



# 2017 Sustainability Report



Cover and this image:  
3535 Market Street  
Medical Office  
Philadelphia, PA

3535 Market Street is currently undergoing a modern architectural update, including renovations to increase operational efficiency. The following are a few of the sustainable attributes implemented:

- Replacement of cooling towers for optimum HVAC operation
- Installation of 250 high-efficiency water source heat pumps
- Installation of thermal window panes



## About HCP

HCP, Inc. (“HCP”) is an S&P 500 company, investing 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 large-scale portfolio is diversified across life science, medical office, and senior housing.

## About This Report

Our 2017 Sustainability Report (this “Report”) has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core). This is our seventh annual Report following the applicable GRI framework, including the GRI Construction and Real Estate Sector Supplement and other industry protocols. The assurance statement is appended to the end of this Report.<sup>1</sup>

Assurance for the calendar year ended December 31, 2017 on selected sustainability indicators was performed by cVenture, an independent third party. The assurance statement is included on page 20 of this Report.

<sup>1</sup>For additional information regarding our reporting standard and boundary, please refer to the GRI Content Index herein.



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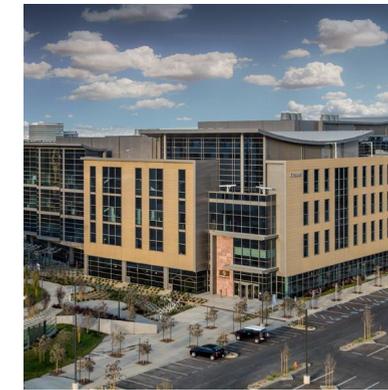
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I am proud to present HCP's seventh annual sustainability report. 2017 was an important year for HCP, as we solidified our business repositioning efforts and expanded our sustainability initiatives. Our commitment to generate sustained value for our stakeholders reaches beyond the economic realm and extends to each of the dimensions of sustainability: environment, social responsibility, and governance (ESG). Our environmental and social programs strive to provide a positive impact on our communities, while our governance initiatives incorporate sustainability as a critical component of achieving our business objectives and properly managing risk.

Our sustainability program continues to produce meaningful results as well as esteemed industry and global recognition, and 2017 was no exception:

- Named an ENERGY STAR Partner of the Year by the Environmental Protection Agency for outstanding efforts to improve energy efficiency at our properties
- Named to the North America Dow Jones Sustainability Index (DJSI) for 5th consecutive year and to the World DJSI for the 3rd year in a row, for outperforming our peers in sustainability metrics
- Named to The Sustainability Yearbook, a publication featuring the most sustainable companies in the world, for scoring in the top 15% on the annual DJSI Assessment

# CEO

- Achieved Green Star designation by the Global Real Estate Sustainability Benchmark (GRESB) for the 6th year in a row, for leadership in approach to ESG disclosure in the real estate industry
- 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 6th consecutive year for meeting globally recognized corporate responsibility standards and demonstrating strong ESG practices

We are proud of our progress, but understand we can always do more. We will continue to pursue and invest in sustainability initiatives that improve our overall ESG performance and support our long-term goals.

We hope this report provides insight to our many stakeholders regarding our important corporate responsibility initiatives.

Sincerely,



**Thomas M. Herzog**  
Chief Executive Officer

# Message

## 2017 HIGHLIGHTS

This was a transformative year for us. We believe we have one of the best portfolios in the healthcare real estate sector and will continue to focus on improving the quality of our cash flow through operational excellence, proactive capital recycling, accretive acquisitions, development and redevelopment activity, and investments in sustainability initiatives. Please see our Annual Report and Proxy Statement for more information.

**\$1.85b**

**Earned \$1.85 Billion  
in Total Revenue**

**\$562m**

**Closed \$562 Million  
of Acquisitions**

**4.1m ft<sup>2</sup>**

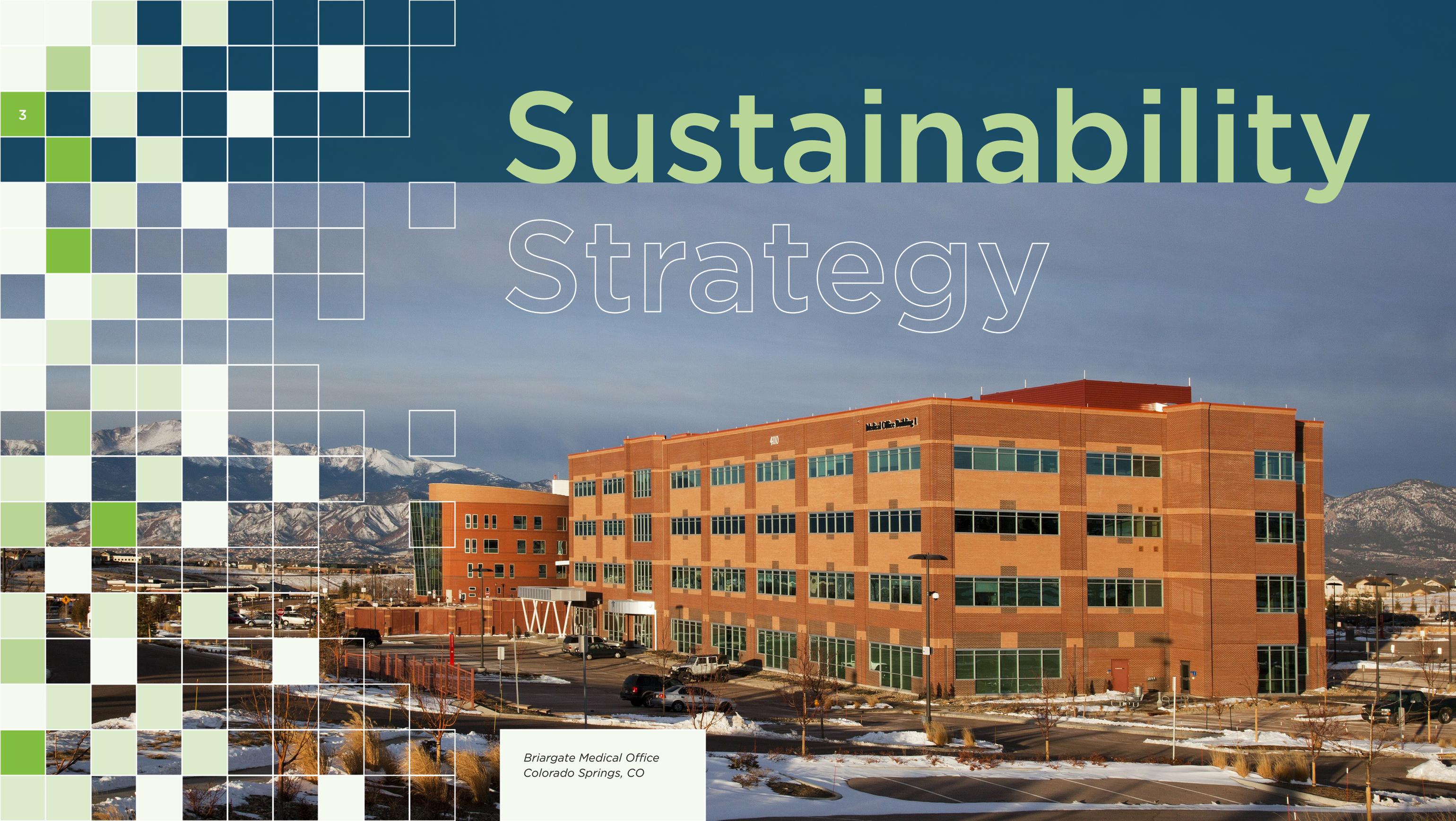
**Executed 4.1 Million Square  
Feet of Medical Office  
& Life Science Leasing**

**\$1.4b**

**Enhanced Financial  
Position with \$1.4 Billion  
of Debt Repayments**

# Sustainability

# Strategy



*Briargate Medical Office  
Colorado Springs, CO*

## Materiality & Stakeholder Engagement

Each year, we engage in an assessment process to determine the material economic, environmental, corporate governance, and social areas of focus for our company. This includes regular stakeholder engagement and feedback, which we use to identify material topics and sustainability initiatives. The table below summarizes some of our key stakeholder engagement practices for each of our identified material stakeholder groups: employees; stockholders; tenants and operators (“partners”); and our local communities.

