2e/ft2 13.3	t CO2e/m2 143.4	t CO2e/ft2 12.7	t CO2e/m2 137.1
PROPERTY TYPE: MEDICAL OFFICES (MOB)				
TOTAL DIRECT AND INDIRECT EMISSIONS	Amount (t CO2e) 185,909		Amount (t CO2e) 180,235	
CORRESPONDING FLOOR AREA (1,000S)	Ft2 13,493.3	M2 1,253.6	Ft2 13,479.2	M2 1,252.3
BUILDING EMISSIONS INTENSITY	t CO2e/ft2 13.8	t CO2e/m2 148.3	t CO2e/ft2 13.3	t CO2e/m2 143.9
PROPERTY TYPE: SENIOR HOUSING				
TOTAL DIRECT AND INDIRECT EMISSIONS	Amount (t CO2e) 168,765		Amount (t CO2e) 160,345	
CORRESPONDING FLOOR AREA (1,000S)	Ft2 24,578.1	M2 2,283.4	Ft2 24,491.6	M2 2,275.3
BUILDING EMISSIONS INTENSITY	t CO2e/ft2 6.9	t CO2e/m2 73.9	t CO2e/ft2 6.5	t CO2e/m2 70.5

TOTAL WATER WITHDRAWAL BY SOURCE

Total water withdrawal by source.

	2015 AMOUNT (GALLONS)	2016 AMOUNT (GALLONS)
MEASUREMENT		
WATER WITHDRAWAL FOR SHARED LANDLORD SERVICES	1,561,018,964 ⁽¹⁾	1,643,032,743

⁽¹⁾ The total water withdrawal previously calculated in 2015 was 1,480,796,775 gallons, which covered our portfolio boundary of 463 properties. As such, our 2015 amounts were adjusted by 29 properties to reflect a rolling baseline year.

TOTAL WEIGHT OF WASTE BY TYPE + DISPOSAL METHOD

Total weight of hazardous and non-hazardous waste by type and disposal method.

	2015 AMOUNT (TONNES)	2016 AMOUNT (TONNES)
MEASUREMENT		
TOTAL WEIGHT OF NON-HAZARDOUS WASTE SERVICES	40,511 ⁽¹⁾	42,021
TOTAL WEIGHT OF WASTE		
% RECYCLED	14.2	15.4
% LANDFILL	85.8	84.6

⁽¹⁾ The total weight of non-hazardous waste previously calculated in 2015 was 34,350 metric tonnes, which covered our portfolio boundaries of 463 properties. As such, our 2015 amounts were adjusted by 29 properties to reflect a rolling baseline year.

GENERAL STANDARD DISCLOSURES/ ORGANIZATIONAL PROFILE

Total number of employees by employment contract and gender.

	FEMALE				MALE				TOTAL			
	2015		2016		2015		2016		2015		2016	
	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%
HOURLY	33	38	29	34	11	11	13	13	44	24	42	22
SALARY	55	62	57	66	88	89	89	87	143	76	146	78
TOTAL	88	100	86	100	99	100	102	100	187	100	188	100

EMPLOYMENT: NEW HIRES BY AGE CATEGORY + GENDER

Total number and rates of new employee hires and employee turnover by age group, gender and region.

	FEMALE				MALE				TOTAL			
	2015		2016		2015		2016		2015		2016	
	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%
<30	3	16	1	12	8	47	5	31	11	31	6	25
30-50	14	74	5	63	8	47	9	56	22	61	14	58
>50	2	10	2	25	1	6	2	13	3	8	4	17
TOTAL	19	100	8	100	17	100	16	100	36	100	24	100

EMPLOYMENT: EMPLOYEE TURNOVER RATE BY AGE CATEGORY + GENDER

Total number and rates of new employee hires and employee turnover by age group, gender and region.

	FEMALE				MALE				TOTAL			
	2015		2016		2015		2016		2015		2016	
	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%
<30	0	0	1	10	1	11	2	15	1	5	3	13
30-50	7	70	7	70	5	56	8	62	12	63	15	65
>50	3	30	2	20	3	33	3	23	6	32	5	22
TOTAL	10	100	10	100	9	100	13	100	19	100	23	100

DIVERSITY + EQUAL OPPORTUNITY: EMPLOYEES BY AGE CATEGORY + GENDER

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

	FEMALE				MALE				TOTAL			
	2015		2016		2015		2016		2015		2016	
	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%
<30	9	10	7	8	12	12	11	11	21	11	18	10
30-50	61	69	59	69	57	58	59	58	118	63	118	63
>50	18	21	20	23	30	30	32	31	48	26	52	27
TOTAL	88	100	86	100	99	100	102	100	187	100	188	100

