HCP Inc. - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

HCP, an S&P 500 company, 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 ("REIT"). 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) life science and (iii) medical office and (iii) senior housing operating portfolio and senior housing triple-net.

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 2018, 467 properties out of the 744 properties in our portfolio (assets under management), were controlled by HCP. 2017 data has been adjusted downward by 8 properties to provide a like-comparison to the 2018 boundary.

Labor Metric Boundary: HCP reports on persons employed by HCP as of December 31, 2018 (201 persons).

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The individual on our Board with the responsibility for oversight of climate-related issues is our Director Tom Herzog, who is also our President and CEO. This position is the highest in our corporate structure, and is responsible for making the ultimate decisions regarding climate-related issues for our Company based on climate-related data provided by members of the Sustainability Committee. Responsibilities for climate-related issues were assigned to the CEO as a member of the Board to ensure that our sustainability initiatives and targets are aligned with our business strategy, and that climate-related risks and opportunities are monitored at the Board level in addition to the management level.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Reviewing and guiding strategy, major plans of actions and business plans, risk management policies, annual budgets as well as setting performance objectives and monitoring the implementation and performance of such objectives, oversight of capital expenditures, acquisitions and dispositions, and monitoring and oversight of progress against goals and targets for addressing climate-related issues are each governance mechanisms into which climate-related issues are included as a scheduled agenda item and presented to the Board. These mechanisms contribute to the Board's overall oversight of climate-related issues because the items were already reviewed quarterly by the Board from a business perspective, and the integration of climate-related issues into our regular governance implementation practices allows for the Board to provide efficient oversight while ensuring our strategy and approach to climate-related matters are in alignment with our business strategy. Additionally, a quarterly sustainability update is a separate, regular standing agenda item at each of our Board meetings, and our Chief Development and Operating Officer (and also the Chair of our Sustainability Committee) is responsible for briefing the Board on all climate-related matters as discussed in further detail in question C1.2a below. The Board monitors and oversees our progress against goals on various climate-related projects by reviewing the return on investment and capital expenditures on these sustainability projects on a quarterly basis. In addition, the Board has direct oversight of risk management policies through its Audit Committee. The Audit Committee meets with our Vice President of Internal Audit regularly to determine potential risks and mitigation strategies, which also reflects input from senior leadership. Among the potential risks are climate and regulatory-related risks and how they could impact our business; for example, how climate-related risks or incidents could increase property insurance costs for our properties and how to mitigate against such risks. We publish our risk factors in our Annual Report. The Board also monitors progress against goals on various climate-related projects by reviewing the return on investment and capital expenditures on these projects on a quarterly basis. For example, in 2019, the Board approved a credit facility that included sustainability metrics in the pricing grid, which helps align the Board's oversight of our financial performance with our climate-related initiatives.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Operating Officer (COO)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Our Chief Development and Operating Officer (COO) is also the Chair of our Sustainability Committee and reports directly to our CEO. The COO is responsible for the day-to-day management of climate-related matters within the Company, including the assessment and management of climate-related risks and opportunities and implementation of related decisions. The COO monitors climate-related issues through quarterly updates from (i) the leaders of each of our business segments regarding progress on sustainability initiatives at our properties, as well as any climate-related issues affecting them; and (ii) the Sustainability Committee regarding progress on goals and objectives, and the performance metrics associated with the Company's sustainability initiatives. The COO is also responsible for managing the Company's sustainability efforts including, among other things, increasing performance and efficiency across our properties, and tracking energy, water, waste, and greenhouse gas (GHG) data. The COO, working with members of the Sustainability Committee (which includes representatives from different levels and functions, including Legal, Human Resources and Asset Management) is responsible for publishing the Company's annual Sustainability Report aligned with the Global Reporting Initiative (GRI) framework, and the Company's responses to the CDP Climate Change Information Request (CDP), the Dow Jones Sustainability Index Assessment (DJSI), and the Global Real Estate Sustainability Benchmark Survey (GRESB). The Sustainability Committee is responsible for implementing sustainable best practices and transparency initiatives. Responsibilities and oversight for day-to-day climate-related issues were assigned to the COO to ensure that our climate-related initiatives and targets, as well as risks and opportunities, are monitored at the management level in addition to the Board level.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Chief Operating Officer (COO)

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Our COO receives an annual short-term cash incentive award based on his individual performance and Company financial performance. His oversight of our sustainability program is one of the factors considered when measuring his individual performance.)

Comment

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	5	
Long-term	5	20	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

At the Company Level, climate-related risks and opportunities ("R/Os") are integrated into our overall Enterprise Risk Management (ERM) Program, in which all R/Os facing HCP are identified, assessed and managed using the results from the ERM Survey. The ERM Survey is facilitated by our Internal Audit department and applied company-wide to link strategy and objective setting to risks and opportunities. Each year in the first quarter, the survey is distributed to HCP's executive team and senior leaders and includes the prior year's top identified R/Os as well as those risks identified by Internal Audit as applicable to our business as a REIT and a public company. As part of the R/O identification process, our leaders review the prior year's top risks and determine if any should be removed from the current period, and review other potential risks that should be added to the universe. Additionally, the survey requests that the leaders add any other or "new" risks or potential risks of concern, which are communicated to our leaders through reports and meetings with our Asset Managers for each of our business segments. As part of the overall process, Internal Audit also conducts personal interviews and performs testing regarding controls in place and the aptness of such controls. The results of the survey provides critical information regarding key risks which could impact our ability to achieve our business objectives, which includes our sustainability initiatives, and key opportunities in which we could capitalize upon to benefit our business. After the survey information is evaluated, a facilitated session is held to discuss the results as well as benefits of the opportunities, and risk mitigating activities and the controls in place within the Company. For each of the R/Os identified, the impact, likelihood, and directional trend is assessed, as well as a determination as to whether the R/O is growing, stable or declining, a critical process designed to assess of the potential size and scope of the R/Os identified. This process includes the determination of the relative significance of climate-related risks in relation to other risks. All risks are then assessed based on residual risk, which is the remaining risk after consideration of mitigating controls currently in place. Finally, a summary of the survey results is presented to the Audit Committee and then to the Board of Directors at their first regular meeting at the end of the first quarter for strategic prioritization, which is facilitated through rating the R/Os according to potential for material (substantive) impact (financial or reputational, for example). The process is then repeated in the third quarter. A substantive impact is defined by HCP is any event that has the potential to materially affect our business, shareholders and other stakeholders, and as a publicly traded company, quantitative metrics to determine such impacts are ultimately dependent on our earnings, which fluctuate each quarter.

At the Asset (or Property) Level, climate-related R/Os are identified, assessed and managed by our Capital Asset Management (CAM) group, together with input from the third-party property manager for the particular asset. R/Os, including asset level climate-related R/Os, are identified by our Asset Managers through our Property Condition Assessments, along with site visits. The assessment data is then incorporated into operations reports for each property, and the property manager then meets with our CAM group to review the report and to collaboratively assess the size and scope of the climate-related R/Os identified. The CAM group then prepares a report and prioritizes the R/Os by the potential impact (financial or physical climate-related) to the particular business segment of which the property belongs. The report is then communicated to our leaders by our Asset Managers for consideration at the Company Level as described above. At the Sustainability Committee level, climate-related R/Os are discussed throughout the year.