### Stakeholder Engagement Practices

STAKEHOLDER GROUP	ENGAGEMENT MECHANISM	DESCRIPTION
Employees	Annual Satisfaction Survey	Engagement tool for our employees to submit ideas and relay concerns
	Quarterly Town Hall Meetings	Platform to engage directly with employees and provide a Q&A forum with our CEO
Stockholders	Ongoing Outreach	Mechanism to correspond with our investors to address governance, social, and/or environmental matters
	Bi-Annual Investor Conference	Opportunity to engage directly with investors and industry peers at NAREIT-sponsored events
Partners	Annual Satisfaction Survey	Engagement tool for our tenants to submit ideas and relay concerns
	HCP Annual Conference	Forum to share operational and sustainability best practices with our partners for implementation at our properties
Communities	Annual Alzheimer’s Walk Sponsorships	Engagement in local community (Irvine and Nashville) events benefitting healthcare
	Volunteering and Giving	Support of local community (Irvine and Nashville) needs through volunteering and charitable donations

## MATERIAL TOPICS

 <h3>Environment</h3>	<ul style="list-style-type: none"> <li>Energy and Emissions</li> <li>Water</li> <li>Waste and Recycling</li> </ul>
 <h3>Social</h3>	<ul style="list-style-type: none"> <li>Employee and Tenant Satisfaction</li> <li>Talent Attraction and Retention</li> <li>Diversity and Equal Opportunity</li> <li>Volunteerism and Philanthropic Activities</li> </ul>
 <h3>Governance</h3>	<ul style="list-style-type: none"> <li>Governing Bodies and Committees</li> <li>Ethics and Compliance</li> <li>Best Practices</li> </ul>

## Risk Management

HCP proactively analyzes the risks that may materially adversely affect our business, operations, or financial conditions. Our Internal Audit Department oversees our enterprise risk management and reports directly to the Audit Committee. A full discussion of our identified risks is outlined in our [Annual Report](#). The following table summarizes a few of our identified risks and potential business- and sustainability-related impacts.

### Sustainability Risk Summary

RISK	POTENTIAL BUSINESS IMPACT	POTENTIAL SUSTAINABILITY IMPACT
<b>Increased Competition</b>	Leasing ability and revenues of our partners, including ability to meet financial obligations to HCP	More stringent disclosure requirements from reporting initiatives such as GRI, CDP, DJSI, and GRESB
<b>Joint Venture Structures</b>	Impasse due to lack of sole decision-making authority	Limited control to implement efficient equipment and sustainability initiatives
<b>Regional Climatic Events</b>	Higher operational costs due to business disruption and property damage	Additional costs to implement fire-, earthquake-, or flood-resistant projects
<b>Information Technology</b>	Financial loss due to operational interruptions caused by system failures	Negative reputation perceived by stakeholders due to security breaches



Freedom Pointe  
Senior Housing  
The Villages, FL

5

As a company driven by value creation, we strive to advance our building performance through efficient measures. Our Environmental Responsibility efforts drive value for all of our stakeholders.

### Overview

High-performing, efficient buildings are integral to executing our business strategy. Operating our properties efficiently provides cost savings, attracts tenants as well as investors, and minimizes our contributions to climate change. We strive to continually improve our property portfolio through the implementation of sustainability initiatives and projects tailored to each property's unique needs, including:

- Lighting Retrofits
- Energy Efficient HVAC Systems
- "Smart Building" Technology
- Drought-Resistant Landscaping

Our buildings are recognized for sustainability excellence by the Environmental Protection Agency (EPA) and the U.S. Green Building Council with ENERGY STAR and Leadership in Energy and Environmental Design (LEED) certifications.

### Green Building Highlights

- 1.7 million sq. ft. LEED-certified assets
- 216 ENERGY STAR certifications

# Environment

## 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 percent by 2020 in our boundary (from our 2011 baseline), and 1-2 percent annually until then. We have already reached our 2020 GHG emissions reduction goal, and are on track to reach our energy reduction goal by 2020.

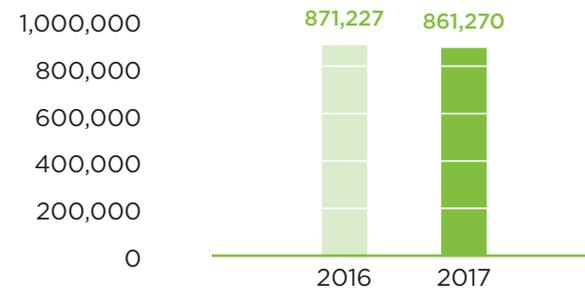
## 2017 Environmental Performance Highlights

### Energy & Emissions

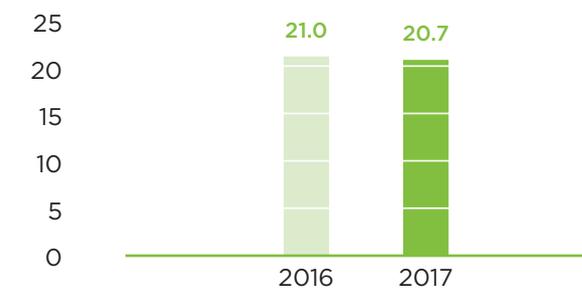
We continue to drive value financially and environmentally through expanded energy efficient upgrades at our properties. In 2017, we implemented 227 energy-saving projects, with estimated energy savings of 7,267 MWh. In 2017, we implemented 108 HVAC projects with estimated energy savings of 2,189 MWh.

Increasing the energy efficiency of our buildings decreases the direct and indirect emissions from our properties, reducing harmful CO<sub>2</sub> and other gasses from entering the atmosphere. In 2017, we enacted 227 emissions reduction projects which saved an estimated 3,717 metric tons of CO<sub>2</sub> emissions.

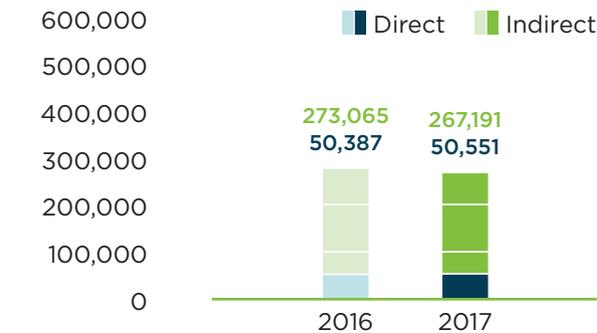
#### TOTAL ENERGY CONSUMPTION (MWH)



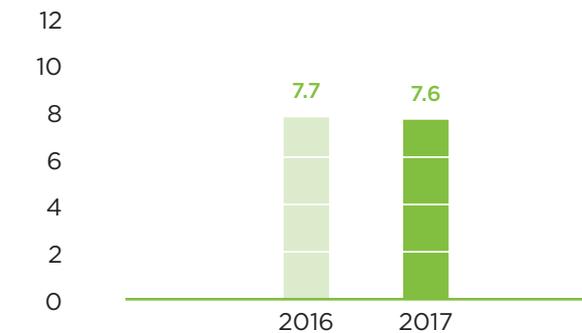
#### ENERGY INTENSITY (MWH/FT<sup>2</sup>)



#### DIRECT & INDIRECT EMISSIONS (TCO<sub>2</sub>E)



#### EMISSIONS INTENSITY (TCO<sub>2</sub>E/FT<sup>2</sup>)



Please see the [data tables](#) herein for our complete environmental performance metrics and related data

## LED Lighting Retrofit

We selected 71 buildings with the best opportunity for a Common Area LED Lighting Retrofit Program. We identified properties with the best opportunity for LED retrofits based upon lighting quality, energy savings, and cost savings. The annual savings are estimated at 4,787 MWh of energy and 2,459 metric tons of CO<sub>2</sub>e GHG emissions.





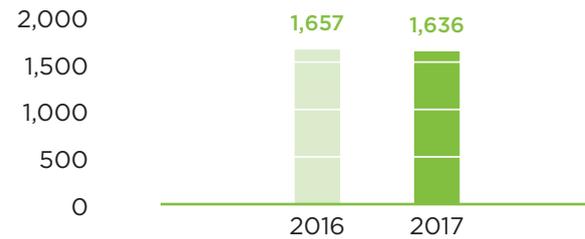
### Solar Panel Projects

We completed solar panel projects at two of our medical office properties in 2015 and 2016. Encino Medical Plaza has generated over 227,000 kWh of energy to date, while Woodlake Medical Plaza has generated over 250,000 kWh of energy to date.

### Water

Water conservation is important to us. Local municipal water systems supply all the water consumed by our properties. This year our domestic water usage decreased by 1.3 percent.

#### WATER WITHDRAWAL (M GAL)



### Waste & Recycling

HCP works diligently with our partners to reduce landfill waste through the implementation of recycling programs. Our programs resulted in 13,492 metric tonnes of waste diverted from landfills.