DIVERSITY + EQUAL OPPORTUNITY: ETHNICITY BY GENDER

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

	FEMALE				MALE				TOTAL			
	2015		2016		2015		2016		2015		2016	
	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%	COUNT	%
AMERICAN INDIAN OR ALASKA NATIVE	1	1	1	1	0	0	0	0	1	1	1	.5
ASIAN	27	31	28	33	18	18	18	18	45	24	46	25
BLACK/AFRICAN AMERICAN	2	2	2	2	1	1	1	1	3	11	3	2
HISPANIC OR LATINO	11	13	9	11	6	6	7	7	17	9	16	8
HAWAIIAN/PACIFIC ISLANDER	0	0	0	0	1	1	1	1	1	1	1	.5
WHITE	43	49	43	50	68	69	70	68	111	59	113	60
2 OR MORE RACES	4	4	3	3	3	3	3	3	7	4	6	3
NOT DISCLOSED	0	0	0	0	2	2	2	2	2	1	2	1
TOTAL	88	100	86	100	99	100	102	100	187	100	188	100

DIVERSITY + EQUAL OPPORTUNITY: EQUAL REMUNERATION FOR MEN + WOMEN(1)

Ratio of base salary of men to women by employee category.

MALE/FEMALE

	2015 BASE SALARY	2015 TOTAL RENUMERATION	2016 BASE SALARY	2016 TOTAL RENUMERATION
EVP	N/A	N/A ⁽²⁾	N/A	N/A
SVP	127%	146%	117%	126%
NON-MANAGEMENT	117%	120%	112%	108%

⁽¹⁾ We believe that our compensation practices are applied to each employee based on their position, experience and roles and responsibilities in the company, regardless of race, gender, sex and/or sexual orientation. We believe that by providing such compensation in this type of simplified group fails to correctly compare the data because it does not consider position, experience and roles and responsibilities which vary greatly among employees of similar titles.

⁽²⁾ We did not have any female EVPs in 2015, although our CEO was female.

DIVERSITY + EQUAL OPPORTUNITY: ETHICS + INTEGRITY

Describe the organization's values, principles, standards and norms of behavior, such as codes of conduct and codes of ethic

	2015 %	2016 %
PERCENTAGE OF EMPLOYEES WHO COMPLETED THE 2016 INTERNAL CODE OF BUSINESS CONDUCT AND ETHICS TRAINING	100%	100%

PRODUCT SERVICE + LABELING

Results of surveys measuring customer satisfaction.

	2015 %	2016 %
RATE OF SATISFACTION AMONG MEDICAL OFFICE BUILDING TENANTS	85%	84%



Independent Accountants' Review Report

To the Management of HCP, Inc.

We have reviewed the sustainability related indicators (the "Subject Matter") included in Exhibit A and as presented in HCP, Inc.'s ("HCP") 2016 Sustainability Report (the "Report") as of and for the year ended December 31, 2016 based on HCP's criteria set forth in Exhibit A (the "Criteria"). We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter. HCP's management is responsible for the Subject Matter included in Exhibit A and as also presented in the Report, based on the Criteria. Our responsibility is to express a conclusion on the Subject Matter based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our review to obtain limited assurance about whether any material modifications should be made to the Subject Matter in order for it to be based on the Criteria. A review consists principally of applying analytical procedures, making inquiries of persons responsible for the subject matter, obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter and performing such other procedures as we considered necessary in the circumstances. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the Subject Matter, is based on the Criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. A review also does not provide assurance that we became aware of all significant matters that would be disclosed in an examination. We believe that our review provides a reasonable basis for our conclusion.

As described in the Exhibit A, the Subject Matter is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Based on our review, we are not aware of any material modifications that should be made to the sustainability related indicators included in Exhibit A as of and for the year ended December 31, 2016, in order for it to be in accordance with the Criteria.

April 25, 2017
Portland, Oregon



Exhibit A - Management assertion and measurement techniques

HCP, Inc. (“HCP”) is responsible for the completeness, accuracy and validity of the sustainability metrics contained in this assertion, and in the 2016 Sustainability Report as of and for the year ended December 31, 2016.

Unless otherwise stated in this Appendix, our sustainability boundary for the metrics presented includes HCP’s corporate and operational activities across all business units. Data was collected for properties where HCP has operational control, in alignment with The Greenhouse Gas (“GHG”) Protocol: A Corporate Accounting and Reporting Standard Revised Edition by the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD). With regard to external boundaries, unless otherwise stated we do not include data for entities outside the organization.

With respect to the sustainability metrics in the following table, management of HCP asserts that such sustainability metrics are presented in conformity with the assessment criteria set forth below.