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	HCP considers current regulation issues as relevant and always includes such risks in our climate-related risk assessment. Compliance (or non-compliance) with current environmental legislation affects every property in our portfolio, so it is relevant to include this type of risk in our climate-related risk assessment at the company and asset level. For example, current regulation regarding water conservation in California affects each of our California properties. It is therefore imperative to consider non-compliance with current environmental regulation as a potential risk, in order to implement current regulation education initiatives and compliance controls at our California properties to aid in mitigating the potential risk of fines or other sanctions associated with non-compliance. Current regulation is included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.
Emerging regulation	Relevant, always included	HCP considers emerging regulation issues as relevant and always includes such risks in our climate-related risk assessment. Emerging environmental regulations could affect every property in our portfolio, depending on local legislation, so it is relevant to include this type of risk in our climate-related risk assessment at the company and asset level. For example, emerging regulations regarding the required separation and disposal of organic waste in California will affect each of our California properties. It is therefore imperative to consider future compliance with emerging environmental regulations as a potential risk, in order to implement a compliance strategy and compliance controls at our California properties in advance of such emerging regulation, to aid in mitigating the potential risk of fines or other sanctions associated with non-compliance once the emerging regulation becomes current. Emerging regulation is included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.
Technology	Relevant, always included	HCP considers technology issues as relevant and always includes such risks in our climate-related risk assessment. Technological advances to improve the efficiency aspects of the equipment in our buildings can on the surface appear to be only an opportunity, but there are risks associated with this as well. For example, the more technological features present in equipment (HVACs, etc.), the more they are susceptible to the risk of technological failures which could lead to downtime at our properties, so it is relevant to include this type of risk in our climate-related risk assessment at the company and asset level. Technology (from an overall business standpoint) is included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company. It is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders as applicable, using input received from any business segment regarding climate-related risks related to technological improvements or innovations that support the transition to a lower-carbon economic system.
Legal	Relevant, sometimes included	HCP considers legal matters associated with climate-related litigation claims to be relevant and sometimes includes such issues in our climate-related risk assessment. To date, HCP has not been engaged in any climate-related litigation claims, and we do not consider this potential risk to be as relevant as other risks in our business. This type of climate-related risk is periodically included in our Enterprise Risk Management (ERM) process through identification by our leaders in the ERM Survey, when input is received from any business segment regarding a potential emerging climate-related litigation claim.
Market	Relevant, always included	HCP considers market issues related to our buildings as relevant and always includes such risks in our climate-related risk assessment. Being able to supply environmentally friendly buildings to the increasing demand for them is an important component of our business as a whole and one of the reasons this risk is included in our climate-related risk assessment. For example, if potential tenants are demanding to lease efficient properties from us, and we cannot supply it fast enough due to a slow process of efficiency upgrades at our buildings, such tenants could choose to lease from someone else. This would directly affect and reduce our lease income and overall revenue, and the reason it is therefore imperative to consider market considerations such as supply and demand risks related to environmental products in order to implement mitigation activities. Supply and demand shifts are included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.
Reputation	Relevant, always included	HCP considers reputational matters relevant and always includes such risks in our climate-related risk assessment. Maintaining our esteemed reputation as a sustainable company is important to our business. For example, if our shareholders perceived HCP as detracting from the transition to a lower-carbon economy, they could sell their shares which would affect our revenue. It is therefore imperative to include reputational considerations related to environmental perceptions in order to implement mitigation activities. Reputational considerations are included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.
Acute physical	Relevant, always included	HCP considers acute physical event-driven risks as relevant and always includes such risks in our climate-related risk assessment. For example, the increased severity of extreme weather events such as hurricanes and the related subsequent floods could affect our properties on the U.S. East and Southwest Coasts, and ultimately our revenue if not properly mitigated. Such acute event-driven risks are included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.
Chronic physical	Relevant, sometimes included	HCP considers chronic physical climate risks as relevant and periodically includes such risks in our in our climate-related risk assessment. For example, longer-term shifts in climate patterns such as sustained higher temperatures that may cause chronic heat waves could affect our properties by causing higher energy usage resulting from increased cooling needs. This type of climate-related risk is periodically included in our Enterprise Risk Management (ERM) process through identification by our leaders in the ERM Survey, when input is received from any business segment regarding a potential chronic longer-term shift in climate patterns related risk.

	Relevance & inclusion	Please explain
Upstream	Relevant, sometimes included	HCP considers some upstream issues as relevant and sometimes includes such risks in our climate-related risk assessment. As an owner of real estate, many upstream activities and related risks are not applicable to us as a landlord (i.e., transportation and distribution of products), or do not produce a negative effect on a material level (i.e., commuting of our small employee base of 190 corporate employees). However, capital goods purchased, in the way of efficient equipment purchased for our buildings, could pose a risk if a significant amount of such equipment purchased featured a significant flaw resulting in a hindrances of our building operations for example. While we do not deem this potential risk to be as relevant as other risks, we do consider it. This type of climate-related risk is periodically included in our Enterprise Risk Management (ERM) process through identification by our leaders in the ERM Survey, when input is received from any business segment regarding a potential emerging climate-related capital goods purchase-related risk.
Downstream	Relevant, always included	HCP considers downstream issues as relevant and always includes such risks in our climate-related risk assessment. As an owner of real estate and a “lessor,” risks related to our leased assets are applicable to us as a landlord. For example, any physical climate-related event could pose a risk to a significant number of our properties, affecting the ability to operate. This type of risk is included in our Enterprise Risk Management (ERM) process through identification by our Internal Audit team as a risk type that is applicable to our business as a REIT and a public company, and is further elaborated upon from a climate-related standpoint in the ERM Survey by our leaders through input received from each of our business segments.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Climate-related risks and opportunities (“R/Os”) are integrated into our overall Enterprise Risk Management (ERM) Program, in which all R/Os facing HCP are identified, assessed and managed using the results from the ERM Survey (as described in detail, with respect to identification and assessment, in question 2.2b). The process for management of such R/Os ensues after the survey information is evaluated, in which a facilitated session is held to discuss the results as well as management strategies including, with respect to risks, the determination of whether to transfer the risk (if applicable), or to control the risk through mitigating activities. In our experience, climate-related risks are rarely transferable, leaving controlling the risk through mitigating actions as the most viable option. Finally, risk mitigating activities and/or opportunities to capitalize upon are discussed, determined, and implemented through the related business segment, and then reviewed again at the next ERM program meeting to assess as to whether the R/O is growing, stable or declining. As an example, this management process has been applied to manage the transition R/Os associated with mandates on and regulation of existing products (our buildings). After this risk was identified and assessed, discussions were held among our executives, the affected business segment or group, and Internal Audit to facilitate management of the risk, in which a determination was made to control the risk through mitigation activities. Proactively installing efficient equipment in our buildings that perform at higher-than-required regulatory standards, in advance and in anticipation of any newly mandated legislation requiring higher performance, was determined as the mitigation strategy. This strategy was implemented through our Capital Asset Management group, who designed an ongoing plan to install such high-performance efficient equipment in our buildings over the short- to medium- term to higher than required standards. The risk was included and reviewed again at the next ERM program meeting, where it was determined to be stable. As another example, this process has been applied to manage the physical risk of rising mean temperatures. After this risk was identified and assessed, discussions were held among our executives, our Capital Asset Management group, and Internal Audit to facilitate management of the risk, in which a determination was made to control the risk through mitigation activities. Proactively upgrading or replacing inefficient HVAC systems in the short- to medium-term, in advance of the physical change in climate (i.e., rising mean temperatures) over the long-term, was determined as the mitigation strategy. This strategy was implemented through our Capital Asset Management group, who designed an ongoing plan to upgrade and/or replace inefficient HVAC systems in our buildings. The risk was included and reviewed again at the next ERM program meeting, where it was determined to be stable.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact
Increased capital costs (e.g., damage to facilities)