#### TOTAL WASTE DISPOSED (METRIC TONNES)



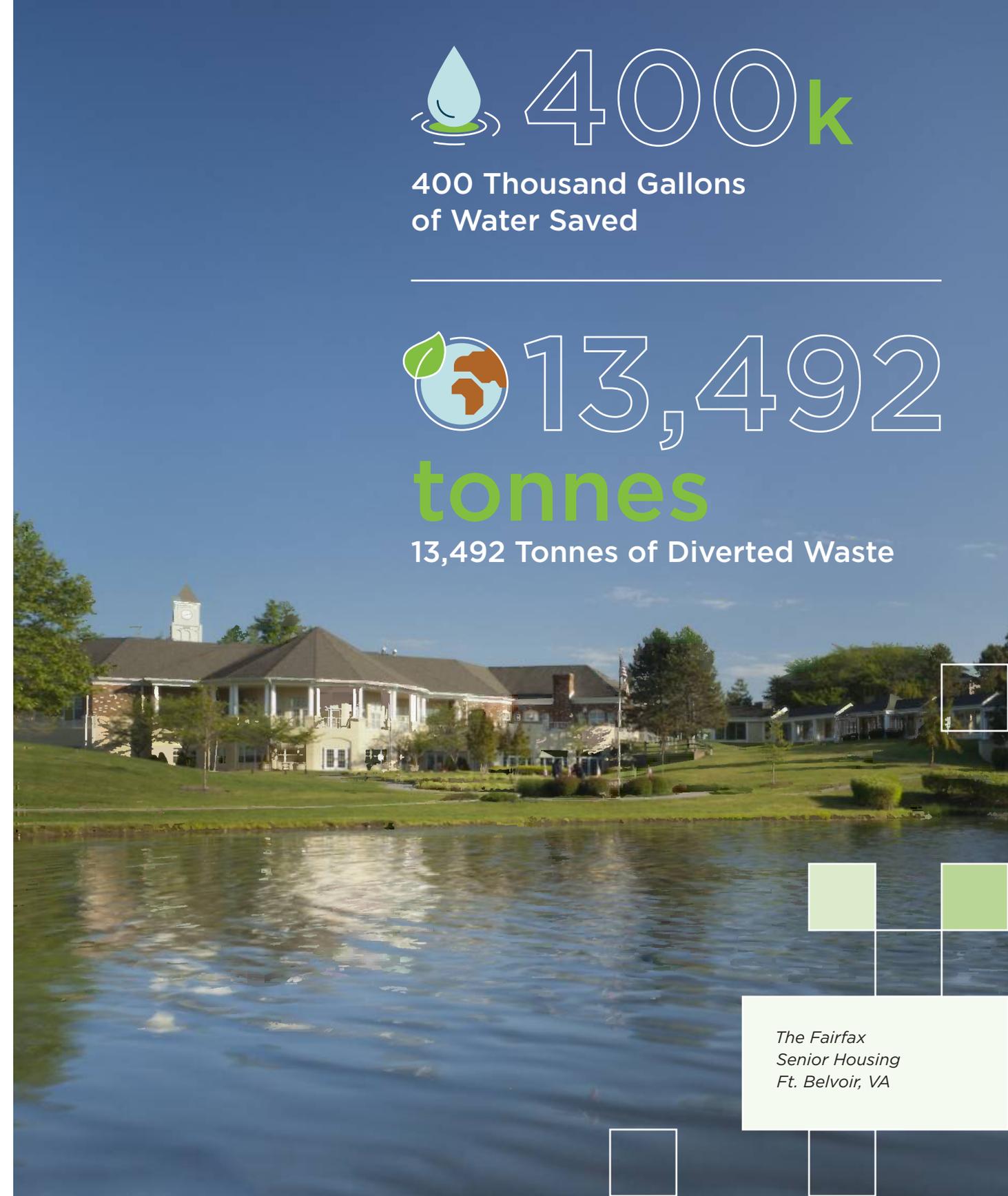
Please see the [data tables](#) herein for our complete environmental performance metrics and related data

# 400k

## 400 Thousand Gallons of Water Saved

# 13,492 tonnes

## 13,492 Tonnes of Diverted Waste



The Fairfax Senior Housing  
Ft. Belvoir, VA

# Social

## Overview

Social Responsibility fulfills our mission to be an upstanding corporate citizen, allowing employees and business partners to take pride in our relationships. Our Social Responsibility goals for 2018 include improving satisfaction rates, enhancing our commitment to diversity, and expanding our company-wide volunteering efforts.





Woodlake Solar Array MOB  
West Hills, CA

### Employee & Tenant Satisfaction

Employee and tenant/operator satisfaction affect our brand and reputation. Independent, third-party service providers conduct our annual satisfaction assessments. We use the results of our satisfaction surveys to measure our progress, identify opportunities for growth, and find areas where additional business investments are warranted.

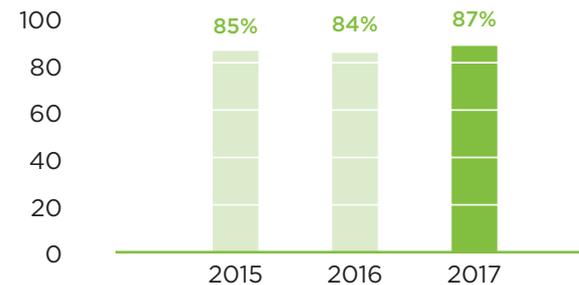
- Employee satisfaction is essential to our success as it benefits the business in many areas. In 2017, our employee satisfaction rate was 79 percent, up from 74 percent in 2016.
- Tenant satisfaction represents a cost-effective and efficient tool to mitigate resource consumption at our properties while driving sustainability goals. Further, proactive engagement with our tenants positively impacts tenant retention. Our 2017 tenant satisfaction rate was 87 percent, up from 84 percent in 2016. Additionally, our 2017 response rate was 89 percent, up from 84 percent in 2016.

### Talent Attraction & Retention

Our employees represent our greatest asset and, as such, talent attraction and retention are paramount. We strive to attract and retain the best talent by providing competitive compensation and benefits, a positive workplace, and a safe and progressive work environment. We seek out individuals who are competent leaders, experienced in our industry, and dedicated to our mission and vision. Please visit our [social responsibility webpage](#) for additional information regarding the benefits we offer. HCP is committed to fostering health, safety, and well-being for every one of our 190 employees through special training and other measures.

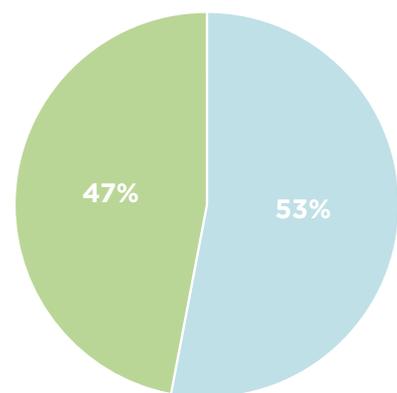
Fostering professional development creates long-term value. We offer reimbursements of up to \$5,000 annually per employee for higher education that is related to our business, industry, and individual professional development. Providing our employees with additional education improves their skills and knowledge of compliance requirements, laws and other regulations that affect their business decisions, and ultimately our business, as well as the interests of our stakeholders.

#### TENANT SATISFACTION RATES



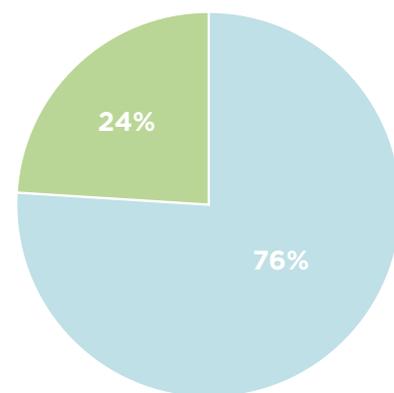
2017 EMPLOYEE DEMOGRAPHICS

GENDER



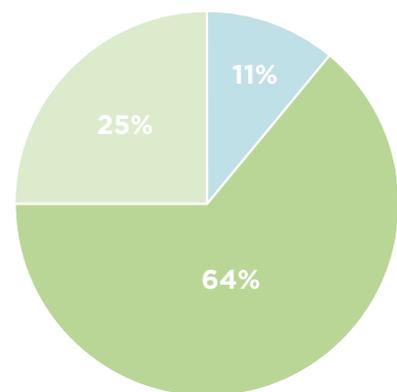
Female Male

EMPLOYMENT TYPE



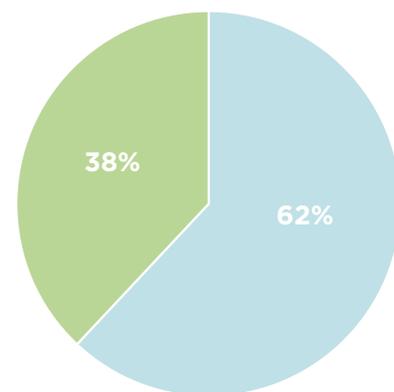
Hourly Salaried

AGE



>50 <30 30-50

ETHNICITY



Ethnic Minority White

Please see the [data tables](#) herein for our complete social performance metrics and related data



Diversity & Equal Opportunity

HCP values and embraces diversity while promoting a work environment that emphasizes employee respect and dignity. We support the protection of human rights and are committed to providing equal opportunity and fair treatment to all individuals based on merit, without discrimination based on race, color, religion, national origin, citizenship, marital status, gender (including pregnancy), gender identity, gender expression, sexual orientation, age, disability, or veteran status, or other characteristic protected by law. We do not tolerate corruption, discrimination, or harassment. We strive to ensure that women and minorities are represented fairly in our workforce, our Board of Directors, and throughout our hiring and selection process.