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity
Direct energy consumption	Total gigajoules (“GJ”) and Megawatt hours (“MWh”) of direct energy purchased, including natural gas, diesel, gasoline and liquid propane for year ended December 31, 2016, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon the estimation methodology. See the Estimation Methodology for Direct and Indirect Energy Consumption section below for additional information.	871,791 GJ 242,164 MWh
Indirect energy consumption	Total GJ and MWh of indirect energy purchased, including electricity, steam, hot water and chilled water for the year ended December 31, 2016, as either (1) third-party invoices recorded in environmental/utilities management systems (2) based upon the estimation methodology. See the Estimation Methodology for Direct and Indirect Energy Consumption section below for additional information.	2,233,323 GJ 620,368 MWh
Direct and indirect greenhouse gas (“GHG”) emissions	The quantity of greenhouse gas (“GHG”) emissions in metric tonnes of carbon dioxide equivalent (“CO ₂ e”) for the year ended December 31, 2016, based on direct (Scope 1) and indirect (Scope 2) energy consumption. Scope 1 emissions are based on direct energy consumption multiplied by their associated emission factor as well as refrigerants emissions. Scope 2 emissions are based on indirect energy consumption multiplied by their associated emission factor.	Scope 1 – 52,257 metric tonnes CO ₂ e Scope 2 – 307,890 metric tonnes CO ₂ e

	See the Uncertainty and Inherent Limitations of GHG Emissions Calculations, GHG Emission Factors and the Estimation Methodology for Refrigerant Emissions sections below for additional information on GHG emission factors and estimates. Note: The World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) issued additional guidance for Scope 2 emissions in 2015 (GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard), which sets forth reporting under both location-based and market-based methodologies, where the prior version of the GHG Protocol only addressed a location-based methodology. HCP is currently implementing a process which will allow for complete and accurate reporting under both location-based and market-based methodologies. However, for this 2016 Sustainability Report, HCP is continuing to report using the location-based approach only.	
Total water withdrawal	The quantity in gallons of potable water withdrawal by HCP related operations for the year ended December 31, 2016 as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See the Estimation Methodology for Water Withdrawal section below for additional information.	1,643,032,743 gallons
Total weight of waste and percentage by disposal method	Waste disposed of in metric tonnes as well as the percentage of waste going to landfill or being recycled, for the year ended December 31, 2016, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See the Estimation Methodology for Waste section below for additional information.	Total: 42,021 metric tonnes Percent of waste sent to landfill: 84.6% Percent of waste recycled: 15.4%
Percentage of workforce by employment type	Diversity of HCP employees according to gender and employment type as recorded in ADP based on employee’s file as of December 31, 2016.	Total employees Number: 188 Salary: 78% Hourly: 22% Men Number: 102 Salary: 87% Hourly: 13% Women Number: 86 Salary: 66% Hourly: 34%

New hire by age category and gender	Diversity of 2016 new hires according to gender and date of birth as recorded in ADP based on the employee's file as of December 31, 2016.	<p>Total Below 30: 6 30-50: 14 Above 50: 4</p> <p>Men Below 30: 5 30-50: 9 Above 50: 2</p> <p>Women Below 30: 1 30-50: 5 Above 50: 2</p>
Terminations by age category and gender	Diversity of 2016 turnover, including voluntary and involuntary departures, according to gender and age as recorded in ADP based on the employee's file as of December 31, 2016.	<p>Total Below 30: 3 30-50: 15 Above 50: 5</p> <p>Men Below 30: 2 30-50: 8 Above 50: 3</p> <p>Women Below 30: 1 30-50: 7 Above 50: 2</p>
Percentage of employees by age category and gender	Diversity, in percentage, of employees according to gender and age as recorded in ADP based on the employee's file as of December 31, 2016.	<p>Total Below 30: 10% 30-50: 63% Above 50: 27%</p> <p>Men Below 30: 11% 30-50: 58% Above 50: 31%</p> <p>Women Below 30: 8% 30-50: 69% Above 50: 23%</p>
Percentage of ethnicity group by gender	Diversity, in percentage, of employees according to gender and ethnicity group as recorded in ADP based on information provided by the employee in the employee's file as of December 31, 2016.	<p>Total employees White: 60% Hawaiian / Pacific Island: 0.5% Hispanic or Latino: 8% Black / African American: 2% Asian: 25% American Indian or Alaska Native: 0.5% Two or more races: 3% Undisclosed: 1%</p> <p>Men White: 68% Hawaiian / Pacific Island: 1% Hispanic or Latino: 7%</p>

		<p>Black / African American: 1% Asian: 18% American Indian or Alaska Native: 0% Two or more races: 3% Undisclosed: 2%</p> <p>Women White: 50% Hawaiian / Pacific Island: 0% Hispanic or Latino: 11% Black / African American: 2% Asian: 33% American Indian or Alaska Native: 1% Two or more races: 3% Undisclosed: 0%</p>
Ratio of salary and remuneration by category and gender	Ratio of base salary and total remuneration, including base, bonus and equity, of employees according to category and gender as recorded in ADP based on the employee's performance for the year ended December 31, 2016.	<p>Executive Vice Presidents ("EVPs"): Ratio of base salary men/women: N/A (no female EVPs) Ratio of total remuneration men/women: N/A (no female EVPs)</p> <p>Management: Ratio of base salary men / women: 117% Ratio of total remuneration men / women: 126%</p> <p>Non-Management: Ratio of base salary men / women: 112% Ratio of total remuneration men / women: 108%</p>
Percentage of employees trained on Code of Business Conduct and Ethics	Percentage of employees that have completed the internal Code of Business Conduct and Ethics training as recorded in our third-party training management system for the year-ending 2016. ¹	100%
Percentage of tenant satisfaction within medical office building ("MOB") properties	The percentage of 'satisfactory' answers among MOB tenants' answers received for the survey conducted in 2016, for the 2015 calendar year, by our third-party service provider. The satisfaction percentage is based on the answers received to the question 'Please rate your overall satisfaction as a tenant'. See the Organization Boundary below for the population of tenants to whom the satisfaction survey was distributed. For 2016, the third-party service provider stated the response rate was 84%.	84%

