Carbon Disclosure Project

CDP 2012 Investor Information Request Response
(for the year ending 2011)

HCP, Inc.

Module: Introduction

Page: Introduction

0.1

Introduction

Please give a general description and introduction to your organization

HCP, Inc. (www.hcpi.com) (HCP or the Company), an S&P 500 company, invests primarily in real estate serving the healthcare industry in the United States. We are a self-administered, Maryland real estate investment trust (REIT) organized in 1985. We are headquartered in Long Beach, California, with offices in Nashville, Tennessee and San Francisco, California. We acquire, develop, lease, manage and dispose of healthcare real estate, and provide financing to healthcare providers. Our portfolio is comprised of investments in the following five healthcare segments: (i) senior housing, (ii) post-acute/skilled nursing, (iii) life science, (iv) medical office and (v) hospital. We make investments within our healthcare segments using the following five investment products: (i) properties under lease, (ii) debt investments, (iii) developments and redevelopments, (iv) investment management and (v) REIT Investment Diversification and Empowerment Act (RIDEA), which represents investments in senior housing operations utilizing the structure permitted by the Housing and Economic Recovery Act of 2008.

The delivery of healthcare services requires real estate and, as a result, tenants and operators depend on real estate, in part, to maintain and grow their businesses. We believe that the healthcare real estate market provides investment opportunities due to the following: (i) compelling demographics driving the demand for healthcare services; (ii) specialized nature of healthcare real estate investing; and (iii) ongoing consolidation of a fragmented healthcare real estate sector.

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
Sat 01 Jan 2011 - Sat 31 Dec 2011

0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
United States of America

0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

USD($)

0.5
Please select if you wish to complete a shorter information request

0.6
Modules
As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.
If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email respond@cdproject.net.
If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx.

Module: Management [Investor]

Page: 1. Governance

1.1
Where is the highest level of direct responsibility for climate change within your company?

Individual/Sub-set of the Board or other committee appointed by the Board

1.1a
Please identify the position of the individual or name of the committee with this responsibility

i. Chairman of the Board, Chief Executive Officer and President

ii. The highest level of direct responsibility for climate change within the Company resides with our Chairman of the Board, Chief Executive Officer and President, James F. Flaherty III. Mr. Flaherty demonstrates his leadership and manages this responsibility though his general leadership of the Company, as well as, through (a) the supervision of the Company's Sustainability Committee; (b) quarterly earnings releases and conference calls with the Company's stockholders and the public; (c) quarterly reports on climate change and sustainability in general to the Company's Board of Directors; and (d) monthly management meetings.

(a) Sustainability Committee – Mr. Flaherty has designated Thomas M. Klaritch, Executive Vice President – Medical Office Properties, as the Company's Chair of the Sustainability Committee, an internal management committee. The Sustainability Committee is comprised of Mr. Klaritch, James W. Mercer, the Company's Executive Vice President, General Counsel and Corporate Secretary, Edward J. Henning, Executive Vice President and other senior executives, management level employees and attorneys that meet regularly to discuss the status and implementation of several of the Company's objectives. Additionally, Mr. Flaherty serves on the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), and Mr. Klaritch serves on NAREIT's sustainability committee, giving HCP added insight to sustainability issues relative to the real estate sector.

Mr. Klaritch, as Chair of HCP's Sustainability Committee, has the responsibility for the Company's sustainability efforts including increasing the Company's performance and transparency by implementing energy efficiency measures, responding to surveys such as the Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB), inventorying our energy, water, waste, and greenhouse gas (GHG) data, and publishing our inaugural Corporate Sustainability Report consistent with the Global Reporting Initiative (GRI) framework for the calendar year 2011.

(b) Quarterly Conference Calls – Each quarter, the Company hosts a public earnings release conference call and webcast to review its financial performance and operating results. During these calls, Mr. Flaherty reports material initiatives and awards regarding sustainability.

(c) Monthly Management Meetings – Each month, Mr. Flaherty chairs a management meeting with the leaders of each of the Company's five healthcare segments, which are diversified among five distinct sectors: senior housing, post-acute/skilled nursing, life science, medical office and hospitals. In addition to providing a discussion regarding financial performance and operational information, each business leader (i.e., an executive vice president) is required to report on such sector's sustainability initiatives, awards and other practices that have occurred since the previous meeting.

1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

1.2a

Please complete the table

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Board chairman	Monetary reward	The Company's current compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (i) base salaries; (ii) annual incentive cash bonuses; and (iii) long-term stock awards, including stock options and awards of restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
Board chairman	Recognition (non-monetary)	The Company's current compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (i) base salaries; (ii) annual incentive cash bonuses; and (iii) long-term stock awards, including stock options and awards of restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
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Corporate executive team	Monetary reward	restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
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Executive officer	Monetary reward	The Company's current compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (i) base salaries; (ii) annual incentive cash bonuses; and (iii) long-term stock awards, including stock options and awards of restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.

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Management group	Monetary reward	The Company's current compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (i) base salaries; (ii) annual incentive cash bonuses; and (iii) long-term stock awards, including stock options and awards of restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
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		Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
Business unit managers	Monetary reward	The Company's current compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (i) base salaries; (ii) annual incentive cash bonuses; and (iii) long-term stock awards, including stock options and awards of restricted stock units that are subject to both performance-based and time-based vesting requirements. Annual bonuses and long-term equity incentives are the elements of our compensation program that are designed to reward performance and provide incentives to create stockholder value. Annual bonuses are primarily intended to incentivize employees to achieve specific strategies and operating objectives. For a given fiscal year, the Compensation Committee and/or our senior executives make incentive compensation decisions retrospectively for both annual and long-term incentives after the end of the year, evaluating performance during that year. That is, bonus payments and long-term incentive compensation awards granted in January 2012 were based in part on an assessment of performance during 2011. The Company's sustainability performance (which includes climate change performance) is a factor that has been considered in the financial compensation for select members of our Sustainability Committee in the current reporting year, (and will be for each of the member of the committee in the 2012 reporting year), as well as other employees in the five business sectors involved in HCP's sustainability initiatives. Additionally, to the extent that the Company receives external recognition (e.g. U.S. Green Building Counscil (USGBC) Leadership in Energy and Environmental Design (LEED) certification, U.S. Environmental Protection Agency (EPA) Energy Star certification, NAREIT's Leader in the Light Award and Innovator Award) for its sustainability efforts, internal acknowledgement of efforts are recognized.
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Page: 2. Strategy

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

2.1a

Please provide further details (see guidance)

(i) ***Scope of Procedures***

Over the last year, HCP has begun to regularly assess risks and opportunities with regard to climate change through specific risk management procedures that are increasingly integrated company-wide by means of a multi-disciplinary approach. The scope of

such procedures includes (i) the assessment of regulatory issues at the company level; (ii) the assessment of weather-related implications at the asset level; and (iii) the assessment of other developments such as reputational considerations at the company level. The results of such assessments are initially reported in our monthly management meetings and then reviewed by our Board of Directors.