Women Represent 47% of Our Workforce

We also aim to ensure merit-based, equitable compensation practices. By properly appreciating diversity, we can maintain a workforce with a healthy mix of ages, perspectives, cultures, talents, genders, insights, and skills. Women account for 47 percent of our workforce, 52 percent of which serve in a leadership capacity, and represent 28 percent of our overall officers and senior management.





HCP employees and their families participating in the 2017 Walk to End Alzheimer's Nashville, TN

### Volunteerism & Philanthropic Activities

Our Social Responsibility Committee is responsible for our philanthropic and charitable activities. 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 nearly a half million dollars in charitable donations to entities aligned with the committee's mission to support the advancement of healthcare. Additionally, the committee oversees our gift matching program, in which HCP matches employee gifts annually up to \$2,500 for charitable organizations and \$1,500 for educational institutions.

To 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 during business hours. Our employees are dedicated to engaging in fundraising and volunteering opportunities to support healthcare and especially seniors.

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This year, HCP gave nearly a half million dollars in charitable donations to entities aligned with the committee's mission to support the advancement of healthcare.

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### 2017 Walk to End Alzheimer's

This was our fifth year in a row sponsoring and participating in the Walk to End Alzheimer's in our local communities, Orange County and Nashville. Held in over 600 communities nationwide, the annual Walk to End Alzheimer's is the world's largest event raising awareness and funds for Alzheimer's care, support, and research. Supporting the Alzheimer's Association is especially important to us as many of our constituents are senior citizens and one in three seniors are affected by Alzheimer's or other dementia-related diseases.



Seniors Day at the Aquarium of the Pacific

### Seniors Day at the Aquarium of the Pacific

This year marked HCP's fifth consecutive year of sponsoring and volunteering at Seniors Day at the Aquarium of the Pacific. Our contribution allows seniors free admission and our employees provide volunteer services for the day.

# Governance

Corporate governance is a vital component of achieving our business objectives and properly managing risk. We are committed to corporate governance practices that promote long-term value creation, transparency, and accountability to our stakeholders.

We review corporate governance best practices and trends on an ongoing basis and look to proactively improve our governance framework. Our governance policies and charters are available on our website. Notably, our [Code of Business Conduct and Ethics](#) (“Code”) 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”).

## HCP Corporate Governance Best Practices

- Every member of our Board of Directors, with the exception of our CEO, is independent
- Independent Chairman separate from CEO role

- Annual election of Directors with majority voting standard
- Annual Board and Committee self-evaluations
- Systematic Board risk oversight process
- Anti-hedging, anti-pledging, and clawback policies
- Robust Executive and Director stock ownership guidelines
- Enhanced proxy access
- Opted out of provisions of the Maryland Unsolicited Takeovers Act (MUTA) that would allow a staggered board without stockholder approval
- Adopted majority voting standard for stockholder bylaw amendments

Read more in our [2018 Proxy Statement](#).

*The Cove at Oyster Point  
Life Science Campus  
South San Francisco, CA*

## Board of Directors & Committees

Our Board is responsible for the evaluation and organization of our leadership structure. The Board primarily oversees the long-term health and success of our business on behalf of our stakeholders. Every member of our Board of Directors, with the exception of our CEO, is independent. Additional information regarding our Board, including biographical data, is available on our [website](#).

Our [Corporate Governance Guidelines](#) guide our executives and board members, setting forth consistent, upstanding performance expectations. The Nominating and Corporate Governance, Audit, Compensation, and Finance Committees are comprised entirely of independent directors. Click [here](#) to view our committee charters.

The Board views diversity as a critical component of effectiveness and, as such, incorporates a diversity assessment into its annual self-evaluation. 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. In 2017, HCP amended the Nominating and Corporate Governance Committee Charter to codify the Board's commitment to identifying diverse director candidates.

## Sustainability Committee

Our Sustainability Committee, comprised of individuals across all professional levels, guides and implements our sustainability strategy pursuant to our Sustainability Committee Charter. The Sustainability Committee meets periodically to review sustainable opportunities and to identify and mitigate risks. Each quarter, the Committee provides an update regarding the strategic development of our environmental, social, and governance goals, initiatives, and progress to the Board. Our segment leaders support the committee by relaying business segment input and providing feedback on best practices, impact monitoring, and implementation of our annual strategic agenda. This process, in conjunction with stakeholder engagement, shapes our overall climate change and risk assessment strategy.

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Each quarter, the Committee provides an update regarding the strategic development of our environmental, social, and governance goals, initiatives, and progress to the Board.

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Additionally, we hold our Sustainability Committee accountable for meeting our environmental responsibility targets. The Company's sustainability performance factors into financial compensation for committee members responsible for HCP's sustainability initiatives.

## Ethics & Compliance

Our [Codes of Conduct](#) apply to all of our directors, officers, employees, and vendors. 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, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information, and misuse of corporate assets. HCP provides a Whistleblower Hotline where employees can report any issue, including code violations, safety concerns, and instances of discrimination or harassment. Annual training on our Code of Conduct outlines individual obligations to comply with all relevant laws, rules, and regulations. We also require annual training on insider trading compliance and the Foreign Corrupt Practices Act of 1977, as amended, and each of our employees receives harassment prevention training.

Our dedication to ethics, compliance, and sustainability extends beyond our business to our operating partners and tenants. Our [Vendor Code](#) establishes expectations for ethical business practices and regulatory compliance in our value chain. Vendors must provide written acknowledgment upon initial engagement. Collaborative projects are governed by innovative environmental management policies and our leases and agreements specify regulatory compliance and procedures for property inspections, maintenance, safety, and sustainability measures.



**100% of Employees Completed Code of Conduct Training**

## No Incidents

**No Incidents of Non-Compliance with Code of Conduct, Regulations, or Voluntary Codes Concerning the Health and Safety of our Employees**

## No Fines

**No Fines or Non-Monetary Sanctions**

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HCP promotes the highest standards of business ethics through policies that require consistent and transparent corporate governance practices.

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# Reporting & Awards

# Initiatives

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 endeavor 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/sustainable-growth](http://www.hcpi.com/sustainable-growth).



Skyridge II  
Medical Office  
Conifer, CO

Our 2017 achievements include:

- Named to the North America Dow Jones Sustainability Index (DJSI) for 5th consecutive year, and to the World DJSI for the 3rd year in a row for outperforming our peers in sustainability metrics based on an analysis of financially material economic, environmental, and social factors
- Named a constituent of The Sustainability Yearbook, an annual publication featuring companies that score in the top 15 percent in each industry on the annual DJSI Assessment
- Achieved Green Star designation from the Global Real Estate Sustainability Benchmark (GRESB) for the 6th year in a row for leadership in approach to ESG disclosure
- Named a constituent of the Leadership level by CDP (formerly Carbon Disclosure Project) for leadership in environmental management best practices
- Named to the FTSE4Good Index series for the 6th consecutive year for meeting globally recognized corporate responsibility standards and demonstrating strong ESG practices
- Named an ENERGY STAR Partner of the Year by the Environmental Protection Agency for outstanding efforts to improve energy efficiency at our properties

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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 public.

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# Data Tables

## Boundary Building Area

CATEGORY	DISCLOSURE	KPI	2016	2017
Boundary Building Area ft <sup>2</sup> (1,000s)	GRI 102-7	Life Science	2,009.00	2,196.40
		Medical Office	13,602.00	13,451.90
		Senior Housing	25,910.70	25,910.70
		<b>Total</b>	<b>41,522</b>	<b>41,559</b>
Boundary Building Area m <sup>2</sup> (1,000s)	GRI 102-7	Life Science	186.6	204.1
		Medical Office	1,263.70	1,249.70
		Senior Housing	2,407.20	2,407.20
		<b>Total</b>	<b>3,857</b>	<b>3,861</b>

**Environmental Boundary:** HCP includes properties where the company has operational control—i.e., buildings that we maintain, provide service to, and/or have the authority to implement operating policies with respect to energy usage, water usage and/or waste disposal. Where HCP retains operational control over a limited space of the property, the proportion of the consumption controlled by HCP has been reported. For 2017, 475 properties, out of the 828 properties in HCP portfolio (assets under management), were controlled by HCP. 2016 data has been revised to provide a like-comparison to the 2017 boundary.