¹Persons on a leave of absence, although included for other labor related metrics, are not required to complete training on the Code of Business Conduct and Ethics. New hires are provided 30 days from date of hire to complete their training on the Code of Business Conduct and Ethics.

Organizational boundary

HCP is using the operational control approach, in conformance with the GHG Protocol, to report its direct and indirect energy consumption, as well as its GHG emissions. HCP's complete portfolio was analyzed to determine whether HCP has operational control based on the building (or portion of the building) that we maintained, provided service to, and/or have the authority to implement operating policies with respect to energy usage, water usage and/or waste disposal.

As a result, 434 properties out of the 802 properties in HCP portfolio (assets under management) were identified as being controlled by HCP. The net decrease in the number of properties in our boundaries since 2015 is primarily driven by the sale of a MOB portfolio in December 2015.

For those properties where HCP retains operational control but only over a limited space of the property, the proportion of the consumption controlled by HCP has been reported. See the Estimation Methodology sections below for more details.

In order to promote consistency, the same boundaries have been applied to all environmental metrics (therefore, also applied to water withdrawal and weight of waste).

For labor related metrics, HCP is reporting on persons employed by HCP, excluding contractors as of December 31, 2016.

For the tenant satisfaction metric, the survey was distributed to HCP's medical office building tenants, except as follows:

1. Buildings owned by HCP less than five months.
2. Buildings where the tenant is responsible for maintaining and operating the building.
3. Leased space vacated by the tenant (despite contractual obligations and continued rental payments) during the survey period from January 1, 2016 through April 30, 2016.
4. HCP was engaged in active litigation with the tenant.
5. HCP had submitted the tenant to a collections service.
6. Tenant had not physically moved into the space, despite the commencement of the lease and rental payments.
7. The lease was for storage or rooftop (i.e., an antenna or communication installation).

There are five possible answers to the question 'Please rate your overall satisfaction as a tenant': 1 - Poor, 2 - Fair, 3 - Average, 4 - Good, 5 - Excellent. A score of (4) Good or (5) Excellent is considered 'satisfactory'.

Uncertainty and inherent limitations of GHG emissions calculations

Non-financial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Calculation methodology and GHG emission factors

The GHG emissions associated with the activities noted above have been determined on the basis of measured or estimated energy and fuel use, multiplied by publicly available carbon emission factors outlined in the table below. Global warming potentials were obtained from The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2014).

Emission scope	Emission source type	Emission factors employed
Scope 1	Diesel and gasoline (vehicles)	Intergovernmental Panel on Climate Change's (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion. Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model, version 1. 2013. Input Fuel Specifications. Argonne National Laboratory. U.S. Energy Information Administration Energy Units and Calculators Explained: Energy Conversion Calculators updated January 2016.
Scope 1	Diesel fuel and liquid propane (onsite fuel)	IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion.
Scope 1	Natural gas	IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 2: Stationary Combustion.
Scope 1	Refrigerants	IPCC Fifth Assessment Report (2014) American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) - Standard 34 (released 2013).
Scope 2	Electricity	US EPA Emissions and Generation Resource Integrated Database (eGRID) Year 2014 Data released in January 2017.
Scope 2	District steam and hot water	U.S. Energy Information Administration. Voluntary Reporting of Greenhouse Gases. Appendix N. Emission Factors for Steam and Chilled/Hot Water (2010).
Scope 2	District chilled water	U.S. Energy Information Administration. Voluntary Reporting of Greenhouse Gases. Appendix N. Emission Factors for Steam and Chilled/Hot Water (2010).

Base data for 2016

Base data utilized in the calculation of direct and indirect energy consumption, Scope 1 and Scope 2 GHG emissions, water withdrawal and weight of waste disposal is obtained from third-party invoices or estimates. HCP estimates are used where measurement data is not readily available, which are based on the estimation methodologies described below.

Estimation methodology for direct and indirect energy consumption

For the properties where HCP retains operational control over a limited amount of space and where there are no dedicated meters to obtain actual consumption, estimation of area based upon square footage controlled as a percentage of total square feet was determined based on occupancy. This estimated percentage was then used to determine HCP's portion of consumption against total property consumption.