Company- specific description
Risks identified by HCP that are driven by the increased severity of extreme weather events such as cyclones (hurricanes) and floods include increased: (i) capital costs related to damages to our buildings; and (ii) insurance premiums and potential for reduced availability of insurance (i.e., costs not covered by insurance) on assets in “high-risk” locations. Specifically, a significant portion of our portfolio (approximately one-third) includes properties located in the Gulf Coast, Eastern Coast, and deep South, which are considered high-risk locations as those areas most affected by hurricanes and related flooding. According to the U.S. National Hurricane Center, hurricanes have caused eight of the ten most costly disasters in U.S. history, and the potential for significant damage-related costs to our properties pose a major risk to us. Correspondingly, we believe the inherent risks cited above have the potential to cause a substantive financial as well as strategic impact on our business. Many of our properties in Southeastern U.S. are senior housing facilities with residents who may be more frail and difficult to evacuate in the event of a storm, so HCP has had to ensure protective measures are in place to allow residents to shelter in place, including electric generators strong enough to power the entire facility, sandbags, flood mitigation, etc. Not having these measures in place could result in costly damage and loss of life.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
5500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial impact includes higher operating costs resulting from increased capital costs, insurance premiums, and uninsured costs relating to damage to our buildings. The 2018 Atlantic hurricane season included 15 named storms and 2 major hurricanes. Approximately 1/3 of HCP’s properties is located in hurricane and flood prone areas in the eastern and southern U.S. Any one of these events could significantly impact HCP’s portfolio. Through hurricane modelling over a 250-year return period looking at clusters of HCP properties in higher risk areas, the projected client loss (in deductibles) to HCP would be approximately $6 million. HCP also spends about $3 million on wind and flood insurance. If the combined costs ($9 million) increased 10% on average over the next 5 years, it would cost HCP an additional $5.5 million compared to 2018, a substantial increase. This increase could impact our financial growth and business operations, affecting long-term value creation.

Management method
Methods we are using to manage these risks include the implementation at our properties of emergency preparedness policies and procedures outlining the key processes, individuals, tools and equipment, and safety measures necessary in the event of extreme weather including pre-storm preparation and post- storm cleanup activities. For example, each year HCP hosts an annual conference for our tenants and operators, in which best practices, key emergency processes, and safety measures are covered in training sessions and interactive focus-groups. The knowledge obtained and implemented from these sessions aids in managing the risk of increased capital costs related to damages to our buildings, because certain damages could be lessened or eliminated if proper preparation steps are followed (i.e., sandbags added around flood-prone areas of properties when over 2 inches of rain is

forecasted). Additionally, we strive to maintain and build upon our investment grade corporate financial structure to aid in decreasing our insurance rates as a result of demonstrating our financial stability, and we negotiate competitive insurance rates through a bidding process to ensure we receive the lowest rates. Such management methods outlined herein are a part of our normal business practices, so do not cost us anything ($0.00) in the way of managing these climate-related risks.

Cost of management
0

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Rising mean temperatures

Type of financial impact
Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

Company- specific description
Risks driven by changes in physical climate parameters such as a rising mean temperatures include increased operating costs due to higher cooling expenses, especially in the properties we own throughout the upper Midwest, Southwest and Southeast of the U.S. where it is much warmer. In 2018 155 HVAC units were installed in buildings in these regions. Such increased costs could pose a significant financial impact to our company as it would affect all of our boundary properties. Proactively upgrading or replacing inefficient HVAC systems in the short-term, in advance of potential rising mean temperatures over the long-term, allows us to start incurring efficiency savings immediately to off-set some of the costs associated with the implementation of the efficient HVAC systems.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
51200000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated financial implications resulting from a rising mean temperature include increased operating costs from higher cooling expenses. For example, we spent $64.6 million in energy expenses on our boundary properties in 2018. A 10% increase in such expenses due increased cooling needs resulting from a rising mean temperatures could cost us an additional $6.5 million annually, and over the long-term (8 years, for example) could cost $52 million. Over the long-term, temperature rise could substantially increase our expenditures.

Management method
Methods we are using to manage risks driven by rising mean temperatures include proactively upgrading or replacing inefficient HVAC systems with efficient HVAC systems in the short-term to begin incurring cost savings in advance of any rise in mean average temperature over the long-term. For example in 2018 , we proactively implemented 123 HVAC projects at our buildings, resulting in these buildings becoming a more efficient product. Implementing such equipment now will aid in mitigating the risks of any increased costs in the future. The 123 HVAC efficiency projects we implemented cost approximately $9.8 million.

Cost of management
9800000

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Shifts in consumer preferences

Type of financial impact
Reduced revenue from decreased demand for goods/services

Company- specific description
Reputational risks driven by shifts in consumer preferences include not being perceived as a green-minded company by the increasing number of tenants who consider the sustainability attributes of a building as a key factor in their leasing and leasing renewal decisions. For example, our life science property, The Cove, is certified LEED silver, and is 100% leased, and is in high demand, especially among biotechnology companies. “Green” amenities for The Cove include, among other things, energy-efficient features; recycling and composting programs; an outdoor sustainable garden in which tenants grow herbs and vegetables; a common outdoor recreation area that includes sports courts; open green space; central air quality systems; bike racks; convenient access to public transportation; and a consultant that works with tenants to identify and encourage public transportation and energy-efficient commuting options for our tenants’ employees. We have heard from our tenants that these amenities make The Cove a highly desirable property to lease. If we were unable to provide energy efficient space to those tenants that prefer it, and any of our tenants chose to relocate due to a negative sustainability-related reputation associated with being unable to provide such space, it could lessen the demand for our buildings resulting in reduced revenues. As an owner of properties across the U.S., this would substantively impact HCP financially and strategically, as it would affect our entire portfolio. It is therefore imperative that we maintain and expand on our esteemed sustainability reputation by offering efficient green space, and retain those tenants that prefer to lease such space.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
304000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated financial implications from reduced demand for our buildings resulting in decreased rental revenue from lost tenants would be significant. For example, we earned $1.51 billion in rental related revenues for those properties within our boundary in 2018 . A 5% decrease from such lost tenants could cost us $76 million in lost revenues annually as compared to 2018, and over the medium-term (4 years, for example) could cost $304 million. We believe the inherent risk of shifts in consumer preferences, such as tenants increasingly preferring to do business with sustainable companies offering efficient space to lease, will increase and has the potential to generate a substantive change in our revenues over time if not properly mitigated.