**Labor Metric Boundary:** HCP reports on persons employed by HCP as of December 31, 2017, excluding contractors.

## Energy Data

CATEGORY	DISCLOSURE	KPI	2016	2017
Direct Energy Consumption by Primary Source (MWh)	GRI 302-1	Natural Gas: Metered	233,079	235,220
		Motor Gasoline: Non-Metered	10,156	9,810
		Diesel/Gas Oil: Non-Metered	1,185	1,175
		Propane: Non-Metered	4,526	3,400
		Renewable	Not Significant	Not Significant
		<b>Total</b>		<b>248,946</b>
Direct Energy Consumption by Primary Source (GJ)	GRI 302-1	Natural Gas: Metered	839,085	846,790
		Motor Gasoline: Non-Metered	36,561	35,316
		Diesel/Gas Oil: Non-Metered	4,264	4,231
		Propane: Non-Metered	16,295	12,241
		Renewable	Not Significant	Not Significant
		<b>Total</b>		<b>896,205</b>
Indirect Energy Consumption by Primary Source (MWh)	GRI 302-2	Electricity Consumption	614,296	604,573
		Steam Consumption	2,988	2,570
		Cooling Consumption	4,997	4,522
		<b>Total</b>	<b>622,281</b>	<b>611,665</b>
Indirect Energy Consumption by Primary Source (GJ)	GRI 302-2	Electricity Consumption	2,211,467	2,176,462
		Steam Consumption	10,754	9,251
		Cooling Consumption	17,989	16,281
		<b>Total</b>	<b>2,240,210</b>	<b>2,201,994</b>

CATEGORY	DISCLOSURE	KPI	2016	2017
Energy Consumption by Building Type (MWh)	GRI 302-2	Life Science	85,339	90,785
		Medical Office	384,900	380,004
		Senior Housing	400,988	390,481
Energy Consumption by Building Type (GJ)	GRI 302-2	Life Science	307,221	326,828
		Medical Office	1,385,640	1,368,014
		Senior Housing	1,443,554	1,405,730
Energy Intensity by Building Type (GJ/1000m <sup>2</sup> )	GRI 302-3	Life Science	1,646.0	1601.7
		Medical Office	1,096.5	1094.6
		Senior Housing	599.7	584.0
Energy Intensity by Building Type (MWh/1000ft <sup>2</sup> )	GRI 302-3	Life Science	42.5	41.3
		Medical Office	28.3	28.2
		Senior Housing	15.5	15.1

The total direct energy consumption previously calculated in 2016 was 242,164 MWh, which covered our portfolio boundary of 434 properties. As such, our 2016 amounts were adjusted by 41 properties to reflect a rolling baseline year.

The total indirect energy consumption previously calculated in 2016 was 620,368 MWh, which covered our portfolio boundary of 434 properties. As such, our 2016 amounts were adjusted by 41 properties to reflect a rolling baseline year.

Base data utilized in the calculation of direct and indirect energy consumption is obtained from third-party invoices or estimates. HCP estimates are used where measurement data is not readily available. 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 14% of the direct and indirect energy consumption have been estimated by HCP for the year ended December 31, 2017.



## Emissions Data

CATEGORY	DISCLOSURE	KPI	2016	2017
Direct & Indirect GHG Emissions by Type (t CO <sub>2</sub> e)	GRI 305-1 GRI 305-2	Direct GHG emissions (Scope 1)	50,387	50,551
		Indirect GHG emissions (Scope 2)	273,065	267,191
		<b>Total</b>	<b>323,452</b>	<b>317,742</b>
Direct & Indirect GHG Emissions by Building Type (t CO <sub>2</sub> e)	GRI 305-1 GRI 305-2	Life Science	19,949	21,082
		Medical Office	153,262	151,569
		Senior Housing	150,241	145,091
Building Emissions Intensity (t CO <sub>2</sub> e/1000ft <sup>2</sup> )	GRI 305-4	Life Science	9.5	9.2
		Medical Office	11.3	11.3
		Senior Housing	5.7	5.5
Building Emissions Intensity (t CO <sub>2</sub> e/1000m <sup>2</sup> )	GRI 305-4	Life Science	102.7	99.4
		Medical Office	121.2	121.2
		Senior Housing	61.3	59.3

The total GHG emissions previously calculated for Scope 1 and Scope 2 emissions in 2016 was 360,147 tonnes CO<sub>2</sub>e, which covered our portfolio boundary of 434 properties. As such, our 2016 amounts were adjusted by 41 properties to reflect a rolling baseline year.

Base data utilized in the calculation of Scope 1 and Scope 2 GHG emissions is obtained from third-party invoices or estimates. 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.

## Water Data

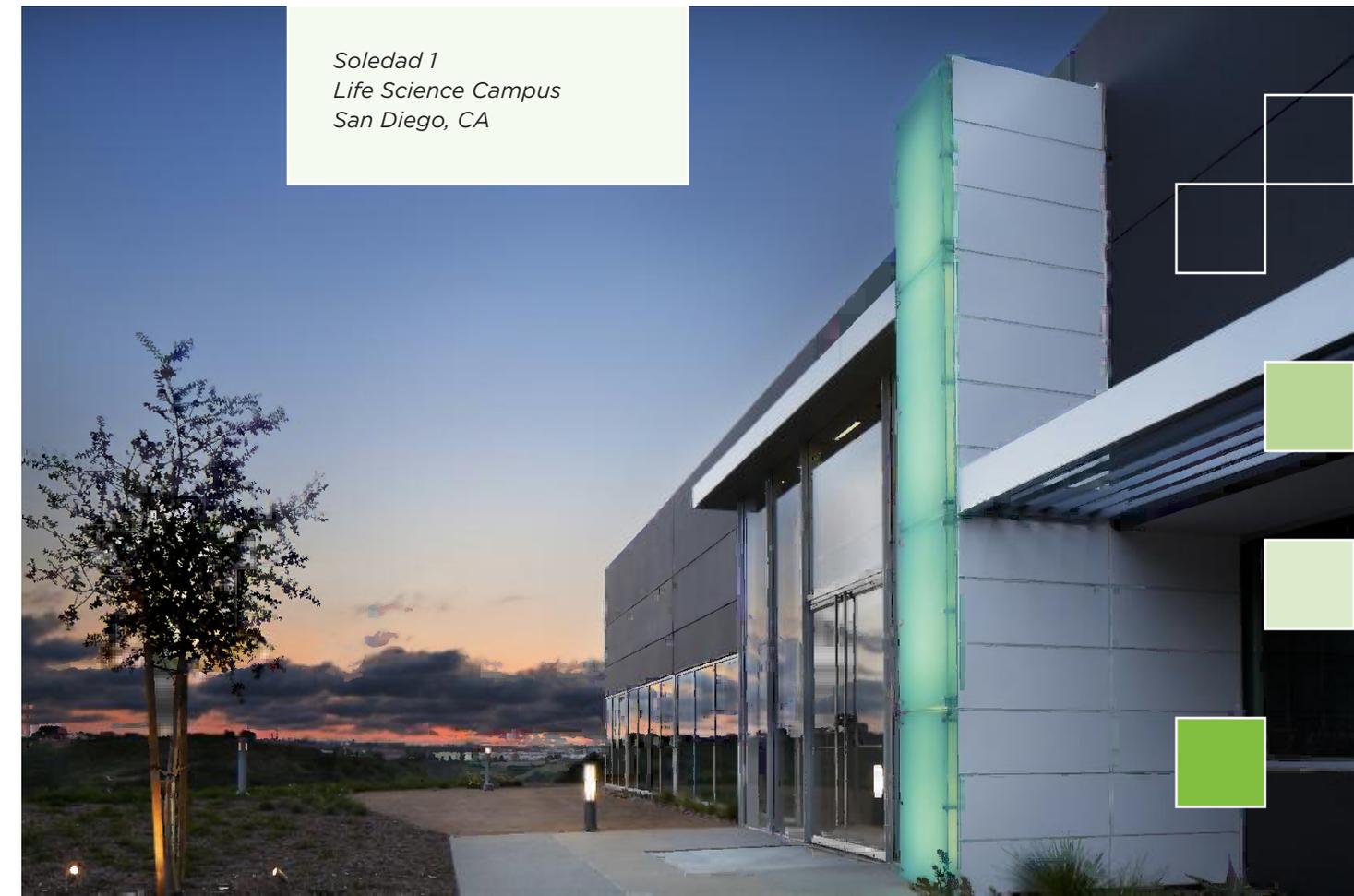
CATEGORY	DISCLOSURE	KPI	2016	2017
Total Water Withdrawal by Source (Gallons)	GRI 303-1	Municipal water withdrawal for shared landlord	1,656,926,960	1,636,210,018
		Other	0	0

The total water withdrawal previously calculated in 2016 was 1,643,032,743 gallons, which covered our portfolio boundary of 434 properties. As such, our 2016 amounts were adjusted by 41 properties to reflect a rolling baseline year.