For properties where there is a vehicle fleet but no fuel tracking system in place, diesel and gasoline consumption was estimated based on the type of vehicle and the reported annual mileage.

Approximately 13% of the direct and indirect energy consumption have been estimated by HCP for the year ended December 31, 2016.

Estimation methodology for refrigerant emissions

For the properties where HVAC units are controlled by HCP, emissions were estimated based on each unit capacity of refrigerant and a common percentage of loss. The percentage of loss used by HCP is 5%, consistent with guidance outlined for the ‘Screening Method’ in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition by the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD): HFC Tool guidelines developed by ICF Inc.

Estimation methodology for water withdrawal

For the properties where HCP retains operational control over a limited amount of space and where there are no dedicated meters to obtain actual consumption, estimation of area based upon square footage controlled as a percentage of total square feet was determined based on occupancy. This estimated percentage was then used to determine HCP’s portion of consumption against total property consumption.

Approximately 19% of the water withdrawal has been estimated by HCP for the year ended December 31, 2016.

Estimation methodology for waste

For the properties where no actual or estimated weight is provided by the waste management company, HCP has estimated the weight of waste disposed of based on the following:

- For containers/bins: The (1) number of containers/bins, (2) size of the container/bin (in yards), (3) number of pick-ups per week and (4) an average weight per yard for trash and for recycled. For almost all properties, the number of containers/bins, size (in yards) of the container/bin and number of pick-ups per week were provided by the waste management company, provided on waste invoices or provided on service contracts.
- For compactors: The (1) number of compactors, (2) size of compactors (in yards), (3) the number of pick-ups per week, (4) compaction weight per yard factors and (5) weight per yard factors for trash and for recycled.
- For totes: The (1) number of totes, (2) size of the tote in US gallons (dry) converted to cubic yards, (3) number of pick-ups per week and (4) weight per yard factors for trash and for recycled.

Waste factors used are located at the following sources:

- [EPA Standard volume-to-weight conversion factors \(updated 02/28/2016\)](https://www.epa.gov/sites/production/files/2016-03/documents/conversions.pdf)
<https://www.epa.gov/sites/production/files/2016-03/documents/conversions.pdf>
- [Recyclemaniac Volume-to-weight Conversion Chart](http://recyclemaniacs.org/sites/default/files/Volume%20to%20Weight%20Chart%20-.pdf)
<http://recyclemaniacs.org/sites/default/files/Volume%20to%20Weight%20Chart%20-.pdf>

In some cases an average waste factor was required and factors from the two sources shown above were used to calculate the average waste factor.

In addition, in the case where there is no means to estimate waste through waste management companies or environmental waste management consultants in collaboration with the property manager, lb/square foot factors for trash and recycling waste are used to estimate the annual average usage.

HCP recognizes that the level of estimation uncertainty for the waste metric is higher than for the other environmental metrics, primarily because of the estimation methodology that is based on an average weight per yard of waste that does not take into account the actual density of the waste, as well as the measurement technique that assumes waste containers are fully loaded for each pick up.

Data related to the waste metrics is subject to inherent limitations given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements.

Approximately 50% of the waste disposal reported has been estimated by HCP for year ended December 31, 2016 included the use of the weight estimation methodology described above.

HCP 2016 GRI Content Index

GRI Standard Number	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	Report Page Number and/or Other Reference	Supplemental Information and/or Omission
STRATEGY AND ANALYSIS				
GRI 102	102-14	Statement from senior decision-maker	2	
GRI 102	102-15	Key impacts, risks, and opportunities	7	
ORGANIZATIONAL PROFILE				
GRI 102	102-1	Name of the organization		HCP, Inc. (NYSE:HCP)
GRI 102	102-2	Activities, brands, products, and services	CV2	HCP is an S&P Company and invests primarily in real estate serving the healthcare industry in the United States. We are a self-administered REIT. Our portfolio is comprised of investments in the following healthcare segments: (I) Senior Housing Triple-Net, (II) Senior Housing Operating Portfolio, (III) Life Science and (IV) Medical Office (MOB).
GRI 102	102-3	Location of headquarters	CV2	Irvine, California -U.S.A.
GRI 102	102-4	Location of operations	CV2	HCP operates in the United States and England.
GRI 102	102-5	Ownership and legal form	CV2	Incorporation
GRI 102	102-6	Markets served	CV2	Full integrated real estate investment trust (REIT) serving the healthcare industry.
GRI 102	102-7	Scale of the organization	2016 Annual Report, 10-K	
GRI 102	102-8	Information on employees and other workers	22	
GRI 102	102-35	Remuneration policies	15, HCP Corporate Governance Webpage - http://ir.hcpi.com/cguidelines	Our executive compensation program is designed to incentivize long-term value creation for our stockholders. Short- and long-term incentive awards are based on rigorous objective, at-risk performance metrics. Further, we provide competitive compensation and benefit packages to all permanent full-time employees, and extend portions of our benefit plan to immediate families and domestic partners. We also offer a 401(k) plan with generous company matching for retirement planning.
GRI 102	102-41	Collective bargaining agreements	2016 Annual Report	HCP complies with the National Labor Relations Act, which makes discrimination, harassment, unlawful termination and/or retaliation of collective bargaining illegal. As of December 31, 2016, we had 188 full-time employees, none of whom were subject to a collective bargaining agreement.