Management method
Methods we are using to manage the inherent reputational risk of being perceived as an unsustainable company driven by shifts in consumer preferences who increasingly prefer to lease green space include pursuing LEED certifications and engaging tenants in

our sustainable business strategy though our annual tenant satisfaction survey. For example, HCP now requires all new developments to be LEED certified, and at this time we are implementing an average of 3 developments and 3 redevelopments a year. Additionally, in 2018 , our tenant satisfaction survey included several questions related to green Initiatives, including tenant satisfaction with our commitment to sustainability, their likelihood of participating in our programs, how various initiatives would influence their rental decision and the importance of sustainability to their employees and customers. The implementation of these measures and practices will appeal to those tenants who prefer to lease from sustainability-minded companies that offer efficient space, and aid in maintaining our esteemed sustainability reputation among our tenants. We believe these actions are likely to reduce reputational risks driven by shifts in consumer preferences by solidifying our esteemed sustainability reputation to tenants. The costs associated with LEED certified properties can average about $500,000 (x6 a year), while the cost to administer our annual tenant satisfaction survey is approximately $57,500.

Cost of management
3057500

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Type of financial impact
Increased revenue through demand for lower emissions products and services

Company-specific description
A climate-related opportunity identified by HCP driven by a shift in consumer preferences includes the increasing number of tenants who consider efficient space as a key factor in their leasing and leasing renewal decisions. As an owner of healthcare real estate across the U.S., this opportunity could pose a substantive impact on HCP in the way of increased lease revenue, through the increased demand by and attraction of new tenants whose changing behavior in the way of combating climate change choose to relocate to our properties because of the sustainable features our buildings offer. For example, our life science property, The Cove in San Francisco, CA, is certified LEED silver, 100% leased, and in high demand. Life Science properties in general are in high demand in San Francisco, but feedback from current and potential tenants indicates a strong preferred and increasing interest in efficient space. “Green” amenities for The Cove include, among other things, energy-efficient features; recycling and composting programs; an outdoor sustainable garden in which tenants grow herbs and vegetables; a common outdoor recreation area that includes sports courts; open green space; central air quality systems; bike racks; convenient access to public transportation; and a consultant that works with tenants to identify and encourage public transportation and energy-efficient commuting options for our tenants’ employees. We have heard from our tenants that these amenities make The Cove a highly desirable property to lease. Additionally, such opportunity could also give us an advantage over those competitors that do not offer or do not offer as much of the efficient space increasingly desired by tenants.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
76000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated financial impact includes increased lease revenue derived from the increased demand for efficient lower emission buildings. For example, we earned $1.51 billion in rental-related revenues within our boundary in 2018. A 5% increase in such revenue due to an increased demand for our sustainable buildings would result in an additional $76 million annually, and over the medium-term could generate hundreds of millions of dollars.

Strategy to realize opportunity
The strategy we are implementing to realize this opportunity includes systematically upgrading or replacing inefficient equipment with efficient equipment in our buildings. For example, in 2018, we implemented 243 projects to improve the efficiency of our buildings, including lighting retrofits and energy management systems, resulting in these buildings becoming a more efficient product. Additionally, we continue to pursue LEED certifications for our buildings, and to the greatest extent feasible, HCP requires all new developments to be LEED certified. At this time, we are implementing about 3 developments and 3 redevelopments per year. The 243 efficiency projects cost approximately $17 million, and the costs associated with LEED certifications is approximately $500,000 per building. If we are able to certify 6 buildings per year, it could cost us about $3 million annually. The LEED certification cost of $500,000 per building is based upon an average building size of 100,000 ft2 at $5 per sqft for high efficiency HVAC equipment replacement and LED lighting replacement. Thus the cost to realize opportunity is calculated as follows: Cost = $17 million based on sustainability projects + $3 million for LEED certifications = $20 million.

Cost to realize opportunity
20000000

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
Opportunities identified by HCP that are driven by the use of more efficient buildings include reduced operating costs resulting from the efficiency gains and related cost savings generated from the installation and implementation of efficient equipment. As an owner of healthcare real estate across the U.S., the efficient use of our natural resources is important to protect our planet and provide our operators and tenants with space that features efficient equipment. Additionally, as a publicly-traded company, the reduced operating costs generated can improve our balance sheet, benefiting our shareholders. For example, HCP purchased renewable energy sources for Medical City medical office building in Dallas, Texas. The renewable energy significantly lowers energy costs and reduces emissions. The lower operating costs make Medical City one of the more attractive medical office buildings for tenants in that area.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
6400000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated financial implications resulting from use of more efficient equipment in our buildings include reduced energy usage and monthly bills resulting in reduced operating costs. For example, we spent $64.6 million in energy expenses on our boundary properties in 2018. A 10% decrease in such expenses due to savings incurred from the installation and implementation of efficient equipment (LED lighting, HVACs, etc.) could generate an additional $6.4 million annually, and over the medium-term (4 years) could generate approximately $26 million.

Strategy to realize opportunity
The strategy we are implementing to realize this opportunity include systematically upgrading or replacing inefficient equipment with efficient equipment in our buildings. For example in 2018, we implemented 243 projects to improve the efficiency of our buildings including lighting retrofits and energy management systems, resulting in these buildings becoming a more efficient product. Additionally, we continue to pursue LEED certifications for our buildings, and to the greatest extent feasible, HCP requires all new developments to be LEED certified. At this time, we are implementing about 3 developments and 3 redevelopments a year. The 243 efficiency projects cost approximately $17 million, and the costs associated with LEED certifications is approximately $500,000 per building. If we are able to certify 6 buildings a year, it could cost us about $3 million annually. The LEED certification cost of $500,000 per building is based upon an average building size of 100,000 ft2 at $5 per sqft for high efficiency HVAC equipment replacement and LED lighting replacement. Thus, the cost to realize opportunity is calculated as follows: Cost = $17 million based on sustainability projects + $3 million for LEED certifications = $20 million.

Cost to realize opportunity
20000000

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Type of financial impact
Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description
A climate-related opportunity identified by HCP driven by the expansion of low emission goods (i.e., increasing the number of efficient buildings we offer) includes the attraction of an increased number of tenants (and related lease revenue). If we can provide more efficient building leasing options than our competitors in direct response to the shifting (increasing) number of tenants preferring to lease efficient space, we can capitalize from the tenants gained that choose to lease from us rather than our competitors, due to our expanded efficient leasing options we offer that our competitors do not. As an owner of healthcare real estate across the U.S., this opportunity could pose a substantive impact on HCP, as a better competitive position which could increase our revenues. For example, HCP purchased renewable energy sources for Medical City medical office building in Dallas, Texas. The renewable energy significantly lowers energy costs and reduces emissions. The lower operating costs make Medical City one of the more attractive medical office buildings for tenants in that area.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
30200000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The estimated financial impact from this opportunity includes increased revenue. For example, we earned approximately $1.51 billion in operational revenue in 2018, and a 2% increase due to revenue from tenants gained over our competitors could generate an additional $30.2 million, and could generate hundreds of millions over time.