## Waste Data

CATEGORY	DISCLOSURE	KPI	2016	2017
Total Waste Disposed (metric tonnes)	GRI 306-2	Non-Hazardous	55,488	56,094
		Hazardous	0	0
Waste Disposal (%)	GRI 306-2	% Recycled	23.5	24.1
		% Landfill	76.5	75.9

The total weight of non-hazardous waste previously calculated in 2016 was 42,021 metric tonnes, which covered our portfolio boundaries of 434 properties. As such, our 2016 amounts were adjusted by 41 properties to reflect a rolling baseline year.



*Soledad 1  
Life Science Campus  
San Diego, CA*

## Employment Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Total Number of Employees by Employment Contract & Gender	GRI 405-1	Hourly			
		Male	11	13	10
		Female	33	29	35
		<b>Total</b>	<b>44</b>	<b>42</b>	<b>45</b>
		Salaried			
		Male	88	89	90
		Female	55	57	55
		<b>Total</b>	<b>143</b>	<b>146</b>	<b>145</b>
		All Employees			
		Male	99	102	100
Female	88	86	90		
<b>Total</b>	<b>187</b>	<b>188</b>	<b>190</b>		
Number of Employees by Age Group	GRI 405-1	<30	21	18	20
		30-50	118	118	122
		>50	48	52	48
		<b>Total</b>	<b>187</b>	<b>188</b>	<b>190</b>

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
New Hires by Age Group (# Employees)	GRI 401-1	<30	11	6	10
		30-50	22	14	25
		>50	3	4	1
		<b>Total</b>	<b>36</b>	<b>24</b>	<b>36</b>
New Hires by Gender (# Employees)	GRI 401-1	Male	17	16	18
		Female	19	8	18
		<b>Total</b>	<b>36</b>	<b>24</b>	<b>36</b>
Turnover by Age Group (# Employees & Rate)	GRI 401-1	<30	1 (4.8%)	3 (16.7%)	4 (20.0%)
		30-50	12 (10.2%)	15 (12.7%)	22 (18.0%)
		>50	6 (12.5%)	5 (9.6%)	8 (16.7%)
		<b>Total</b>	<b>19 (10.2%)</b>	<b>23 (12.2%)</b>	<b>34 (17.9%)</b>
Turnover by Gender (# Employees & Rate)	GRI 401-1	Male	9 (9.1%)	13 (12.7%)	14 (15.6%)
		Female	10 (11.4%)	10 (11.6%)	20 (20.0%)
		<b>Total</b>	<b>19 (10.2%)</b>	<b>23 (12.2%)</b>	<b>34 (17.9%)</b>



## Diversity Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Ethnicity (# Employees)	GRI 405-1	American Indian or Alaska Native	1	1	1
		Asian	45	46	45
		Black/African American	3	3	3
		Hispanic or Latino	17	16	16
		Hawaiian/Pacific Islander	1	1	1
		White	111	113	118
		2 or more races	7	6	6
		Not Disclosed	2	2	0
		<b>Total</b>	<b>187</b>	<b>188</b>	<b>190</b>
Pay Ratio by Employee Category (Base Salary Men/Women)	GRI 405-2	Executive Vice Presidents	N/A	N/A	N/A
		Management (Senior VPs)	127%	117%	113%
		Non-Management	117%	112%	117%
Pay Ratio by Employee Category (Total Remuneration Men/Women)	GRI 405-2	Executive Vice Presidents	N/A	N/A	N/A
		Management (Senior VPs)	146%	126%	118%
		Non-Management	120%	108%	116%

## Ethics Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Values, Principles, Standards & Norms of Behavior	GRI 205-2	% of Employees trained annually on our Code of Business Conduct and Ethics	100	100	100

## Satisfaction Measures

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Tenant Satisfaction	GRI 102-44	Rate of Satisfaction Among MOB Tenants (%)	84	85	87
Employee Satisfaction	GRI 102-44	Employee Satisfaction Rate	82	74	79

## Occupational Health & Safety

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Lost Time Injury Frequency Rate	GRI 403-2	Employees	0	0	0

## Local Communities

CATEGORY	DISCLOSURE	KPI	2015	2016	2017
Local Communities	GRI 413	Charitable Contributions	\$326,502	\$521,429	\$458,304



## Statement of Verification

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April 20, 2018

HCP, Inc.  
1920 Main Street  
Suite 1200  
Irvine, CA 92614

### Scope

HCP, Inc. (“Responsible Party”) engaged Cventure LLC (“Verifier”) to review HCP’s 2017 Corporate Greenhouse Gas (GHG) emissions inventory, energy consumption, water withdrawal, waste disposal, various social indicators, and supporting evidence, detailing the GHG emissions and other environmental and social indicators in associated source documents, over the period January 1, 2017 to December 31, 2017 inclusive. These components are collectively referred to as the “Assertion” for the purposes of this statement.

The Responsible Party is responsible for the preparation and presentation of the information within the Assertion, the results of which are summarized in the Data Tables section of the HCP 2017 Sustainability Report (April 2018). The Verifier’s responsibility is to express a conclusion as to whether anything has come to our attention that the Assertion is not presented fairly in accordance with generally accepted GHG accounting (e.g., *The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, WRI/WBCSD, March 2004*) and sustainability reporting (e.g., Global Reporting Initiative [GRI] standards).

### Independence

Cventure was not involved in the preparation of HCP’s GHG emissions, energy usage, water consumption, and waste disposal inventories, and any social indicators reported. It did not participate in any associated GHG emissions and environmental activity/social indicator data collection, management, and reporting activities, nor the development of associated emissions or usage estimates, and any subsequent assertions made by HCP. Cventure has not provided any services to HCP which could compromise Cventure’s independence as a third party verifier. Cventure disclaims any liability for any decision made by third parties based on this Verification Statement.

### Methodology

We completed our review of the following environmental parameters in accordance with Tier II of the ERT standard, “Corporate Greenhouse Gas Verification Guideline”, a CDP-approved verification standard, including its associated modules for verifying GHG emissions, activity data, and reporting boundaries:

- Direct energy consumption
- Indirect energy consumption
- Direct and indirect GHG emissions

- Total water withdrawal
- Total waste disposed and recycled

This verification level is appropriate for basic reporting and voluntary efforts for which there are no imminent requirements for GHG emissions compliance, as is the case for HCP. We planned and performed our work in order to provide a limited level of assurance with respect to the GHG emissions and related environmental parameters Assertion, with review criteria based on *The Greenhouse Gas Protocol*.

Social indicators verification activities were conducted according to the AA1000 AS (2008) standard, Type 2 engagement: Principles and Sustainability Performance Information, including quantitative social performance indicators, disclosures, and management approach; verifying the following indicators:

- Number of employees by type and gender
- Number of employees by age group
- New hires by age group and gender
- Employee turnover by age group and gender
- Employee ethnicity
- Salary and total remuneration by employee category and gender
- % of employees trained annually on HCP's Code of Business Conduct and Ethics
- Rate of tenant satisfaction among MOB tenants

Adherence to principles and the reliability and quality of underlying performance information were assessed, to provide a moderate level of assurance.

We reviewed the Assertion and associated documentation and believe that our work provides a reasonable basis for our conclusion.

### Conclusion

Based on our verification review, nothing has come to our attention that causes us to believe that the Assertion is materially misstated. The GHG emissions estimates and other environmental parameters and social indicators data were calculated in a consistent and transparent manner, and were found to be a fair and accurate representation of HCP's actual conditions, and were free from material misstatement.