GRI 102	102-9	Supply chain		Our reporting boundary is determined through the value chain approach, which allows HCP to better understand how we can manage our impacts and maximize results by working with our business partners. As a real estate investment trust, we have environmental, social, and economic impacts at each stage of our properties' lifecycle- from acquisition, new construction and re-development, through leasing and sales, and property management. In particular, we have direct control over our own occupied offices, our voluntary community giving and the services that we provide to our tenants at our managed assets. Additionally, we exercise significant influence over our development, through procurement standards -our supply base is almost entirely local to each property. We have limited or no influence over the behavior of our visitors to our healthcare real estate assets.
GRI 102	102-10	Significant changes to the organization and its supply chain	2016 Annual Report	The past year was a transitional one for HCP. In 2016 we executed a decisive plan to reposition our business to generate more predictable and sustained value for stockholders. Thus far, these actions have been positively received in the marketplace, contributing to stronger performance metrics and a lower cost of capital. The repositioning of our business included: 1) completion of the spin-off transaction in October of our post-acute/skilled nursing portfolio, 2) reduction in our Brookdale Senior Living (Brookdale) tenant concentration, 3) a reset of our balance sheet to better match our portfolio and business strategy, and 4) improved disclosure and transparency. As a result of our decisive actions in 2016, we now have a portfolio predominately focused in Senior Housing, Medical Office and Life Science, along with decreased single-tenant concentration, an improved balance sheet, and reduced exposure to rents reliant on government reimbursement.
GRI 102	102-11	Precautionary Principle or approach	8	The Precautionary Principle is integrated into the vision for sustainability and value creation models.
GRI 102	102-12	External initiatives	18	Sustainability based initiatives include GRI, CDP, GRESB, Dow Jones Sustainability Index, National Association of Real Estate Investment Trusts, FTSE4Good Index
GRI 102	102-13	Membership of associations	18	

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

GRI 102	102-45	Entities included in the consolidated financial statements	2016 Annual Report, 10-K	The information found within this Sustainability Report relates to activities within our full operational control as well as within our partial operational control, which flows through to our partners, suppliers, vendors, and communities where we operate. Accordingly, various levels of control and influence are essential for understanding how we manage our impacts. Our 2016 boundary comprises 434 properties, 301 of which we maintain full operational control, and 133 of which we maintain partial operational control. We define operational control as the square footage portion of the building that we have the authority to implement operating policies with respect to energy usage, water usage and waste disposal. The 2016 total direct and indirect energy consumption, total GHG emissions, total water withdrawal, and total weight of waste metrics were adjusted to a rolling 2016 baseline year reflecting acquisitions, dispositions and boundary changes where buildings were removed or added. Since we do not maintain full operational control over all of the buildings in our portfolio, we make a dedicated effort to influence properties outside of our boundary to join our sustainability initiatives and to be more conscientious of people and the planet.
GRI 102	102-46	Defining report content and topic Boundaries		There are various levels at which we perform our materiality assessments. We assess risks, including those related to sustainability on an annual basis. Toward applying GRI's Principles for Defining Report Content, our due diligence draws from various stakeholder input. A formal materiality process for the purpose of our sustainability reporting process was first performed in 2011 and then again for our 2014 report. Additionally, preliminary steps have been taken to incorporate Integrated Reporting Principles when applying value to intangibles during our recent materiality process. We draw sustainability context through this diligence and verify completeness through the data tracked internally via subject matter experts and the systems instituted for managing our sustainability program. In terms of boundaries, our management of environmental impacts are limited to properties where we maintain operational control. Whereas the boundary of our labor practices are applicable to our workforce and partners, Product Responsibility to our Customers, and Society to the communities in which we operate.

GRI 102	102-47	List of material topics	5	
GRI 103	103-1	Explanation of the material topic and its Boundary	4-5,	See the explanation provided per 102-46.
GRI 102	102-48	Restatements of information		There are no restatements to detail provided in last year's non-financial reporting efforts.
GRI 102	102-49	Changes in reporting	Content Index	We expanded the scope of our boundary this year to include existing and acquired properties in our Senior Housing, Life Science, and Medical Office segments. As such, our 2011 base year was adjusted by 42 properties in 2012, by 16 properties in 2013, by 72 properties in 2014, by 127 properties in 2015, and by 29 in 2016 to reflect a rolling baseline year, and to evidence our growth.
STAKEHOLDER ENGAGEMENT				
GRI 102	102-40	List of stakeholder groups	6	
GRI 102	102-42	Identifying and selecting stakeholders	6	
GRI 102	102-43	Approach to stakeholder engagement	6	
GRI 102	102-44	Key topics and concerns raised	6, 14	This year, our employee satisfaction rate was 82%, and our tenant satisfaction rate at our MOB's was 84%. Our social goals for 2017 include improving satisfaction rates. Issues raised during this consultation will be further explored and addressed as we commit to taking corrective action or igniting new strategic directives.
REPORT PROFILE				
GRI 102	102-50	Reporting period		2016 Calendar Year
GRI 102	102-51	Date of most recent report		2015 Calendar Year - Annual + Sustainability Report
GRI 102	102-52	Reporting cycle		Calendar Year
GRI 102	102-53	Contact point for questions regarding the report		sustainability@hcpi.com