Strategy to realize opportunity
The strategy we are implementing to realize this opportunity include continuing to pursue LEED certifications for our buildings, and to the greatest extent feasible, HCP requires all new developments to be LEED certified, and at this time we are implementing about 3 developments a year and 3 redevelopments a year. The costs associated with LEED certifications is approximately $500,000 per building. If we are able to certify 6 buildings a year, it could cost us about $3 million annually. The LEED certification cost of $500,000 per building is based upon an average building size of 100,000 ft2 at $5 per sqft for high efficiency HVAC equipment replacement and LED lighting replacement.

Cost to realize opportunity
3000000

Comment

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	Climate-related risks and opportunities have impacted the "products and services" (i.e., our buildings) area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Supply chain and/or value chain	Impacted	Climate-related risks and opportunities have impacted the supply chain (i.e., our building operators) area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Adaptation and mitigation activities	Impacted	Climate-related risks and opportunities have impacted the adaptation and mitigation activities area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Investment in R&D	Not impacted	This is not applicable to HCP as an owner of real estate that does not produce a product in the traditional sense.
Operations	Impacted	Climate-related risks and opportunities have impacted the supply chain (i.e., our building operators) area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the revenues area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Operating costs	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the operating costs area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which decrease operating costs. The magnitude of the related impacts are high, as it affects our entire portfolio and ultimately our revenue.
Capital expenditures / capital allocation	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the capital expenditures/capital allocation area of our business, as both have resulted in the implementation of energy and cost saving equipment at our properties, which required increasing our capital expenditure budget. The magnitude of the related impacts are high, as additional expenditures affects our balance sheet.
Acquisitions and divestments	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the acquisitions and divestments area of our business, as both have resulted in the consideration of efficiency and the savings generated when considering an acquisition. The magnitude of the related impact is low, as there are several other considerations included when considering an acquisition.
Access to capital	Not impacted	Climate-related risks and opportunities have not impacted our access to capital as a real estate owner.
Assets	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the assets area of our business, as both have resulted in investments in our assets (our buildings) to make them more efficient. The magnitude of the related impacts are high, as the efficient operation of our assets (buildings) affect our operating costs and ultimately our revenue.
Liabilities	Impacted	Climate-related risks and opportunities have factored into our financial planning process of the liabilities area of our business, as both have resulted in investments in our assets (our buildings) as mitigation or realization strategies to lessen liabilities. The magnitude of the related impacts are high, as the efficient operation of our assets (buildings) affect our operating costs and ultimately our revenue.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

(i) Climate-related issues have influenced and are integrated into our business strategy and objectives. Our business strategy is to invest and manage our real estate portfolio for the long-term to maximize the benefit to our stakeholders and support the growth of our business, including our dividends. Maintaining a strong, flexible balance sheet, alignment with preferred operators and tenants, and enhancing our operational excellence are strategic objectives in support of our business strategy. The methods in which we invest and manage our portfolio for the long-term are primarily driven by financial performance, but also include environmental performance considerations - a specific adjustment to our business strategy directly influenced by climate-related issues. For example, installing energy efficient equipment and technologies and ensuring that our buildings are managed with environmental efficiency in mind, aids in reducing emissions while improving environmental performance and cost savings. Each of these outcomes support our strategy of investing and managing our portfolio for the long-term as well as our objective to enhance operational excellence.

(ii) Business Strategy Linked to Emissions Reductions Target. Our strategy to invest in and manage our real estate portfolio for the long-term includes the continued investments in our buildings to make them high-performing environmentally efficient buildings, and such high environmental performance is reliant upon reduced emissions. The energy efficient equipment and technologies in which we invest to achieve our business strategy reduces emissions, allowing us to meet our emissions reduction targets (annual and long-term), which represents a direct link between our business strategy and emissions reduction targets.

(iii) Substantial business decisions made influenced by climate change driven aspects of strategy. The most substantial business decision made during the reporting year that was influenced by the climate change driven aspects of our strategy was the decision to increase our capex budget. The increase was to facilitate the implementation of more efficient upgrades at our buildings, which was a direct result of the influence by the climate change driven aspect of our strategy.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

HCP is actively studying climate-related scenario analysis and how it might impact our business strategy, with the intention of using climate-relate scenario analysis in the next year or so. HCP's risk management is governed by an Enterprise Risk Management (ERM) framework with a materiality threshold that is determined as a percentage of our financial metrics. Historically, any climate-related risk has not exceeded that threshold and therefore, has not required more extensive scenario-based modeling.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
95

Targeted % reduction from base year
15

Base year
2011

Start year
2011

Base year emissions covered by target (metric tons CO2e)
233194

Target year
2020

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% of target achieved
100

Target status
Achieved

Please explain
Our long-term goal is a 15% reduction in absolute emissions by 2020 from our 2011 baseline. Due to the acquisitions and dispositions affecting our portfolio annually on a quarterly basis, this goal is tracked by comparing rolling base year reductions year-over-year. To date, we have achieved a 26.8% reduction, surpassing our 2020 goal .

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Scope
Scope 1+2 (location-based)

% emissions in Scope
95

Targeted % reduction from base year
15

Metric
Metric tons CO2e per square foot*

Base year
2011

Start year
2011

Normalized base year emissions covered by target (metric tons CO2e)
0.012985732

Target year
2020

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

% of target achieved
100

Target status
Achieved

Please explain
Our long-term goal is a 15% reduction in emissions intensity by 2020 from our 2011 baseline. Due to the acquisitions and dispositions affecting our portfolio annually on a quarterly basis, this goal is tracked by comparing rolling base year reductions year-over-year, and to date we have achieved a 26.8% reduction, surpassing our 2020 goal.

% change anticipated in absolute Scope 1+2 emissions
-26.8

% change anticipated in absolute Scope 3 emissions
0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Waste

KPI – Metric numerator
metric tonnes

KPI – Metric denominator (intensity targets only)
N/A

Base year
2011

Start year
2011

Target year
2020

KPI in baseline year
16374

KPI in target year
13918

% achieved in reporting year
35

Target Status
Underway

Please explain
Our long-term goal is a 15% reduction in waste by 2020 from our 2011 baseline. Due to the acquisitions and dispositions affecting our portfolio annually on a quarterly basis, this goal is tracked by comparing rolling base year reductions year-over-year. To date, we have achieved a 5.26% reduction in waste, which represents 35% of our 2020 reduction goal.

Part of emissions target
N/A

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Target
Energy usage

KPI – Metric numerator
kWh

KPI – Metric denominator (intensity targets only)
N/A

Base year
2011

Start year
2011

Target year
2020

KPI in baseline year
493025000

KPI in target year
419071250

% achieved in reporting year
50

Target Status
Underway

Please explain
Our long-term goal is a 15% reduction in absolute energy usage by 2020 from our 2011 baseline. Due to the acquisitions and dispositions affecting our portfolio annually on a quarterly basis, this goal is tracked by comparing rolling base year reductions year-over-year. To date, we have achieved a 7.55% reduction in absolute energy usage, which represents 50% of our 2020 reduction goal.