Kevin L. Johnson  
Lead Verifier, Manager Member  
Cventure LLC  
Cary, NC USA  
Email: [kevin.johnson@cventurellc.com](mailto:kevin.johnson@cventurellc.com)  
Tel.: (919) 607-0654



## Standard Disclosures

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
<b>Environmental Topics</b>				
<b>Strategy and Analysis</b>				
<b>GRI 102</b>	102-14	Statement from senior decision-maker	2	
<b>GRI 102</b>	102-15	Key impacts, risks, and opportunities	2	
<b>Organizational Profile</b>				
<b>GRI 102</b>	102-1	Name of the organization	1	HCP, Inc.
<b>GRI 102</b>	102-2	Activities, brands, products, and services	1	HCP, a self-administered REIT, invests primarily in real estate serving the healthcare industry in the United States. 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).
<b>GRI 102</b>	102-3	Location of headquarters	1	Irvine, California -U.S.A.
<b>GRI 102</b>	102-4	Location of operations		HCP operates in the United States and England.
<b>GRI 102</b>	102-5	Ownership and legal form	1	Incorporation (NYSE: HCP), an S&P Company.
<b>GRI 102</b>	102-6	Markets served	1	Full integrated real estate investment trust (REIT) serving the healthcare industry.
<b>GRI 102</b>	102-7	Scale of the organization	<a href="#">2017 Annual Report, 10-K</a>	
<b>GRI 102</b>	102-8	Information on employees and other workers	18	
<b>GRI 102</b>	102-35	Remuneration policies	<a href="#">HCP Corporate</a>	Our executive compensation program is designed to incentivize long-term value creation for our stockholders. Short- and long- term incentive awards are based on



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
			<a href="http://ir.hcpi.com/cguidelines">Governance Webpage - http://ir.hcpi.com/cguidelines</a>	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.
<b>GRI 102</b>	102-41	Collective bargaining agreements		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, 2017, we had 190 full-time employees, none of whom were subject to a collective bargaining agreement.
<b>GRI 102</b>	102-9	Supply chain		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 directly control our own occupied offices, our voluntary community giving and the services that we provide to our tenants at our managed assets. 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.
<b>GRI 102</b>	102-10	Significant changes to the organization and its supply chain	<a href="#">2017 Annual Report</a>	
<b>GRI 102</b>	102-11	Precautionary Principle or approach		The Precautionary Principle is integrated into our vision for sustainability.
<b>GRI 102</b>	102-12	External initiatives		Sustainability based initiatives include GRI, CDP, GRESB, Dow Jones Sustainability Index, National Association of Real Estate Investment Trusts, FTSE4Good Index
<b>GRI 102</b>	102-13	Membership of associations	2, 4, 14	
<b>Identified Material Topics and Boundaries</b>				
<b>GRI 102</b>	102-45	Entities included in the consolidated financial statements	<a href="#">2017 Annual Report, 10-K</a>	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 2017 boundary comprises 475 properties. We define operational control as the square footage portion of the



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
				building that we have the authority to implement operating policies with respect to energy usage, water usage and waste disposal. The 2017 total direct and indirect energy consumption, total GHG emissions, total water withdrawal, and total weight of waste metrics were adjusted to a rolling 2017 baseline year reflecting acquisitions, dispositions and boundary changes where buildings were removed or added. Since we do not maintain full operational control over all 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.
<b>GRI 102</b>	102-46	Defining report content and topic Boundaries	4, 15	There are various levels at which we perform our materiality assessments. We assess risks, including those related to sustainability on an annual basis. Our report content draws from 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.
<b>GRI 102</b>	102-47	List of material topics	4	
<b>GRI 102</b>	103-1	Explanation of the material topic and its Boundary	4	See the explanation provided per 102-46.
<b>GRI 102</b>	102-48	Restatements of information		We restate environmental metrics for the previous year to reflect the changed boundary and provide comparable year over year data. Data beyond prior year is not comparable on a ft/m <sup>2</sup> basis.
<b>GRI 102</b>	102-49	Changes in reporting		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, by 29 in 2016, and 41 in 2017 to reflect a rolling baseline year and our growth.
<b>Stakeholder Engagement</b>				
<b>GRI 102</b>	102-40	List of stakeholder groups	4	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
<b>GRI 102</b>	102-42	Identifying and selecting stakeholders	4	
<b>GRI 102</b>	102-43	Approach to stakeholder engagement	4	
<b>GRI 102</b>	102-44	Key topics and concerns raised	4	<p>Issues raised during our stakeholder engagement will be further explored and addressed as we commit to taking corrective action or igniting new strategic directives.</p> <p>Notably, employee and tenant satisfaction are material to HCP.</p> <p>For the tenant satisfaction metric, the survey was distributed to HCP's medical office building tenants, except as follows:</p> <ol style="list-style-type: none"> <li>Buildings owned by HCP less than five months.</li> <li>Buildings where the tenant is responsible for maintaining and operating the building.</li> <li>Leased space vacated by the tenant (despite contractual obligations and continued rental payments) during the survey period from January 1, 2017 through April 30, 2017.</li> <li>HCP was engaged in active litigation with the tenant.</li> <li>HCP had submitted the tenant to a collections service.</li> <li>Tenant had not physically moved into the space, despite the commencement of the lease and rental payments.</li> <li>The lease was for storage or rooftop (i.e., an antenna or communication installation).</li> </ol> <p>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'.</p>
<b>Report Profile</b>				
<b>GRI 102</b>	102-50	Reporting period		2017 Calendar Year
<b>GRI 102</b>	102-51	Date of most recent report		2016 Calendar Year - Annual + Sustainability Report
<b>GRI 102</b>	102-52	Reporting cycle		Calendar Year
<b>GRI 102</b>	102-53	Contact point for questions regarding the report		sustainability@hcpi.com

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
<b>GRI 102</b>	102-54	Claims of reporting in accordance with the GRI Standards	1	This marks our seventh annual Sustainability Report (this "Report") published to date. Each report has been developed in accordance with the relevant Global Reporting Initiative standard the Core-In Accordance level.
<b>GRI 102</b>	102-55	GRI content index		
<b>GRI 102</b>	102-56	External assurance	1	A selection of the data in this Report has been independently assured by cVenture. A Management Assertion is also included.
<b>Governance</b>				
<b>GRI 102</b>	102-18	Governance structure	12-13, <a href="#">10-K</a>	
<b>GRI 102</b>	102-26	Role of highest governance body in setting purpose, values, and strategy	12-13	
<b>GRI 102</b>	102-27	Collective knowledge of highest governance body	12-13, <a href="#">10-K</a>	
<b>GRI 102</b>	102-29	Identifying and managing economic, environmental, and social impacts	13	Our integrated risk assessment and management process includes climate change and social responsibility-related impacts. Strategic engagement efforts undertaken throughout the year including to help shape our sustainability program take into account peer-based research, investor input, the ongoing work of our industry associations and other external working groups.
<b>GRI 102</b>	102-30	Effectiveness of risk management processes	13	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. Our Company and our Codes of Conduct support efforts that encourage greater responsibility and efficiencies alike. We have 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



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
				directives are consistent with actions to mitigate negative impacts and advance overall performance.
<b>GRI 102</b>	102-31	Review of economic, environmental, and social topics	13	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.
<b>GRI 102</b>	102-16	Values, principles, standards,	12	Our Code of Business Conduct and norms of behavior 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 our website, <a href="http://www.hcpi.com">www.hcpi.com</a> , at the following link: <a href="http://www.hcpi.com/sustainable-growth/corporate-governance-responsibility">http://www.hcpi.com/sustainable-growth/corporate-governance-responsibility</a>

## Specific Standard Disclosures

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
<b>Environmental</b>				
<b>Energy</b>				
<b>GRI 302</b>	302-1	Energy consumption within the organization	16	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, 2017, 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 are not used nor is energy sold by HCP. Though the energy mix purchased from providers may contain renewable energy, HCP does not track this energy separately.
<b>GRI 302</b>	302-3	Energy intensity	16	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.
<b>GRI 302</b>	302-4	Reduction of energy consumption	16	Intensity targets of 1-2% are based on metric tons per square foot which we feel is a relevant measurement for real estate properties - using a 2017 rolling baseline year.