(ii) ***Risk/Opportunities Assessment at the Company Level***
Regulatory and reputational climate change risks/opportunities are regularly assessed at the company level. Regulatory risks/opportunities are coordinated and assessed by the applicable leaders of each of the Company's business segments, which are diversified among five distinct segments: senior housing, post-acute/skilled nursing, life science, medical office and hospitals. These leaders identify risks/opportunities through regular interaction with various national trade associations such as NAREIT.

Reputational considerations are also assessed at the company level, although on an as-needed basis. Any risks/opportunities associated with reputational concerns are also coordinated and assessed by the applicable leaders of each of our five business sectors. These leaders identify risks/opportunities through tenant feedback and investor inquiries.
Reputational, Operational and Regulatory risks are assessed each quarter at the executive management level and reviewed at the board level. This assessment includes a discussion of the risk, its potential impact, likelihood and a determination as to whether the risk is growing, stable or declining. The risk is also measured against the previous assessment and mitigants are discussed.

(iii) ***Risk/Opportunity Assessment at the Asset Level***
Weather-related implications are an example of climate change risks/opportunities that are assessed at the asset level. These risks/opportunities are facilitated by our executives in charge of the Company's various segments, and other departments such as risk management and asset management. These individuals and departments develop strategies for addressing weather-related risks/opportunities in addition to the facilitation and implementation of any necessary course of action to be taken by the Company.

Our Capital Asset Management department continually monitors weather across our portfolio. In the event of severe weather conditions that could result in hurricanes, tornados, flooding, drought or wind storms, action plans are implemented which include conversations with on-site management and engineers regarding readiness preparations – boarding up the facility, turning off major equipment, activating call trees, reviewing emergency contacts for local authorities and utilities and staging emergency equipment and manpower. Post storm preparations are also put in place such as positioning additional personnel, deploying experts to sites and positioning remediation contractors.

With regard to other reputational, political, regulatory and climate change risks, our asset management department is in constant contact with on-site property managers regarding issues at the property and in the local market. Monthly reports are submitted and reviewed regarding the operations at each property and any developing risks that could affect the property. In addition, our annual budget process includes an assessment of strengths, weaknesses, opportunities and threats at the asset level.

(iv) ***Frequency of Monitoring***
The monitoring frequency of all risks/opportunities occurs quarterly; however, such frequency is increased in certain situations in which immediate action is necessary.

(v) ***Materiality/Priorities***
The degree of materiality of any climate change risk/opportunity is assessed and measured by the applicable leaders of each of our five business segments and prioritized accordingly. From a general perspective, the Company reviews the significance of each risk based on potential impact, likelihood, and time frame.

(vi) ***Reporting of Results***
The results of any determinations made regarding climate change risks/opportunities are reported to our General Counsel and our Board of Directors.

2.2
Is climate change integrated into your business strategy?

Yes

2.2a
Please describe the process and outcomes (see guidance)

(i) ***Process by which the business strategy has been influenced.*** HCP's business strategy has been increasingly focused on

developing and implementing sustainability practices, including those related to climate change, within our five healthcare segments. The development of our business strategy has been influenced by a number of factors, including (i) information from tenants (and potential tenants) who desire to lease from environmentally responsible companies and desire sustainable and energy efficient buildings; (ii) information from investors who incorporate sustainability data and climate change information into their investment decisions; (iii) information from other key stakeholders concerned with energy, environment and climate change issues; (iv) understanding how sustainability may generate cost savings and other strategic opportunities including potential increases to returns on investment; and (v) the possibility of a return on investment.

Mr. Flaherty, Chairman and CEO of HCP, reported in HCP's 2011 third quarter earnings conference call, "In recent years, outperformance has been a trademark of HCP's sustainability initiatives, as well as the performance of HCP's real estate portfolio. Importantly, in reference to the attractive reductions in HCP's utility costs, green business is good business, and it permeates HCP's portfolio." Further, a significant portion of HCP's GHG emissions are attributable to purchased electricity, and thus, our climate change strategy is closely related to our energy management strategy. As a result, this positions us to take advantage of opportunities presented by integrating climate change into our medical office building (MOB) and life science portfolios. To guide our business strategy, each HCP business segment has and continues to identify, target, develop and implement energy reduction strategies.

(ii) ***Climate change aspects that have influenced the strategy***. 89% of HCP's carbon footprint is related to its use of electricity. As such, energy management is a primary cost reduction and climate change driver for HCP. Within the facilities identified by our boundary, approximately 16% of HCP's operating costs at the property-level are electricity expenses. As such, reducing energy usage, and consequently carbon emissions, while ensuring that the quality of our facilities support our tenant's operations, is a fundamental strategy in both the short and long term to maximize the operating performance and profitability of each facility. Furthermore, reduced energy use mitigates the impacts of projected electricity cost increases. Accordingly, HCP commits itself to continuous improvement of reducing energy usage.

In addition, the environmental concerns of our tenants and investors are aspects that have influenced our business strategy with respect to climate change.

(iii) ***Important components of short term strategy influenced by climate change.*** HCP's continued development and implementation of best practices, including attentive monitoring and participation in sustainability reporting initiatives, are the most important components of our short term (over the next three years) strategy that have been influenced by climate change. Within each of our identified business segments, management conducts monthly reviews of operational results, during which progress in key areas, including energy, are reviewed against applicable budgets. This process includes the monthly delivery of reports to track and benchmark energy data in order to implement information-based actions to address issues. The monthly review of energy data includes comparisons of energy usage against budgeted and historical usage. To the extent that facilities demonstrate significant variances from budget or historical usage, management seeks to develop and implement mitigation plans.

(iv) ***Important components of long term strategy influenced by climate change.*** Attaining our future goals of minimizing carbon emissions, reducing energy consumption and maximizing energy efficiency are some important components of our long term strategy that have been influenced by climate change. This long term strategy has also led to increased focus on best operating practices within each of our identified segments, including training of personnel, development of energy reduction goals and monitoring and reporting of results. Furthermore, these long term initiatives will be enhanced by the development of detailed and systematic processes to invest in more energy efficient technologies related to lighting, HVAC and building control systems. While these long term energy conscious practices have been established regardless of climate change, they also serve as a good protection against climate change risks. Going forward, HCP will set an annual emissions absolute reduction target based on our defined boundary and 2011 as our baseline year. HCP's boundary is defined as 261 buildings in our MOB and life science portfolios, in addition to 20 assisted living facilities, all of which are under our operational control.