Part of emissions target
N/A

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Target

Energy usage

KPI – Metric numerator
kWh

KPI – Metric denominator (intensity targets only)
ft2

Base year
2011

Start year
2011

Target year
2020

KPI in baseline year
27.593

KPI in target year
23.454

% achieved in reporting year
33

Target Status
Underway

Please explain
Our long-term goal is a 15% reduction in energy usage intensity by 2020 from our 2011 baseline. Due to the acquisitions and dispositions affecting our portfolio annually on a quarterly basis, this goal is tracked by comparing rolling base year reductions year-over-year. To date, we have achieved a 4.87% reduction in energy usage intensity, which represents 33% of our 2020 reduction goal.

Part of emissions target
N/A

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	53	
To be implemented*	53	4415
Implementation commenced*	91	2735
Implemented*	243	6276
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
49

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
8977

Investment required (unit currency – as specified in C0.4)
52042

Payback period
4 - 10 years

Estimated lifetime of the initiative
6-10 years

Comment
Lighting motion and occupancy sensor projects

Initiative type
Energy efficiency: Building services

Description of initiative
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
225

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
45212

Investment required (unit currency – as specified in C0.4)
361693

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
HVAC (building setback) projects

Initiative type
Energy efficiency: Building services

Description of initiative
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
15

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
3068

Investment required (unit currency – as specified in C0.4)
5910

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Programmable thermostat projects

Initiative type
Energy efficiency: Building services

Description of initiative
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
701

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
134019

Investment required (unit currency – as specified in C0.4)
970741

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
Energy Management System projects

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
2410

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

480990

Investment required (unit currency – as specified in C0.4)
3254948

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
Lighting retrofit projects

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Variable Frequency Drives)

Estimated annual CO2e savings (metric tonnes CO2e)
819

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
164460

Investment required (unit currency – as specified in C0.4)
451652

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Application of Variable Frequency Drives (VFDs)

Initiative type
Energy efficiency: Building services

Description of initiative
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
390

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
81694

Investment required (unit currency – as specified in C0.4)
403085

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
HVAC equipment replacement projects (under 10 tons). Note: Investment required is the premium cost for a high efficiency replacement over a standard efficiency unit.

Initiative type
Energy efficiency: Building services

Description of initiative
HVAC

Estimated annual CO2e savings (metric tonnes CO2e)
1489

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
272314

Investment required (unit currency – as specified in C0.4)
1061357

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
HVAC equipment replacement projects (over 10 tons). Note: Investment required is the premium cost for a high efficiency replacement over a standard efficiency unit.

Initiative type
Energy efficiency: Processes

Description of initiative
Combined heat and power

Estimated annual CO2e savings (metric tonnes CO2e)
14

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
2376

Investment required (unit currency – as specified in C0.4)
24254

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
Boiler replacement projects. Note: Investment required is the premium cost for a high efficiency replacement over a standard efficiency unit.

Initiative type
Energy efficiency: Building fabric

Description of initiative
Other, please specify (White/Reflective surface roof projects)

Estimated annual CO2e savings (metric tonnes CO2e)
40

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
10930

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
16-20 years

Comment
White and/or reflective surface roof projects. Note: Investment required is the premium cost for a high efficiency replacement over a standard efficiency unit. Since there is no premium costs for a white/reflective roof, the investment for energy savings is zero.

Initiative type
Energy efficiency: Building services

Description of initiative
Other, please specify (Window tint and sealant projects)

Estimated annual CO2e savings (metric tonnes CO2e)
124

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
24813

Investment required (unit currency – as specified in C0.4)
191716

Payback period
4 - 10 years

Estimated lifetime of the initiative
11-15 years

Comment
Window tint and sealant projects

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Our dedicated energy efficiency ("green") budget is utilized for those projects identified as energy savings opportunities. Based upon the input from our Capital Asset Management team and our third party management companies, projects are identified that are capable of reducing emissions and are added to the green budget. We also employ internal best practices to identify potential efficiency savings that may be incurred at our properties, and assess a comprehensive range of projects and practices that can reduce emissions (and water consumption), all of which aid in driving investments in our emissions reduction activities.
Financial optimization calculations	Considerations of payback in number of years and Return on Investment (ROI) are key components to any energy saving/emission reduction project and aid in driving investments in our emissions reduction activities.
Internal incentives/recognition programs	Each year, we host an annual conference for our third-party property managers, maintenance personnel and leasing agents to interact, share best practices, and discuss policies, goals and objectives for the year. Achievements are highlighted and recognition awarded for emission reduction activities such as ENERGY STAR certifications. The feedback received and information learned at the recognition programs held at our annual conference drive energy reduction and best practice initiatives through our third party management companies.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

We implement emission reduction projects, equipment and initiatives (i.e., products/services) in our buildings that directly enable GHG emissions to be avoided by the third party entities that occupy the building– our tenants and operators. By reducing emissions in our buildings, our partners living and/or working there may also reap the benefits of avoiding emissions, as well as lower energy costs. Set forth below are a few specific examples of our emissions avoiding activities and estimates of the amount of emissions in metric tons that were avoided during this one year period: (1) 3 lighting motion and occupancy sensor projects with an estimated annual CO2e savings of 49 MTs; (2) 1 HVAC building setback project with an estimated annual CO2e savings of 225 MTs; (3) 7 programmable thermostat projects with an estimated annual CO2e savings of 15 MTs; (4) 11 energy management systems with an estimated annual CO2e savings of 701 MTs; (5) 79 lighting retrofit projects with an estimated annual CO2e savings of 2410 MTs; (6) 105 small (< 10 tons) HVAC replacement projects with an estimated annual CO2e savings of 390 MTs; (7) 18 large (> 10 tons) HVAC replacement projects with an estimated annual CO2e savings of 1489 MTs; (8) 4 boiler replacement projects with an estimated annual CO2e savings of 14 MTs; (9) 9 white and/or reflective surface roof projects with an estimated annual CO2e savings of 40 MTs; and (10) 3 window tint projects with an estimated annual CO2e savings of 124 MTs.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (GHG Protocol tools to estimate the C02e)

% revenue from low carbon product(s) in the reporting year

0.34

Comment

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
50387

Comment

Scope 2 (location-based)

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
273065

Comment

Scope 2 (market-based)

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
261497

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Climate Leaders: Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
54260

Start date
January 1 2018

End date
December 31 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
224905.77

Scope 2, market-based (if applicable)
20225.77

Start date
January 1 2018

End date
December 31 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
As a real estate owner, purchased goods and services comprise supplies for our corporate office, which is insignificant as we employ only 201 people.