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
<b>GRI 302</b>	302-5	Reductions in energy requirements of products and services	16	
<b>Water</b>				
<b>GRI 303</b>	303-1	Water withdrawal by source	17	<p>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, 2017 as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology where we maintain operational control.</p> <p>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.</p> <p>Approximately 23% of the water withdrawal has been estimated by HCP for the year ended December 31, 2017.</p>
<b>GRI 303</b>	303-3	Water recycled and reused		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.
<b>Emissions</b>				
<b>GRI 305</b>	305-1	Direct (Scope 1) GHG emissions	17	<p>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).</p> <p>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.</p>



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
				<p>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.</p> <p>Scope 1 emissions source type and emission factors employed:</p> <p>Diesel and gasoline (vehicles)</p> <ul style="list-style-type: none"> <li>• Intergovernmental Panel on Climate Change's (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion.</li> <li>• Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model, version 1. 2013. Input Fuel Specifications. Argonne National Laboratory.</li> <li>• U.S. Energy Information Administration Energy Units and Calculators Explained: Energy Conversion Calculators updated January 2016.</li> </ul> <p>Diesel fuel and liquid propane (onsite fuel)</p> <ul style="list-style-type: none"> <li>• EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2)</li> </ul> <p>Natural gas</p> <ul style="list-style-type: none"> <li>• EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2)</li> </ul> <p>Refrigerants</p> <ul style="list-style-type: none"> <li>• IPCC Fifth Assessment Report (2014) American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) - Standard 34 (released 2013).</li> </ul> <p>For properties where HVAC units are controlled by HCP, emissions were estimated based on each unit capacity of refrigerant and an average percentage of loss based on the equipment type. The percentage of loss is based on either value provided by property teams, or an average of the percentage loss range for each equipment type, 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.</p>
<b>GRI 305</b>	305-2	Energy indirect (Scope 2) GHG emissions	17	[See 305-1]



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
				<p>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.</p> <p>Scope 2 emissions source type and emission factors employed:</p> <p>Electricity</p> <ul style="list-style-type: none"> <li>U.S. EPA Emissions and Generation Resource Integrated Database (eGrid) Year 2016 Data (February 2018).</li> </ul> <p>District steam and hot water</p> <ul style="list-style-type: none"> <li>EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2)</li> </ul> <p>District chilled water</p> <ul style="list-style-type: none"> <li>EPA ENERGY STAR Portfolio Manager GHG Technical Reference (August 2017).</li> </ul>
<b>GRI 305</b>	305-4	GHG emissions intensity	17	<p>[See 305-1]</p> <p>Our intensity ratio is calculated per thousand square feet of space in all our properties under our operational control.</p>
<b>GRI 305</b>	305-5	Reduction of GHG emissions	17	<p>[See 305-1]</p> <p>Intensity targets of 1-2% are based on metric tons per square foot which we feel is a relevant measurement for real estate properties - using a 2017 rolling baseline year. Trends correlate with revenue from acquisitions and/or divestitures, headcount, and other operational changes.</p>
<b>Effluents &amp; Waste</b>				
<b>GRI 306</b>	306-2	Waste by type and disposal method	17	<p>Waste disposed in metric tons as well as the percentage of waste going to landfill or being recycled, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology.</p> <p>Waste Estimation methodology:</p> <p>For the properties where no actual or estimated weight is provided by the waste management company, HCP estimated waste weight based on,</p> <ul style="list-style-type: none"> <li>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.</li> </ul>



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
				<ul style="list-style-type: none"> <li>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.</li> <li>- 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.</li> </ul> <p>Waste factors used are located at the following sources:</p> <ul style="list-style-type: none"> <li>EPA Standard volume-to-weight conversion factors</li> <li>Recyclemaniac <a href="#">Volume-to-weight Conversion Chart</a></li> </ul> <p>Some cases required factors from the two sources to be used to calculate average waste.</p> <p>In addition, 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 account for waste density or the measurement technique that assumes waste containers are fully loaded for each pick up. Data related to the waste metrics inherently limited given the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements.</p> <p>Approximately 50% of the waste disposal reported has been estimated by HCP for year ended December 31, 2017 including the use of the weight estimation methodology described above.</p>

### Labor Practices and Decent Work

#### Employment

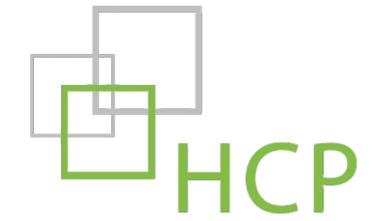
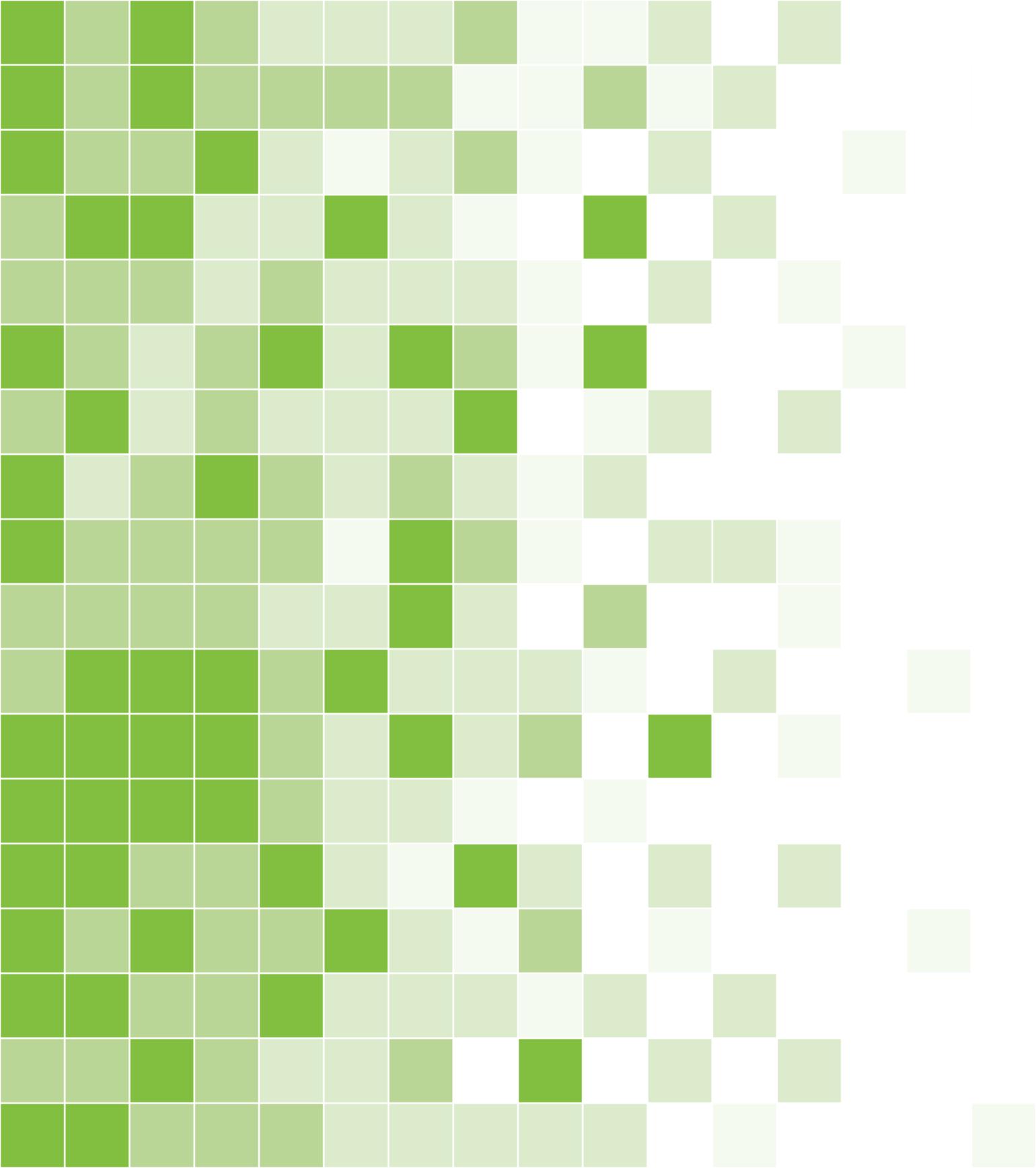
<b>GRI 401</b>	401-1	New employee hires and employee turnover	18	
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#### Training and Education

<b>GRI 404</b>	404-2	Programs for upgrading employee skills and transition		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
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GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
		assistance programs		<a href="http://www.hcpi.com/sustainability/social-responsibility.html">www.hcpi.com/sustainability/social-responsibility.html</a> for additional information regarding the benefits we offer.
<b>Diversity &amp; Equal Opportunity</b>				
<b>GRI 405</b>	405-1	Diversity of governance bodies and employees	10, 19	Diversity of 2017 new hires according to gender and date of birth as recorded in ADP based on the employee's file as of December 31, 2017.
<b>Equal Remuneration for Women and Men</b>				
<b>GRI 405</b>	405-2	Ratio of basic salary and remuneration of women to men	19	
<b>Human Rights 4, 5</b>				
<b>Training &amp; Compliance</b>				
<b>GRI 412</b>	412-2	Employee training on human rights policies or procedures	13	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 2017. 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.
<b>Social 4,5, 14</b>				
<b>Local Communities</b>				
<b>GRI 413</b>	413-1	Operations with local community engagement, impact assessments, and development programs	11	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 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.



### **Corporate Headquarters**

1920 Main Street, Suite 1200  
Irvine, CA 92614

### **Nashville Office**

3000 Meridian Boulevard, Suite 200  
Franklin, TN 37067

### **San Francisco Office**

950 Tower Lane, Suite 1650  
Foster City, CA 94404