(v) ***Strategic advantages gained over competitors.*** Our commitment to sustainability and the implementation of energy saving efforts throughout our properties will provide us with an advantage over our competitors not employing these strategies by targeting tenants that seek facilities that include energy reduction designs and equipment and investors who prefer to invest in companies that address climate change and actively engage in minimizing their carbon footprint.

(vi) ***Substantial business decisions influenced by the climate change driven aspects of the strategy.*** There are many substantial business decisions that have been influenced by our climate change strategy. HCP has (i) galvanized its leadership in the development of HCP's Sustainability Committee; (ii) adhered voluntarily to third party green building standards; (iii) installed energy efficient equipment throughout properties within our portfolio; (iv) implemented internal awareness practices such as energy and water saving procedures; and (v) identified and elected to participate in key sustainability reporting initiatives (e.g., the 2012 Carbon Disclosure Project, the 2012 Global Real Estate Sustainability Benchmark and the publishing of a 2012 Global

Reporting Initiative based sustainability report.)

2.3
Do you engage with policy makers to encourage further action on mitigation and/or adaptation?

Yes

2.3a
Please explain (i) the engagement process and (ii) actions you are advocating

(i) ***Engagement Process***
HCP is a member of the National Association of Real Estate Investment Trusts (NAREIT), a worldwide representative for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT's members are comprised of REITs and other businesses that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses. Through our membership, HCP works with NAREIT to address material issues that are pertinent to REITs, including climate change legislation. Our engagement with NAREIT includes, among other things, meeting our objective to achieve measurable advances in sustainability.

Additionally, HCP is actively engaged with NAREIT's sustainability agenda. The Chair of HCP's Sustainability Committee, Tom Klaritch, serves on NAREIT's Sustainability Committee giving HCP added insight to sustainability and climate change issues relative to the real estate sector.

(ii) ***Actions Advocated***
HCP works with NAREIT to encourage and advocate best practices in sustainability and climate change. For example, HCP participates in the Leader in the Light forum and supports NAREIT's endorsement to participate, and HCP will participate in GRESB reporting for 2011. HCP also regularly participates in the Leader in the Light forums and shares our sustainability best practices with NAREIT members in attendance, such as how HCP monitors utility data through web-based systems, applies lighting retrofit and lighting control projects, and applies variable frequency drive projects. Due to our sustainability efforts, we received NAREIT's Leader in the Light award four times in the last five years (including the reporting year) and the Innovator Award in 2011.

Page: 3. Targets and Initiatives

3.1
Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

3.1a
Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
							This is HCP's first year for GHG reporting and as a result we did not have an explicit emissions reduction target in the reporting year. However, in the past, we set annual absolute energy reduction targets based on the Energy Star methodology. Because a reduction in energy yields a reduction in GHG emissions, we thus had an implied emissions reduction target, which we document in the table (note that we have used "0" in the % of emissions in scope and base year emissions fields, given that we did not have an explicit target in 2010). Our 2.5% annual energy reduction target for calendar year 2011 was

	Scope 1+2	0%	2.5%	2010	0	2011	set based upon historical annual reductions that have been achieved in the Energy Star program for HCP's MOB segment which have been 100% benchmarked. Using the Energy Star program method, HCP has achieved a 13.3% energy reduction for MOBs that have been 100% benchmarked since 2008. Going forward, HCP will set an annual emissions absolute reduction target based on our defined boundary and 2011 as our baseline year. HCP's boundary is defined as 261 buildings in our MOB and life science portfolios, in addition to 20 assisted living facilities, all of which are under our operational control.

3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
	100	104	While our reduction target for the reporting year was focused on energy (rather than emissions) reductions, we have detailed our progress as follows. During the 2011 calendar year, we exceeded our annual absolute energy reduction target of 2.5% by 0.1% for the portfolio of MOBs which were 100% benchmarked in the Energy Star program. In future years, HCP will use an annual emissions reduction target based on our defined boundary and 2011 as our baseline year.

3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

3.2a

Please provide details (see guidance)

1. How the emissions are/were avoided:
• HCP identifies and implements projects and initiatives that reduce energy usage and GHG emissions for an entire building. This allows third party entities as well as HCP to share the benefit of reduced energy usage and GHG emissions from these projects and initiatives since many of these projects affect the tenant's space.
• HCP is in a position to focus on, identify, and implement emission and energy reduction projects and initiatives allowing the tenant or operator to focus on conducting its day to day operations, and has a standard process to guide energy reduction opportunities.
• HCP utilizes a utility bill data base for our MOB portfolio to monitor utility usage for electric, gas, and water. Tools have been developed and provided to our third party management companies so they can quickly identify anomalies in usage and implement corrective actions.
• HCP replaces older less efficient HVAC equipment such as package water source heat pumps, split system units, and rooftop package systems, and replaces older HVAC systems with the higher efficiency systems which are typically 40% or more efficient than the existing equipment. Another benefit is the newer systems utilize the refrigerant R-410A which is a more environmentally friendly refrigerant than R-22.
• HCP implements and upgrades Energy Management Systems (EMS) where appropriate to improve the energy performance of a building. These systems provide detailed control and monitoring of the HVAC equipment which allows for optimization of the operation of the facility.
• HCP evaluates and implements HVAC replacement projects based on efficiency and value. HCP has installed equipment such as an ultra-high efficient chiller and also a chiller operating on magnetic bearings which was extremely efficient and eliminated the need for oil.
• HCP continually investigates and evaluates new technologies and alternate energy sources. We are currently evaluating fuel cell technology, photovoltaic panel (solar cell panel) technology, ground coupled heat pump systems, solar water panel systems,

and real time power monitoring systems.
2. An estimate of the amount of emissions that are/were avoided over time: The majority of emission reductions are in our products and services. The following is an example of an estimate of the amount of emissions that were avoided over time: A chiller replacement project was needed and HCP evaluated the costs of standard and high efficiency chillers and chose the high efficiency design which reduced the CO2e emissions by over 322 metric tonnes annually.
3. The methodology, assumptions, emissions factors, and global warming potentials used for your estimations: The methodology HCP uses to identify, calculate, evaluate and implement emission reduction projects are as follows:
a. Identifying a dedicated green budget category that includes energy efficiency projects
b. Identifying projects recognized through best practices principles across HCP facilities
c. Calculating financial metrics including return on investment and net present value
d. Engaging employee and third party managers in a review of best practices principles at the facility level on an annual basis
e. Implementing new processes and technologies based on best practices principles, then estimating the energy and GHG emissions associated with these improvements over and operational period of one year.
f. Various GHG Protocol Tools were used to obtain emission factors and Global Warming Potentials (e.g., World Resources Institute, 2008, GHG Protocol Tool for Stationary Combustion, version 4.0).
4. HCP does not expect to generate CERs or ERUs within the framework of CDM or JI (UNFCCC).