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP does not own capital goods outside of those already accounted for in Scope 1 and/or Scope 2 emissions

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not purchase fuels outside of those already accounted for in Scope 1 and/or Scope 2 emissions

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not produce goods that require upstream transportation or distribution.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
10355

Emissions calculation methodology
Using the waste reduction model (WARM) Version 14 for landfill waste of 27,062 metric tons (29,831 short tons), the Scope 3 emissions were calculated using the mixed solid waste (MSW) category. The Scope 3 emissions were 10,355 metric tons CO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
17971.3

Emissions calculation methodology
We used the GHG Protocol Calculator (https://ghgprotocol.org/sites/default/files/Transport_Tool_v2_6.xlsx) to calculate the total metric tonnes CO2e associated with business travel. There were a total 98 employees who traveled a total of 1,069,462 miles on commercial aircraft in 2018.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
613

Emissions calculation methodology
HCP's methodology for calculating its Scope 3 emissions for employee commuting is based on an estimate of annual distance traveled by employees during their commute to HCP. Upon surveying our employees, we estimate that the average commuting distance for each employee is 16.5 miles (one-way), which results in a total commuting distance of 33 miles per day. In addition, estimated that our employees work a total of 47 weeks per year, which assumes a five-day work week and does not include days not worked due to vacation, sick time and holidays. Based on these estimates, HCP calculates that each employee commutes a total of 7,755 miles per year (i.e., 33 miles per day x 5 days per week x 47 weeks). Consequently, to calculate the CO2e emissions based on the annual distance traveled by employees during their commute to HCP, we utilized the GHG Protocol Emissions from Mobile Sources Tool (World Resources Institute, 2013, GHG Protocol tool for mobile combustion, version 2.5) and inputted 7,755 miles per year and 23 miles per gallon for a passenger car (gasoline powered – Year 2005 to present) resulting in a calculation of 3.05 metric tonnes CO2e per employee (excluding biofuel CO2). Multiplying this result by the number of HCP employees (201) results in total emissions of 613 metric tonnes CO2e. This total likely overestimates HCP's Scope 3 emissions for employee commuting given that it assumes 100% of employees commute to work via passenger car, and that each employee always commutes alone to work.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
195.91

Emissions calculation methodology
There were 3 properties leased in 2018: Centerview (Irvine), Foster City (SF), and Nashville. The 2018 electricity usage for Centerview was 3,466,986 kWh and Foster City was 24,338 kwh. Based on the national Subregion Output Emission Rates (eGRID2016) (https://www.epa.gov/sites/production/files/2018-02/documents/egrid2016_summarytables.pdf), the national average of CO2e 1,004.2 lb/MWh, we calculated GHG to be 130.114 MTCO2e for Centerview and 11.085 MTCO2e for Foster City. We calculated an intensity based off of their gross square footage of 56,036 square feet and got 0.00252 MTCO2e/sqft. We used this rate to estimate the GHG for Nashville (0.00252 x 21,713 square feet = 54.712 MTCO2e) to reach out total of 195.91 MTCO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
72

Explanation

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not produce goods that require downstream transportation or distribution.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not process sold products.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not sell products.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not sell products.

Downstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
63276.87

Emissions calculation methodology
HCP, Inc uses a calculator based on the EPA E-grid and IEA Emission factors. For Scope 1, it normalizes all usage from MWh to kbtu for an emission breakdown of CO2 CH4 and N2O with the IPCC 5th Assessment global warming potentials to normalize to metric tons of CO2 equivalent emissions and sums up the 3 values to get a total CO2e emission. For Scope 2, it uses the regional emission factors based on zip code to use the correct emission factors for each region of the United States in the EPA 2016 E-Grid emission factors and normalized the same way as Scope 1.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
34

Explanation
34% of HCP's indirectly managed assets (by square footage) have provided utility data to calculate the above.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP is an owner of real estate and does not own franchises.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
HCP's invests in real estate assets which are accounted for in our Scope 1 and/or Scope 2 emissions disclosure.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
None identified.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Explanation
None identified.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000197748

Metric numerator (Gross global combined Scope 1 and 2 emissions)
299392

Metric denominator
unit total revenue

Metric denominator: Unit total
1514009333

Scope 2 figure used
Market-based

% change from previous year
1.9

Direction of change
Increased

Reason for change
The reason for the increase was primarily due to the 7.5% reduction in revenues from changes in our boundary resulting from acquisitions and dispositions. The increase was offset by the 5.8% reduction in CO2e emissions due to renewable energy in Scope 2 and other emission reduction activities and initiatives we implemented, including efficiency upgrades and replacements.

Intensity figure
1489

Metric numerator (Gross global combined Scope 1 and 2 emissions)
299392

Metric denominator
full time equivalent (FTE) employee

Metric denominator: Unit total
201

Scope 2 figure used
Location-based

% change from previous year
10.9

Direction of change
Decreased

Reason for change
The reason for the decrease was due to the renewable Scope 2 emissions, as well as emission reduction activities and initiatives we implemented, including efficiency upgrades and replacements, coupled with an increase in the number of FTEs.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	53952.8	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	121	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	186.2	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	54260

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Medical Office	18623.92
Life Science	12332.16
Senior Housing	23304.36

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	224905.77	20225.77	637753.98	49796.6

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Medical Office	95269.67	20225.77
Life Science	19119.99	0
Senior Living	110516.11	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	29901.5	Increased	9.98	There was a 29,901.5 CO2e metric tonnes increase in renewable energy consumed via energy procurement contracts (RECs) in 2018 compared to 2017. Equation: (2018 RECs – 2017 RECs) / (2018 actual scope 1 and 2 emissions) yields (29,901.5 - 0)/299392 X 100% = 9.98%
Other emissions reduction activities	9064	Increased	2.85	We implemented 470 projects which include 2018 projects and any 2017 projects that impacted 2018. Last year (including those 2017 projects that impacted 2018), 9,064 metric tonnes CO2e were reduced by our emissions reduction activities, and our total Scope 1 and Scope 2 emissions in the previous year (actual 2017 base year) was 317,742, therefore we arrived at 2.85% using the calculation: (9064/317742) x 100 = 2.85%.
Divestment	6216.73	Decreased	2	We sold 8 properties in 2017. These dispositions saved us 6,216.73 MTCO2e in GHG emissions in 2018 or a 2% decrease in total emissions. Equation: (6,216.73 / 317,742) x 10 = 2%
Acquisitions	3351.14	Increased	1	We acquired 21 new properties in 2018 which caused an increase in total GHG emissions by 3,351.14 MTCO2e or 1% of the total GHG emissions at the end of 2018. Equation: (3,351.14 / 317,742) x 100 = 1%
Mergers	0	No change	0	N/A
Change in output	0	No change	0	N/A
Change in methodology		<Not Applicable>		There's been no change in methodology.
Change in boundary	23062	Decreased	7	The total GHG emissions previously calculated for Scope 1 and Scope 2 emissions in 2017 was 317,742 tonnes CO2e, which covered our portfolio boundary of 475 properties. As such, our 2017 amounts were adjusted downward by 8 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. The Direct & Indirect GHG Emissions total for 2017 was 322,454 and 299,392 in 2018 and thus the 7% decrease was calculated using (299392-322454)/322454.
Change in physical operating conditions	0	No change	0	N/A
Unidentified		<Not Applicable>		N/A
Other	79579.63	Increased	0.24	Our data shows a GHG intensity (Total Metric Tons Scope 1 and 2 CO2e/Total Degree Days) of 0.146 in 2017 and 0.1118862 in 2018. We use the geolocation of nearby weather stations and the asset zip codes to arrive at a total degree days per asset. When the reported energy data in MWh is normalized by total degree days, the comparison between the baseline year of 2017 and the reporting year of 2018 results in a 0.267926189% increase in overall energy intensity. There was a total increase of [0.154135238]% in total degree days between 2017 and 2018 which resulted in an overall GHG intensity increase of 0.245651451% (79579.63) CO2e metric tonnes) between 2017 and 2018. Thus reported 2018 had a 0.246793744% GHG increase impact as compared to 2017. Equation: Delta GHG increase (metric tonnes) / 2017 Actual CO2e metric tonnes = 79579.63/ 322,454 = 0.246793744.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