GRI 102	102-54	Claims of reporting in accordance with the GRI Standards	1	This marks our sixth annual Sustainability Report (this "Report") published to date, and each has been developed in accordance with the Global Reporting Initiative Standards at the Core- In Accordance level.
GRI 102	102-55	GRI content index	Appendix D	
GRI 102	102-56	External assurance	1, Appendix C	A selection of the data in this Report has been independently assured by Ernst & Young ("EY"), including the Management Assertion attached as Exhibit A to the Assurance Letter included as Appendix C at the end of this Report.
GOVERNANCE				
GRI 102	102-18	Governance structure	16-17, 10-K	
GRI 102	102-26	Role of highest governance body in setting purpose, values, and strategy	16-17	
GRI 102	102-27	Collective knowledge of highest governance body	16-17, 10-K	
GRI 102	102-29	Identifying and managing economic, environmental, and social impacts	16-17	Our integrated risk assessment and management process includes climate change and social responsibility-related impacts. Additionally, our strategic engagement efforts undertaken throughout the year and specifically to help shape our sustainability program takes into account peer-based research, investor input, the ongoing work of our industry associations and other external working groups.
GRI 102	102-30	Effectiveness of risk management processes	16	Our risk management process, including supporting policies, are reviewed annually and updated accordingly to ensure that our activities that influence policy are consistent with our climate change and social responsibility strategies. Additionally, our Company and our Codes of Conduct support efforts that encourage greater responsibility and efficiencies alike. We have established an internal Sustainability Committee that evaluates, improves and reports on the Company's approach to environmental initiatives. These direct and indirect activities help to ensure that our policy directives are consistent with actions to mitigate negative impacts and advance overall performance.
GRI 102	102-31	Review of economic, environmental, and social topics	16	We review corporate governance best practices and trends on an ongoing basis. This review includes risks and opportunities identified at the enterprise level and through ongoing detection at the site level.

ETHICS AND INTEGRITY

GRI 102	102-16	Values, principles, standards, and norms of behavior	16-17, 56 http://www.hcpi.com/sustainable-growth/corporate-governance-responsibility	Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees, and our Vendor Code of Business Conduct and Ethics ("Vendor Code") is applicable to our vendors and business partners (collectively, "Codes of Conduct"). We also uphold a Sustainability Committee Charter. These policies, along with our other pertinent policies, are available on website, www.hcpi.com , under the links provided below.
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Specific Standard Disclosures

Page Numbers

Additional Information and Omissions

ENVIRONMENTAL DMA

4-5, 10

ENERGY

GRI 302	302-1	Energy consumption within the organization	19	Total gigajoules ("GJ") and Megawatt hours ("MWh") of direct energy purchased (natural gas, diesel, gasoline and liquid propane) and total GJ and MWh of indirect energy purchased (electricity, steam, hot water and chilled water) for year ended December 31, 2016, is reported as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon the estimation methodology. Significant amounts of renewable fuel is not used nor is energy sold by HCP. Though energy mix purchased from providers may contain renewable, HCP does not track separately.
GRI 302	302-3	Energy intensity	20	Our energy intensity ratio is calculated per thousand square feet of space in all our properties under our operational control. It includes all fuel, electricity, heating, cooling, and steam as indicated in our total energy consumption.
GRI 302	302-4	Reduction of energy consumption	10	Intensity targets of 1-2% are based on metric tonnes per square foot which we feel is a relevant measurement for real estate properties - using a 2014 rolling baseline year.
GRI 302	302-5	Reductions in energy requirements of products and services	10	

WATER

GRI 303	303-1	Water withdrawal by source	21	All water is purchased directly from local utilities. The quantity in gallons of potable water withdrawal by HCP related operations for the year ended December 31, 2016 as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology where we maintain operational control.
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GRI 303	303-3	Water recycled and reused	11	We implement many types of water efficient installations at our properties, including smart water systems, motion sensor and aerator faucets, low-flow toilets, retention ponds, rain sensors, turf block, and drought resistant landscaping.
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EMISSIONS

GRI 305	305-1	Direct (Scope 1) GHG emissions	20	Scope 1 emissions are based on direct energy consumption multiplied by their associated emission factor as well as refrigerants emissions. Gas at several facilities is allocated between property under our operational control (e.g., MOB) and property not under our control (e.g., the associated hospital) based on estimates of usage. These estimates were originally based on metering. Refrigerant data was collected for HVAC equipment for boundary buildings. Where data was not able to be reported by the third party management companies and operators, a kg per square foot factor was calculated from buildings that had data and this factor was applied to the remaining building square foot. Assumptions were made to estimate R410A refrigerant based on the majority of the buildings that had data. The refrigerant emissions were based on the leakage rate of 5% for HVAC equipment operation based upon the equipment charge level in kg using the EPA calculator. Based on the actual and estimated data for both items mentioned in Scope 1, we chose "more than 5% but less than 10%".
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions	20	Scope 2 emissions are based on indirect energy consumption multiplied by their associated emission factor. Electricity at several facilities is allocated between property under our operational control and property not under our control based on estimates of usage. Based on actual and estimated data, we chose "more than 5% but less than 10%". These estimates were originally based on metering.
GRI 305	305-4	GHG emissions intensity	21	Our intensity ratio is calculated per thousand square feet of space in all our properties under our operational control.
GRI 305	305-5	Reduction of GHG emissions		Intensity targets of 1-2% are based on metric tonnes per square foot which we feel is a relevant measurement for real estate properties - using a 2014 rolling baseline year. Trends correlate with revenue from acquisitions and/or divestitures, headcount, and other operational changes.

EFFLUENTS & WASTE

GRI 306	306-2	Waste by type and disposal method	23	Waste disposed of in metric tonnes as well as the percentage of waste going to landfill or being recycled, for the year ended December 31, 2016, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology.
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SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 308	308-1	New suppliers that were screened using environmental criteria		Though an exact percentage is not provided herein, a range for properties assessed on an annual basis is. As we enlarge the frequency and scope of our assessments, we will continue to track more accurate data.
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LABOR PRACTICES & DECENT WORK DMA

4-5, 16

EMPLOYMENT

GRI 401	401-1	New employee hires and employee turnover	22	
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TRAINING & EDUCATION

GRI 404	404-1	Average hours of training per year per employee	17	Breakdown by gender is not included as annual training requirements apply to all personnel regardless of gender or employment category. We provide annual training to all of our employees on both codes of conduct, and one hundred percent (100%) of our employees completed the training in 2016. We also provide and require annual training on insider trading and the Foreign Corrupt Practices Act, and each of our employees receives harassment prevention training every other year.
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GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs	15	Additionally, we provide reimbursements of up to \$5,000 annually per employee for higher education that is related to our business, industry, and individual professional development. Helping our employees to develop in meaningful ways creates long-term value for the individual as well as for us. Please visit www.hcpi.com/sustainability/social-responsibility.html for additional information regarding the benefits we offer.
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GRI 404	404-3	Percentage of employees receiving regular performance and career development reviews	17, 24 (partial)	
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DIVERSITY & EQUAL OPPORTUNITY

GRI 405	405-1	Diversity of governance bodies and employees	15, 23	Diversity of 2015 new hires according to gender and date of birth as recorded in ADP based on the employee's file as of December 31, 2016.
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EQUAL REMUNERATION FOR WOMEN & MEN

GRI 405	405-2	Ratio of basic salary and remuneration of women to men	24	We have been recognized as a Winning Company by 2020 Women on Boards for women comprising 20% or more of our Board members.
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HUMAN RIGHTS DMA

4-5,

TRAINING & COMPLIANCE

GRI 412	412-2	Employee training on human rights policies or procedures	17, 24	We provide annual training to all of our employees on both codes of conduct, and one hundred percent (100%) of our employees completed the training in 2016. We also provide and require annual training on insider trading and the Foreign Corrupt Practices Act, and each of our employees receives harassment prevention training every other year.
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SOCIETY DMA

4-5, 14

LOCAL COMMUNITIES

GRI 413	413-1	Operations with local community engagement, impact assessments, and development programs	14	Our Social Responsibility Committee, has been working since 2012 to establish protocols, outreach strategies, and methods for evaluating programmatic effectiveness. Though still voluntary, we have seen significant uptake in the employee involvement and we intend to provide much more detail in future years. This year, HCP gave over a half million dollars in charitable donations. Additionally, the committee oversees our gift matching program, in which HCP matches employee gifts annually of up to \$2,500 for charitable organizations and \$1,500 for educational institutions. Our employees are dedicated to engaging in fundraising and volunteering opportunities to support our senior citizens. To further promote and support volunteerism, HCP offers employees up to eight hours of paid time-off per year to engage in community service activities of their choice. Employees are also paid while participating in company-sponsored volunteering efforts occurring during business hours.
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COMPLIANCE

GRI 419	419-1	Non-compliance with laws and regulations in the social and economic area	17	HCP experienced no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our properties and none that resulted in fines or non-monetary sanctions during the 2016 reporting period.
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BOARD OF
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