3.3

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

Yes

3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, estimated CO2e savings

Stage of development	Number of projects	Total estimated annual CO2e savings (only for rows marked *)
Under investigation	2	
To be implemented*	59	
Implementation commenced*	5	42
Implemented*	110	909
Not to be implemented		

3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

Activity type	Description of activity	Estimated annual CO2e savings	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building fabric	Nine white and/or reflective surface roof projects. This is a voluntary Scope 2 project, with a life of 20 years.	52	11452	0	<1 year
Energy efficiency: building services	70 Energy efficient replacement projects on Heating Ventilation and Air Conditioning (HVAC) equipment (note: Investment required is the premium cost for high efficiency replacement over a standard efficiency unit. This is a voluntary Scope 2 project, with a life of 15 years.	126	27680	63034	1-3 years
Energy efficiency: building services	High efficiency chiller replacement project. This is a voluntary Scope 2 project, with a life of 25 years.	323	41356	46906	1-3 years

Energy efficiency: building services	Two High Efficiency Rooftop HVAC replacement projects. This is a voluntary Scope 2 project, with a life of 20 years.	141	18000	31743	1-3 years
Energy efficiency: building services	Lighting retrofit of one MOB project. This is a voluntary Scope 2 project, with a life of 10 years.	270	48212	70480	1-3 years

3.3c

What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Through the use of a dedicated energy efficiency (or "green") budget, HCP identifies projects which have energy savings opportunities and identifies green initiatives in the capital expenditure annual budget. Based upon the input from HCP's Capital Asset Management (CAM) team and our third party management companies, projects are evaluated and if they are capable of producing energy reduction, they are added to the green category. HCP's also employs internal best practices to identify potential energy savings that may be implemented at our properties. HCP addresses a comprehensive range of projects and practices that can reduce energy consumption, which could include projects for replacement of equipment, as well as changes to operations and practices.
Financial optimization calculations	Return on Investment (ROI) is a key component to any energy saving/emission reduction project proposal and is integral to the evaluation process. Net Present Value (NPV) is also evaluated as part of the financial analysis as this is another indicator of the value of proposed energy saving projects.
Employee engagement	HCP's best practices guiding principle is followed to identify potential energy savings that may be implemented at our properties. HCP addresses a comprehensive range of projects and practices that can reduce energy consumption, which could include projects for replacement of equipment, as well as changes to operations and practices. HCP hosts an annual conference each May that allows our staff and third party managers, maintenance personnel and leasing agents to interact, share best practices, and discuss policies, goals and objectives for the year. For three years, HCP has highlighted achievements in obtaining Energy Star labels for HCP's MOB and life science portfolios. The annual conference serves as a stage to promote and acknowledge property management performance in all areas including Energy Star certifications that were obtained. HCP also conducts training sessions to encourage and drive energy reduction initiatives through the third party management companies.

Page: 4. Communication

4.1

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

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	Back cover page	HCP 2011 Annual Report
In voluntary communications (complete)	Page 1 of 1	HCP Press Release of June 16, 2011
In voluntary communications (complete)	HCP Website / Sustainability Section	HCP Sustainability Webpage
In voluntary communications (complete)	Page 4 / Transcript of Q1 2011 Earnings Call	Final Transcript: HCP, Inc. - Q1 2011 Earnings Conference Call (05/03/11)
In voluntary communications (complete)	Pages 4, 23, 24 / Transcript of Q2 2011 Earnings Call	Final Transcript: HCP, Inc. - Q2 2011 Earnings Conference Call (08/02/11)
In voluntary communications (complete)	Pages 4, 6, 14 / Transcript of Q3 2011 Earnings Call	Final Transcript: HCP, Inc. - Q3 2011 Earnings Conference Call (10/31/11)
In voluntary communications (complete)	Pages 2, 5 / Transcript of Q4 2011 Earnings Call	Final Transcript: HCP, Inc. - Q4 2011 Earnings Conference Call (02/14/12)
In voluntary communications		Response to the Global Real Estate Sustainability

(underway) – this is our first year		Benchmark Questionnaire for calendar year 2011
In voluntary communications (underway) – this is our first year		Corporate Sustainability Report consistent with the Global Reporting Initiative framework for calendar year 2011

Attachments

https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/02. HCP Press Release 06.16.11.pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/03. HCP Sustainability Web Page (HCPI.com).pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/05. HCP Earnings Call Transcript-Q2 2011.pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/01. HCP 2011 Annual Report.pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/06. HCP Earnings Call Transcript- Q3 2011.pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/07. HCP Earnings Call Transcript- Q4 2011.pdf
https://www.cdproject.net/Sites/2012/17/23217/Investor CDP 2012/Shared Documents/Attachments/InvestorCDP2012/4.Communication/04. HCP Earnings Call Transcript-Q1 2011.pdf

Module: Risks and Opportunities [Investor]

Page: 2012-Investor-Risks&Opps-ClimateChangeRisks

5.1
Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

Risks driven by changes in regulation
Risks driven by changes in physical climate parameters
Risks driven by changes in other climate-related developments

5.1a
Please describe your risks driven by changes in regulation

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Product efficiency regulations and standards	The enactment of new building codes governing minimum product performance and national ratings similar to Australian and European building ratings would result in higher construction costs and additional costs of training staff	Increased capital cost	1-5 years	Direct	About as likely as not	Low-medium
	Product labeling regulations and standards	If attaining certifications such as Energy Star and LEED are mandated, construction costs will increase and a low building rating may make a building less attractive to tenants	Reduced demand for goods/services	1-5 years	Direct	About as likely as not	Low-medium
	Fuel/energy taxes and regulations	The implementation of fuel/energy taxes and regulations on utilities has resulted in a reduction in capital availability due to having to purchase more expensive equipment and an	Increased operational cost	Current	Direct	More likely than not	Low

		increase in cost of operations due to higher utility costs					

5.1b

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

Product efficiency regulations and standards

(i) Financial Implications

Conforming to and complying with regulatory changes related to product efficiency standards could result in potential financial implications including (a) higher construction costs in order to purchase and install more efficient energy equipment; and (b) additional costs for specialized training of in-house staff in order to comply with such changes in regulation. The costs of measures such as the installation of energy efficient equipment could be 1% to 5% of total project cost, although we expect these expenses to eventually be mitigated by the cost savings achieved through the use of such efficient equipment. Additionally, we estimate the costs to facilitate in-house training will be in the thousands of dollars.

(ii) Risk Management Methods

Risk management methods include (a) gaining experience by voluntarily constructing to higher-than-required codes (e.g., through constructing buildings that are Energy Star rated or LEED certified); and (b) providing specialized training of in-house staff through seminars and webinars.

(iii) Costs

We believe that the costs associated with such risk management methods to be approximately 1% to 5% of total project cost on new construction, and in the tens of thousands of dollars for existing buildings. These costs will be mitigated to some extent through the implementation of energy efficient equipment, which will eventually produce cost savings in operating expenses. In addition, obtaining these labels will make our buildings more attractive to tenants which will yield additional revenue estimated at 1% to 5%. The cost for in-house training will be in the thousands of dollars.

Product labeling regulations and standards

(i) Financial Implications

Conforming to and complying with regulatory changes related to product labeling standards such as Energy Star and LEED standards, could result in potential financial implications. Such financial implications include (a) increased costs associated with meeting more robust building standards; and (b) additional expenses for outside expert consultation regarding strategies for such standards.

(ii) Risk Management Methods

Risk management methods include a) gaining experience by voluntarily constructing to Energy Star and LEED standards, and b) specialized training of in-house staff through seminars and webinars.

(iii) Costs

We believe that the costs associated with such risk management methods to be approximately 1% to 5% of total project cost on new construction, and in the tens of thousands of dollars for existing buildings. These costs will be mitigated to some extent through the implementation of energy efficient equipment, which will eventually produce cost savings in operating expenses. In addition, obtaining these labels will make our buildings more attractive to tenants which will yield additional revenue estimated at 1% to 5%. The cost for in-house training will be in the thousands of dollars.

Fuel/energy taxes and regulations

(i) Financial Implications

Higher fuel/energy taxes have increased our energy costs and therefore our overall operational costs. Although taxes and energy prices differ from state to state and even locally, we estimate the financial implications of increased energy costs due to higher fuel/energy taxes to be approximately 1% of total operating cost. Additionally, construction costs have increased because of the increased cost of energy saving equipment and fuel and energy are used to produce construction materials, therefore contributing to higher project costs. We estimate the financial implications of increased construction costs due to higher fuel/energy taxes to be less than 1% of total project cost.

(ii) Risk Management Methods

To manage the risks of the financial implications of increased operational and construction costs due to higher fuel/energy taxes, we have implemented energy saving measures such as the installation and use of energy efficient equipment such as high-efficient HVAC and lighting throughout our properties. Additionally, we have implemented internal awareness practices such as water conservation and energy saving procedures company-wide. Adapting such practices now will aid in mitigating the risks of any increased costs now and in the future. Understanding the regulatory landscape will also aid in the reduction or costs over time.

(iii) Costs

We have incurred increased costs for energy savings equipment. The costs of measures such as the installation of energy efficient equipment throughout our company are estimated at 1% to 5% of total project cost, although we expect these expenses to eventually be mitigated by the cost savings achieved through the use of such efficient equipment. Additionally, the costs of

implementing such practices as internal awareness of water conservation and energy savings are in the thousands of dollar range, as these practices are facilitated by our employees.

5.1c

Please describe your risks that are driven by change in physical climate parameters

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Change in mean (average) temperature	Our properties are located throughout the country including the upper Midwest, the Southwest and the Southeast which can experience changes in mean temperature causing increased cooling and heating expenses and loss of services	Increased operational cost	>10 years	Direct	More likely than not	Medium
	Change in precipitation extremes and droughts	Changes in precipitation extremes resulting in flooding and droughts can result in increased insurance-related costs and increased capital and operational costs due to interruption of services and loss of exterior landscaping	Increased operational cost	>10 years	Direct	More likely than not	Medium
	Snow and ice	HCP has properties in areas subject to accumulations of snow and ice which may result in increased operating, capital and insurance-related costs due to interruption of services, cost of removal and damage to roofs and exterior structures	Increased operational cost	>10 years	Direct	More likely than not	Low-medium
	Sea level rise	Global warming could result in a rise in sea level resulting in increased insurance-related costs, increased capital and operational costs due to interruption of services and the potential destruction of property	Inability to do business	>10 years	Direct	Unlikely	Medium
	Tropical cyclones (hurricanes and typhoons)	Severe storms such as hurricanes and typhoons could result in a disruption of services and the inability to do business due to product damage and the inability to access product	Inability to do business	>10 years	Direct	About as likely as not	Medium

5.1d

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions

Change in mean (average) temperature

(i) Financial Implications. With properties located across the U.S., we are vulnerable to extreme weather due to changes in mean temperature. This risk can result in increased cooling and heating expenses, which could cost thousands or tens of thousands of dollars.

(ii) Risk Management Methods. We have implemented energy saving measures such as the installation of energy efficient equipment throughout our properties, and implemented internal awareness practices such as water conservation and energy saving procedures. We also have emergency preparedness and business continuity plans to minimize risks.

(iii) Costs. The costs of measures such as the installation of energy efficient equipment are hundreds of thousands of dollars, although we expect such costs to be mitigated by energy efficiency savings. The costs of internal awareness programs are thousands of dollars.

Change in precipitation extremes and droughts

(i) Financial Implications. With properties located across the U.S., we are vulnerable to extreme weather due to changes in precipitation extremes and droughts. These risks can result in (a) more frequent payments of insurance deductibles due to claims of damage to our buildings, and the possibility of higher premiums due to increased claims, both of which could cost tens of thousands of dollars, and (b) temporary service disruption, which could cost tens of thousands of dollars.

(ii) Risk Management Methods. HCP is currently (a) negotiating competitive insurance rates through a bidding process to reduce the risk of more frequent payments of insurance deductibles and higher premiums and (b) purchasing business interruption insurance to assist with restoration of disrupted services. We have emergency preparedness and business continuity plans to minimize risks of temporary business disruption.

(iii) Costs. There is no cost associated with negotiating competitive insurance rates through a bidding process; instead such actions produce cost savings. The cost of purchasing business interruption insurance policies is tens of thousands of dollars, although such expenses could be mitigated through cost savings generated through our competitive insurance bidding process. The cost of coverage for catastrophic deductibles is hundreds of thousands of dollars. Costs such as the development of business continuity and emergency preparedness plans are minimal.

Snow and ice

(i) Financial Implications. With properties located across the U.S., we are vulnerable to extreme weather due to heavy snow and/or ice accumulation. These risks can result in (a) increased costs of snow removal, (b) more frequent payments of insurance deductibles due to damage to our buildings, (c) higher premiums due to increased claims, and (d) temporary service disruption. Snow removal and more frequent and higher payments of insurance-related costs could cost tens of thousands of dollars, as could temporary business disruption.

(ii) Risk Management Methods. HCP is currently (a) negotiating competitive snow removal rates, (b) negotiating competitive insurance rates through a bidding process to reduce the risk of costs of more frequent payments of insurance deductibles and higher premiums and (c) purchasing business interruption insurance. We have developed business continuity and emergency preparedness plans to minimize risks of business disruptions.

(iii) Costs. There is no cost associated with negotiating competitive snow removal and insurance rates; instead such actions produce cost savings. The cost of purchasing business interruption insurance policies is tens of thousands of dollars. The development of business continuity and emergency preparedness plans costs are minimal.

Sea level rise

(i) Financial Implications. With properties located across the U.S., we are vulnerable to extreme weather due to sea level rise. This risk can result in (a) more frequent payments of insurance deductibles due to claims of damage to our buildings and higher premiums due to increased claims, both of which could produce expenses ranging from tens to hundreds of thousands of dollars, and (b) temporary disruption in our services, which could cost tens of thousands of dollars.

(ii) Risk Management Methods. HCP is currently (a) negotiating competitive insurance rates through a bidding process and (b) purchasing business interruption insurance. We have developed business continuity and emergency preparedness plans to minimize risks of business disruption.

(iii) Costs. There is no cost associated with negotiating competitive insurance rates through a bidding process; instead such an action produces cost savings. The cost of purchasing business interruption insurance policies is tens of thousands of dollars. The development of business continuity and emergency preparedness plans costs are minimal.

Tropical Cyclones (Hurricanes and Typhoons)

(i) Financial Implications. With properties located across the U.S., we are vulnerable to extreme weather due to tropical cyclones and similar natural disasters. This risk can result in (a) more frequent payments of insurance deductibles due to claims of damage to our buildings, and the possibility of higher premiums due to increased claims, both of which could cost tens to hundreds of thousands of dollars, and (b) temporary service disruption, which could cost tens of thousands of dollars.

(ii) Risk Management Methods. HCP is currently (a) negotiating competitive insurance rates through a bidding process, and (b) purchasing business interruption insurance. We purchase coverage for catastrophes related to wind storms and earthquakes. We have developed emergency preparedness and business continuity plans to minimize risks of business disruption.

(iii) Costs. There is no cost associated with negotiating competitive insurance rates through a bidding process; instead such an action produces cost savings. The cost of purchasing business interruption insurance is tens of thousands of dollars; the cost of coverage for catastrophic deductibles is hundreds of thousands of dollars. Costs such as the development of business continuity and emergency preparedness plans are minimal.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		There are a growing number of investors who utilize sustainability data as a key factor in determining investment	Reduced			About as	

	Reputation	decisions. In addition, consumers in certain areas of the country are utilizing sustainability as a data point in their leasing decisions	demand for goods/services	Current	Direct	likely as not	Medium
	Changing consumer behaviour	Potential tenants utilizing sustainability data in making leasing decisions	Reduced demand for goods/services	Current	Direct	About as likely as not	Medium

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

Reputation

(i) Financial Implications

Reputation is a key risk associated with sustainability, and not being perceived as a sustainable company could pose financial implications. There is increasing awareness by tenants regarding sustainable buildings and a growing number of investors who factor sustainability data and climate change information into their investment decisions. Consequently, by not incorporating sustainability into our business decisions, there is a financial risk that we could lose those tenants and investors who prefer to do business with more environmentally responsible companies.

(ii) Risk Management Methods

In order to manage the risks of the possible loss of those tenants and investors with a preference for environmentally responsible companies, we have implemented energy saving measures such as the installation and use of energy efficient equipment throughout our properties. Additionally, we have implemented internal awareness practices such as water conservation and energy saving procedures company-wide to assist in risk mitigation. The implementation of these measures and practices will appeal to our current tenants and investors in addition to assisting in the attraction of additional green-minded tenants and investors. HCP is the Energy Star program leader for the MOB category. We are continuing to expand this program as well as the pursuit of LEED certifications. This coupled with the future publication of a sustainability report and our response to the Carbon Disclosure Project (CDP) information request makes our sustainability efforts more transparent and improves our reputation in the eyes of investors and customers.

(iii) Costs

The costs of facilitating such measures as the installation of energy efficient equipment are in the hundreds of thousands of dollars, although we expect these expenses to eventually be mitigated by the cost savings achieved through the use of such efficient equipment. Additionally, the costs of implementing such practices as the promotion of sustainability and internal awareness of water conservation and energy savings are in the thousands of dollars, as these practices are facilitated by our employees and third party property managers and engineers.

Changing consumer behavior

(i) Financial Implications

While slowly developing, tenants are increasingly requesting green and/or LEED certified space. The financial implications of tenants not renting from us because of a lack of green and/or LEED certified buildings could cost us hundreds of thousands of dollars.

(ii) Risk Management Methods

We are managing potential financial risks associated with changing consumer behavior in some instances by becoming even more attractive to sustainability-oriented tenants through constructing to voluntary third party green building standards. Such efforts have resulted in positive recognition in the form of various awards and certifications including multiple Energy Star and LEED certifications. Additionally, we have received NAREIT's Leader in the Light Award four times, including the Innovator Award in 2011. These initiatives create more demand for our product, reducing potential financial risks by mitigating construction costs related to such green building standards. Moreover, a well-trained knowledgeable staff will eventually eliminate the need for and expenses related to outside consultation, further reducing such potential financial risks.

(iii) Costs

We estimate that obtaining LEED certification for our buildings costs approximately 1% to 5% of the total project cost. Additionally, any increased costs incurred to manage the risk of not being LEED certified or not having enough LEED certified properties will be mitigated by increasing our portfolio of LEED certified properties and retro-fitting current properties to comply with LEED standards.

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6.1

Have you identified any climate change opportunities (current or future) that have the potential to generate a

substantive change in your business operations, revenue or expenditure? Tick all that apply

Opportunities driven by changes in regulation
Opportunities driven by changes in other climate-related developments

6.1a

Please describe your opportunities that are driven by changes in regulation

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
	Product efficiency regulations and standards	Product efficiency regulations and standards will ultimately lead to improved energy efficiency in our buildings resulting in lower operating costs and a more attractive portfolio compared to that of our competitors	Reduced operational costs	Current	Direct	More likely than not	Medium-high
	Product labeling regulations and standards	Our extensive experience in Energy Star and our current goals to expand this program as well as our LEED certifications would allow us to quickly comply with potential standards, potentially ahead of our competitors. Required capital for these programs will ultimately lead to lower energy consumption and decreased carbon footprint	Increased demand for existing products/services	1-5 years	Direct	More likely than not	Medium

6.1b

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

Product efficiency regulations and standards

(i) Financial Implications

Conforming to and complying with regulation changes related to product efficiency standards present opportunities that could result in potential positive financial implications such as increased revenue from lease income and reduced costs due to lower energy consumption. We have an opportunity to comply expeditiously with new or revised efficiency standards due to our familiarity with and participation in voluntary third party green building standards, putting our products (buildings) on the market ahead of other less experienced owners. The potential energy savings from these initiatives is estimated to be a 2% to 20% reduction in energy costs at the property level. The potential of increased revenue is estimated to be in the hundreds of thousands of dollars.

(ii) Opportunity Management Methods

Specific methods we are using to take advantage of those opportunities associated with responding to potential product efficiency regulations and standards are to respond to existing standards in states where we currently operate as well as proactively installing energy efficient systems and equipment in our existing buildings and our continued voluntary compliance with third party green building standards.

(iii) Costs

The costs associated with responding to existing standards in states where we currently operate lies in the investment in more energy efficient systems and equipment. While this cost can be tens or even hundreds of thousands of dollars, we believe this opportunity will eventually produce cost savings in operating expenses of between 2% and 20% at the property level and more demand for our product, which can result in additional revenue in the hundreds of thousands of dollars.

Product labeling regulations and standards

Product labeling regulations and standards

(i) Financial Implications

We have an opportunity to comply expeditiously with new or revised labeling standards due to our familiarity with and participation in voluntary third party green building standards, putting our products (buildings) on the market ahead of other less experienced owners and resulting in increased lease income revenue. Additionally, Energy Star and/or LEED certified buildings are appealing to green-minded prospective lessees and can command higher rental rates. We estimate the combined positive financial implications resulting from such increased lease revenue could be in the hundreds of thousands of dollars per year.

(ii) Opportunity Management Methods

Specific methods we are using to manage opportunities associated with adhering to regulation changes in product labeling standards include (a) our continued voluntary compliance with third party green building standards, (b) the expansion of our Energy Star and LEED certified building pool, and (c) updating our sustainability webpage with information regarding any newly awarded LEED and Energy Star certifications as to attract sustainability-oriented tenants.

(iii) Costs

The costs associated with continued voluntary compliance with third party green building standards such as obtaining LEED and Energy Star certifications are estimated at 1% to 5% of the construction cost for new developments and in the tens of thousands of dollars to certify existing product. We do, however, believe this opportunity will eventually produce cost savings in operating expenses and more demand for our product, which could result in additional revenue in the hundreds of thousands of dollars. There are no added costs associated with actions such as updating our sustainability webpage, as the implementation of this method is facilitated through our employees.

6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
	Reputation	Our sustainability efforts and substantial work with the Energy Star program have resulted in HCP being recognized as a leader in the health care real estate sector. We have been recognized by NAREIT in their “Leader in the Light Award” for four of the past five years, including the Innovator Award in 2011. Recognition such as this improves our reputation and increase the value of our properties in the eyes of tenants and investors	Increased demand for existing products/services	Current	Direct	More likely than not	Medium
		Changing consumer behavior such as more interest in green buildings as well as willingness to participate in					

	Changing consumer behaviour	environmentally friendly programs such as recycling and promoting internal awareness through advocating water conservation and energy saving efforts, can result in lower energy consumption and improved occupancy and tenant retention	Reduced operational costs	1-5 years	Direct	More likely than not	Medium

6.1f

Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions

Reputation

(i) Financial Implications

Reputation is an important opportunity associated with sustainability, and being perceived as a sustainable company could produce opportunities with positive financial implications. There is increasing awareness by tenants and investors regarding sustainable buildings and a growing number of tenants and investors who factor climate change information into their leasing and investment decisions. By incorporating sustainability into our business decisions, we have an opportunity to gain new tenants and investors who prefer to do business with more environmentally responsible companies. As a result, if we are able to retain current tenants and investors while attracting new tenants and investors due to such sustainability measures, the financial implication would include increased revenue and investment in our company, estimated to be in the hundreds of thousands of dollars. Additionally, skillful, productive employees are vital to our growth and success, and our ability to attract and retain such employees who factor climate change information into their career decisions is another positive reputational opportunity.

(ii) Opportunity Management Methods

Specific methods we are using to manage these opportunities include (a) our continued voluntary adherence with third party green building standards, (b) expanding our Energy Star and LEED certified properties and (c) updating our sustainability webpage with information regarding any newly awarded LEED and Energy Star certifications as to attract sustainability-oriented tenants and investors.

(iii) Costs

There are higher costs associated with continued voluntary participation in third party green building standards such as obtaining LEED and Energy Star certifications, which we estimate to be 1% to 5% of the total project cost on new construction and in the tens of thousands of dollars for existing product. We do however, believe this opportunity will eventually produce cost savings in operating expenses estimated in the tens of thousands of dollars and more demand for our product, resulting in increased revenue in the hundreds of thousands of dollars. Additionally, there are no added costs associated with actions such as updating our sustainability webpage, as the implementation of this method is facilitated through our employees.

Changing Consumer Behavior

(i) Financial Implications

Changing consumer behavior with respect to sustainability issues presents an opportunity to increase our lease income by appealing to those tenants and investors who prefer to do business with more environmentally responsible companies. The willingness of tenants to participate in our green initiatives and programs may result in lower energy consumption, movement toward a “zero waste” program and a decrease in our carbon footprint. We estimate the positive financial implications resulting from such opportunities to increase lease related income to be in the hundreds of thousands of dollars. Further, the implementation of broad-based efficiency improvements could reduce operating costs and tenant lease costs by hundreds of thousands of dollars.

(ii) Opportunity Management Methods

Specific methods we are using to manage these opportunities include (a) our continued voluntary adherence with third party green building standards, (b) expansion of recycling programs, (c) encouraging tenants to lower thermostats and turn off lights when not needed and (d) updating our sustainability webpage with information regarding any newly awarded LEED and Energy Star certifications as to attract sustainability-oriented tenants and investors.

(iii) Costs

The costs associated with continued voluntary compliance of third party green building standards such as obtaining LEED and Energy Star certifications are estimated to be 1% to 5% of the total project cost on new construction, and in the tens of thousands of dollars for existing product. We do however, believe this opportunity will eventually produce cost savings in operating expenses in the hundreds of thousands of dollars and more demand for our product, resulting in additional revenue in the hundreds of thousands of dollars. Additionally, there are minimal costs to our tenant compliance programs and no added costs associated with actions such as updating our sustainability webpage, as the implementation of this method is facilitated

through our employees. We estimate such costs are less than 1% of project costs.

6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

HCP has not currently identified any climate change opportunities driven by physical parameters that could generate a substantive change in our business operations, revenues or expenditures. Conversely, we take a risk-mitigation approach with respect to changes in physical climate parameters. Our diverse portfolio comprises properties located in a variety of geographic settings, which assists in limiting our overall exposure to the effects of any physical parameters. Given the unpredictability associated with the physical parameters related to climate change, we cannot currently identify or assess any opportunities related thereto, as is typical for companies within our industry.

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]

Page: 7. Emissions Methodology

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Sat 01 Jan 2011 - Sat 31 Dec 2011	25694	207500

7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

7.2a

If you have selected "Other", please provide details below

7.3

Please give the source for the global warming potentials you have used

Gas	Reference
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
CO2	IPCC Second Assessment Report (SAR - 100 year)

7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Natural gas	117.69	lb CO2e per million BTU	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009
Diesel/Gas oil	22.40	lb CO2e per gallon	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009
Motor gasoline	19.56	lb CO2 per gallon	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009

Page: 8. Emissions Data - (1 Jan 2011 - 31 Dec 2011)

8.1
Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Operational control

8.2a
Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

25694

8.3a
Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

207500

8.4
Are there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

Yes

8.4a
Please complete the table

Source	Scope	Explain why the source is excluded
Refrigerants	Scope 1	Refrigerants used in Heating, Ventilation, and Air Conditioning (HVAC) equipment and in HCP owned vehicles were not included for year 2011 due to lack of data. While we estimate that these emissions are a very small percentage of emissions within our boundary, they will be included in future reporting.

8.5
Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope 1 emissions: Uncertainty range	Scope 1 emissions: Main sources of uncertainty	Scope 1 emissions: Please expand on the uncertainty in your data	Scope 2 emissions: Uncertainty range	Scope 2 emissions: Main sources of uncertainty	Scope 2 emissions: Please expand on the uncertainty in your data
More than 5% but less than or equal to 10%	Metering/ Measurement Constraints	Gas at several facilities is allocated between property under our operational control (e.g., MOB) and property not under our control (e.g., the associated hospital) based on estimates of usage. These estimates were originally based on metering.	More than 5% but less than or equal to 10%	Metering/ Measurement Constraints	Electricity at several facilities is allocated between property under our operational control and property not under our control based on estimates of usage. These facilities account for approximately 6% of our total energy usage, and therefore we chose “more than 5% but less than 10%”. These estimates were originally based on metering.

8.6
Please indicate the verification/assurance status that applies to your Scope 1 emissions

Not verified or assured

8.7
Please indicate the verification/assurance status that applies to your Scope 2 emissions

Not verified or assured

8.8
Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

Page: 9. Scope 1 Emissions Breakdown - (1 Jan 2011 - 31 Dec 2011)

9.1
Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

No

9.2
Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By GHG type

9.2c
Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	25631
CH4	2.3
N2O	0.05

Page: 10. Scope 2 Emissions Breakdown - (1 Jan 2011 - 31 Dec 2011)

10.1
Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

No

10.2
Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

Page: 11. Emissions Scope 2 Contractual

11.1
Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?

Yes

11.2
Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?

No

Page: 12. Energy

12.1
What percentage of your total operational spend in the reporting year was on energy?

More than 15% but less than or equal to 20%

12.2
Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year

Energy type	MWh
Fuel	126407
Electricity	364771
Heat	0
Steam	1847
Cooling	0

12.3
Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

Fuels	MWh
Natural gas	124333
Diesel/Gas oil	480
Motor gasoline	1585
Propane	9

Page: 13. Emissions Performance

13.1
How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

This is our first year of estimation

13.2
Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
0.000514690	metric tonnes CO2e	unit total revenue	0	N/A	For the purposes of this calculation, we have excluded GHG emissions associated with facility exterior lighting and vehicle fuels; these sources comprise 0.5% of HCP's total footprint and are not directly tied to unit total revenue. Note that this is HCP's first year for reporting, so we cannot yet comment on % change or direction from previous year.

13.3
Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
1578	metric tonnes CO2e	FTE Employee	0	N/A	For the purposes of this calculation, we have excluded GHG emissions associated with facility exterior lighting and vehicle fuels; these sources comprise 0.5% of HCP's total footprint and are not directly tied to FTE employee. Note that this is HCP's first year for reporting, so we cannot yet comment on % change or direction from previous year.

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Reason for Change
0.012985732	metric tonnes CO2e	square foot	0	N/A	For the purposes of this calculation, we have excluded GHG emissions associated with facility exterior lighting and vehicle fuels; these sources comprise 0.5% of HCP's total footprint and are not directly tied to facility square footage. Note that this is HCP's first year for reporting, so we cannot yet comment on % change or direction from previous year.

Page: 14. Emissions Trading

14.1

Do you participate in any emission trading schemes?

No, and we do not currently anticipate doing so in the next two years

14.2

Has your company originated any project-based carbon credits or purchased any within the reporting period?

No

Page: 2012-Investor-Scope 3 Emissions

15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
		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	

Employee commuting	449	commute. HCP estimates that the average distance traveled for a commute for each employee is 16.5 miles (one-way), which results in a total commuting distance of 33 miles per day. In addition, HCP estimates that its 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, HCP utilized the GHG Protocol Emissions from Mobile Sources Tool (World Resources Institute, 2008, GHG Protocol tool for mobile combustion, version 2.3) 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 3.058 metric tonnes CO2e per employee (excluding biofuel CO2). Multiplying this result by the number of HCP employees (147) results in total emissions of 449 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.	

15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Not verified or assured

15.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

No, this is our first year of estimation

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

Thomas M. Klaritch