Please select

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	274423	274423
Consumption of purchased or acquired electricity	<Not Applicable>	0	566401	566401
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	4723	4723
Consumption of purchased or acquired cooling	<Not Applicable>	0	4358	4358
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	62272	<Not Applicable>	62272
Total energy consumption	<Not Applicable>	62272	849905	912177

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
258740

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Natural Gas

Emission factor
53.115

Unit
kg CO2e per million Btu

Emission factor source
EPA Emission Factors for Greenhouse Gas Inventories: https://www.epa.gov/sites/production/files/2018-03/documents/emission-factors_mar_2018_0.pdf

Comment
The emissions factor from the EPA Emission Factors for Greenhouse Gas Inventories is used to calculate the emissions from Natural Gas used for heating.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	62272	62272	62272	62272
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type
Solar PV
Wind

Region of consumption of low-carbon electricity, heat, steam or cooling
North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling
49796.6

Emission factor (in units of metric tons CO2e per MWh)
0.41

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Other, please specify (Domestic water usage)

Metric value
1432750314

Metric numerator
Gallons

Metric denominator (intensity metric only)
N/A

% change from previous year
6.5

Direction of change
Decreased

Please explain
The reason for domestic water usage decrease is due to utilization of xeriscape – drought resistance plants for landscaping, smart technology irrigation systems and equipment such as low flush toilets and motion sensors for toilets.

Description
Other, please specify (Recycled waste)

Metric value
4951

Metric numerator
Metric Tonnes

Metric denominator (intensity metric only)
N/A

% change from previous year
1.5

Direction of change
Increased

Please explain
Increases in recycling have reduced the amount of the landfill waste

---

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Cventure Assurance Letter.pdf

Page/ section reference
See entire document.

Relevant standard
Corporate GHG verification guidelines from ERT

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Cventure Assurance Letter.pdf

Page/ section reference
See entire document.

Relevant standard
Corporate GHG verification guidelines from ERT

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
23

% total procurement spend (direct and indirect)
81

% Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
In the context of this question, our suppliers are the third-parties with which we engage, and include but are not limited to our property managers (i.e., our vendors) that provide services to us as a real estate owner. As part of our information collection process, utility data, fuel consumption, and efficiency practices and/or initiatives are collected at least annually but in some instances monthly. This particular group was selected because it includes all of the partners with which we do business and have been classified as critical suppliers per our DJSI submission (Item 1.7.2), which affects our company on every level. This subset of suppliers (23% of operators) not only contribute to 80% of our total procurement spend but also plays a significant role in carbon emissions and are at the core of our business as a real estate owner. Percentage (%) of suppliers has been calculated by the number of operators HCP has collected utility data for divided by the total number of operators that manage HCP properties. Please note that the 23% of operators participating in data collection accounts for 78% of HCP's portfolio (by square footage).

Impact of engagement, including measures of success
We feel that the impact of this engagement is significant, as it affects all of the partners with which we do business. As a measurement of success, positive outcomes achieved include a high cooperation level from our vendors in our information collection process. The information gathered better inform the operational performance of our assets and help identify additional opportunities for improvement related to climate change.

Comment

Type of engagement
Compliance & onboarding

Details of engagement
Code of conduct featuring climate change KPIs

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
In the context of this question, our suppliers are the third-parties with which we engage, and include but are not limited to our property managers (i.e., our vendors) that provide services to us as a real estate owner. As part of our information collection process, utility data, fuel consumption, and efficiency practices and/or initiatives are collected at least annually but in some instances monthly. This particular group was selected because it includes all of the partners with which we do business and have been classified as critical suppliers per our DJSI submission (Item 1.7.2),which affects our company on every level.

Impact of engagement, including measures of success
We feel that the impact of this engagement is significant, as it affects all of the partners with which we do business. As a measurement of success, positive outcomes achieved include 100% cooperation from our vendors in our acknowledgement process, as well as positive feedback from vendors that our sustainability-related requirements and best practices have encouraged them to expand upon the sustainability-related engagement mechanisms within their own company.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
100

% Scope 3 emissions as reported in C6.5
0

Please explain the rationale for selecting this group of customers and scope of engagement
Each year HCP holds an annual conference for all of our tenants (i.e., our customers), which serves as an engagement tool and a forum for collaborative sessions to foster discussions and plans of action that we can implement together to aid in reducing the climate-change impacts of the buildings we own. Energy saving initiatives and campaigns are discussed at the conference and collaboratively implemented at our properties that year. For example, as part of an initiative/campaign, we as the owner may install efficiency equipment upgrades, and our tenants may engage in energy conservation measures, resulting in a collaborative effort to reduce the climate-related impacts of that particular building. This particular group was selected because as a real estate owner, our tenants includes all of the partners with which we do business, which affects our company on every level.

Impact of engagement, including measures of success
We feel that the impact of this engagement is significant, as tenants represent a key stakeholder group and lease income represents a significant portion of our overall revenue. As a measurement of success, positive outcomes achieved include energy and cost savings generated resulting from the collaborative effort. For example, as a result of feedback from our tenant engagement, we purchased renewable energy sources for certain of our medical office buildings in Dallas, Texas, which are now starting to generate renewable energy (62,272 MWh in 2018).

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

We have several processes in place to ensure that all of our direct and indirect activities that influence policy are consistent with our overall climate change strategy. Generally, all of our Company's procedures are governed by our corporate governance policies and principles, such as the Code of Business Conduct and Ethics, Vendor Code of Business Conduct and Ethics, and Corporate Governance Guidelines, each of which provide safeguards against practices that are inconsistent with the Company's objectives. Our Board of Directors reviews our Corporate Governance Guidelines and Code of Business Conduct and Ethics, as well as other governance policies, annually to ensure that our activities that influence policy are consistent with our overall climate change strategy. Additionally, our Company and both of our Codes of Conduct support efforts that encourage greater energy efficiency. We have established an internal Sustainability Committee that seeks to evaluate, improve and report on the Company's approach to environmental initiatives. These collective processes help to ensure that our direct and indirect activities that influence policy are consistent with our overall climate change strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
HCP 2018 Annual Report (10-K).pdf

Page/Section reference
1-6 (Strategy), 10 (Sustainability), 10-28 (Risk Factors, including climate risks on p. 17)

Content elements
Governance
Strategy
Other, please specify (Awards & Achievements)

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
HCP 2019 Proxy Statement FY2018.pdf

Page/Section reference
5, 20-21

Content elements
Governance
Strategy
Emissions figures
Other metrics
Other, please specify (Awards and Recognition)

Comment

Publication
In voluntary sustainability report

Status
Complete

Attach the document
HCP_2018_Sustainability_Report.pdf

Page/Section reference
All

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (Awards and Achievements)

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Development and Operating Officer	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms