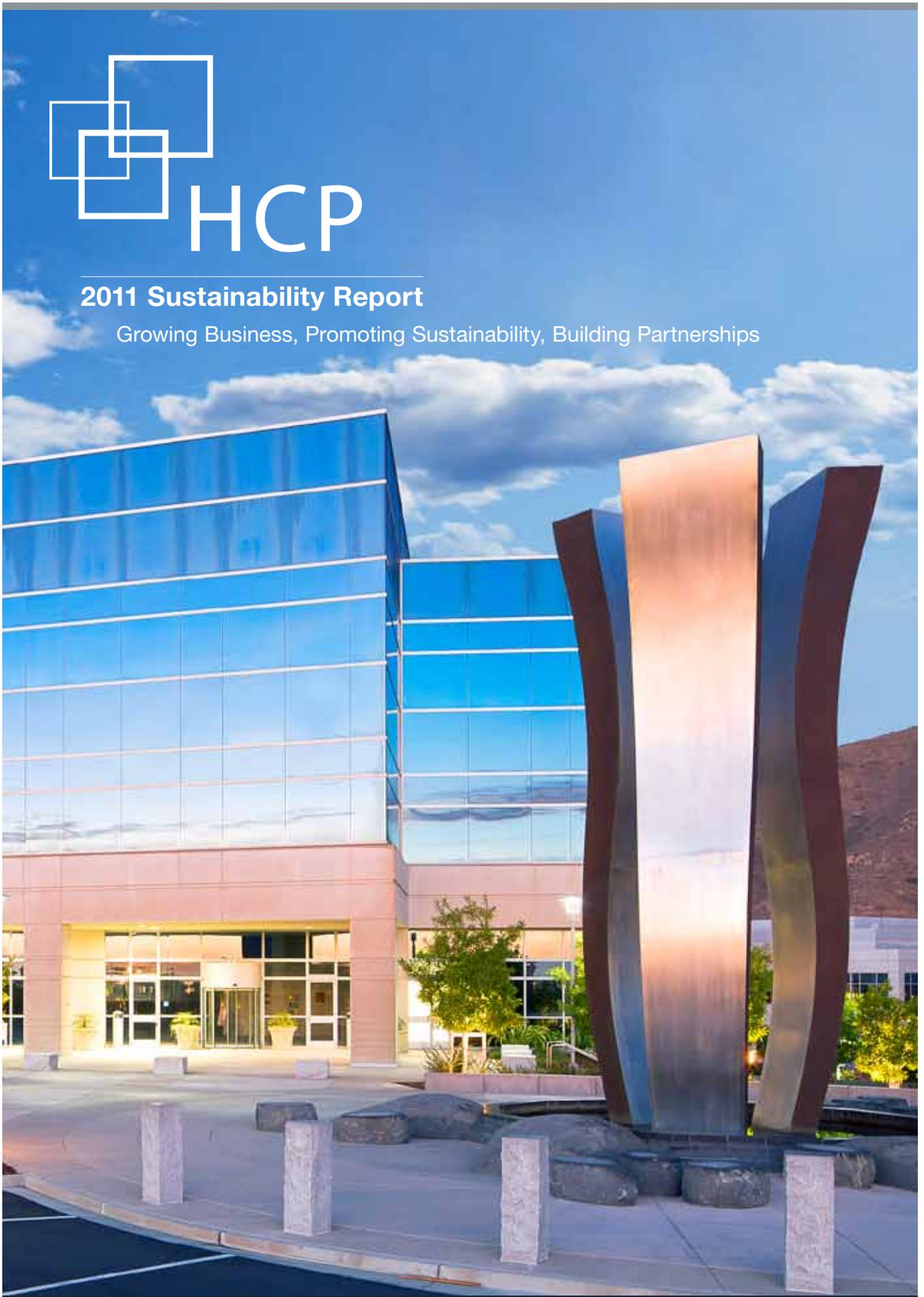




2011 Sustainability Report

Growing Business, Promoting Sustainability, Building Partnerships





Front and back cover:
Oyster Point II Life Science Building
South San Francisco, CA

On Inside Front Cover and Page 1:
Soledad Life Science
San Diego, CA

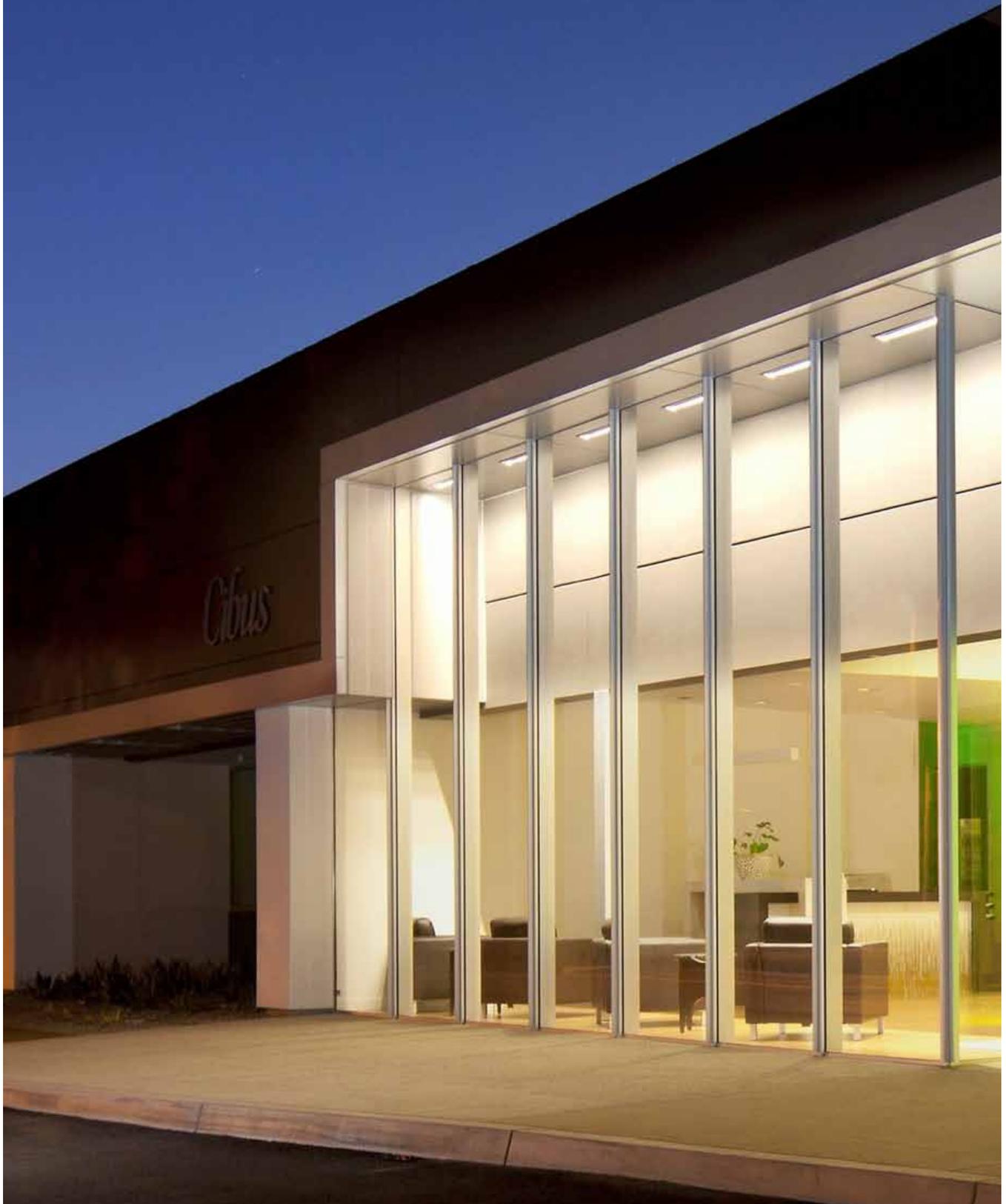


Table of Contents

A Letter from Our CEO	2
Our Sustainability Vision & Value Proposition	5
Our Business	9
Our Leadership	23
Our Responsibility to the Environment	35
Our Social Responsibility	57
Our Economic Responsibility	71
GRI Content Index & Level Declaration	82
Appendix I: Measurement Methodologies	88



A Letter from Our CEO

Despite global economic uncertainty in 2011, HCP continued to prosper. We demonstrated strong performance in many areas, including continued integration of sustainability practices into the everyday culture of our organization. Our sustainability efforts resulted in reduced energy and natural resource consumption across our portfolios.

Resource conservation, waste minimization, and reduction of greenhouse gas emissions were the key priorities that we identified and implemented throughout our business operations during 2011. We created a management level Sustainability Committee to support strategic initiatives and planning, as well as an Energy Team comprised of employees and third-party operators and property managers. The Energy Team focused on developing energy reduction initiatives and adopting best practices across our portfolio. Highlights of our 2011 accomplishments include:

- Achieved leadership in the number of Medical Office Building (MOB) ENERGY STAR certifications for facilities (inside and outside our boundary) with a total of 17 ENERGY STAR labels. In the second quarter of 2011, HCP was recognized by the Environmental Protection Agency (EPA) as having the most ENERGY STAR certifications in the MOB category by any property owner.
- Reduced energy consumption by 3% in 2011, and 13% since the beginning of our participation in the ENERGY STAR program in 2006, across all properties benchmarked in the ENERGY STAR Portfolio Manager.
- Decreased utility expenses in 2011 by \$1.4 million on a same-property basis versus 2010 in our MOB portfolio.
- Received awards from the Leader in the Light program, sponsored by the National Association of Real Estate Investment Trusts (NAREIT), in four of the last five years, including the Innovator of the Year Award in 2011.
- Finished first (1st) in the MOB category and eighth (8th) overall out of 245 buildings in ENERGY STAR's 2011 National Building Competition with our Thornton MOB in Thornton, Colorado. This building reduced energy consumption by nearly 34% year over year, resulting in more than \$100,000 in energy savings.

Our vision to minimize waste and reduce emissions allows us to protect the environment, as well as capture advantages in the competitive landscape. These business practices are integrated throughout our operations, from green building design, to ongoing operation and maintenance of our buildings.

Additionally, HCP is dedicated to conducting its business consistent with the highest standards of business ethics

and distinguishing our Company as a good corporate citizen benefits everyone by improving the quality of life locally, nationally, and globally.

At HCP, we embrace sustainability as one of the eight core values of our business. We believe that sustainability represents a key driver of innovation that provides opportunities to increase the value of our Company for our stakeholders and positively transforms our business to improve our environment, society and corporate governance.

I welcome you to explore this report to learn more about our Company and the sustainability issues that affect our Company and our stakeholders most—including our efforts to address these issues in the short-, medium-, and long-term. We look forward to continuing our positive momentum, building upon this inaugural sustainability report, and expanding upon our ever-increasing comprehensive efforts year by year.

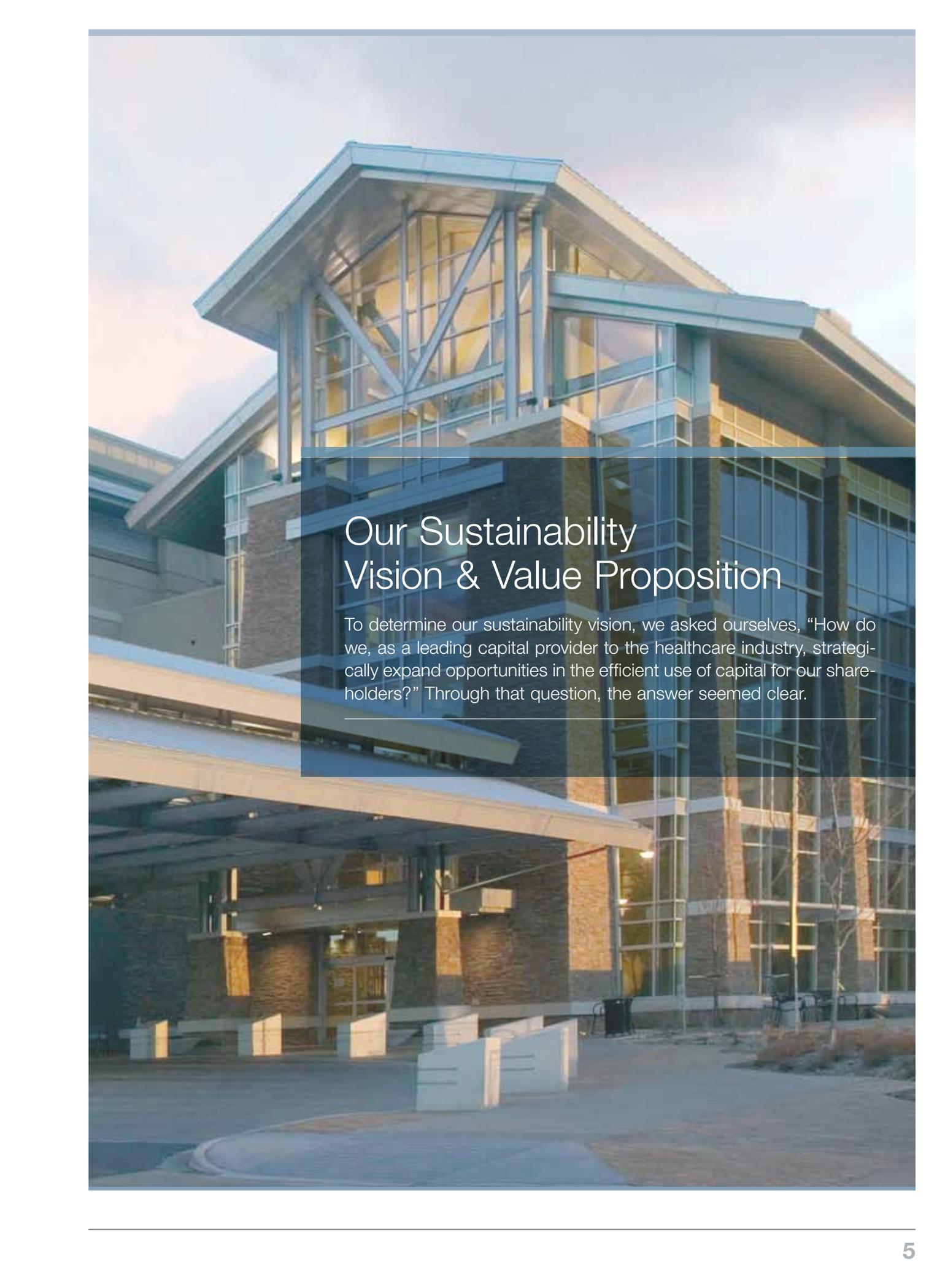
Sincerely,

James F. Flaherty III
Chairman of the Board,
Chief Executive Officer & President



Parker Adventist MOB
Parker, CO





Our Sustainability Vision & Value Proposition

To determine our sustainability vision, we asked ourselves, “How do we, as a leading capital provider to the healthcare industry, strategically expand opportunities in the efficient use of capital for our shareholders?” Through that question, the answer seemed clear.



We want to improve the lives of tenants, residents, and patients, while finding solutions to a shrinking healthcare dollar. We are on the leading edge of healthcare real estate investment; our focus is to join with our tenant and operator partners to ensure that all facilities will be run with excellence and sustainable business practices that take advantage of innovative opportunities and best practices.

We understand the challenge ahead as we look to create balance between equipping facilities with technologically advanced features, and competing for price and range of services offered. Additionally, we look to safeguard the needs of the end-user, while improving efficiencies and minimizing our impacts on the world. In the short-term, we intend to expand our green building practices by replicating successes in new construction and established facilities throughout our portfolio. We will continue to seek LEED and ENERGY STAR certifications as we strive to ensure the health of those that visit, live, and work in our facilities, while also promoting environmental health through the choices we

make. In the next three to five years, we will aim to formalize best practices tested in the field by expanding our policies and procedures for those who carry out the day-to-day sustainability duties of HCP. **By documenting our performance and achievements, we will be able to identify areas for improvement and craft long-term strategies, so that we may continue to grow and prosper.**

*We are partners with our tenants.
When they succeed, we succeed.*

Tom Klaritch

Executive Vice President of
Medical Office Properties & Sustainability
Committee Chair

Figure 1: HCP Sustainable Value Proposition

“Our Environmental Responsibility”	HCP has made great strides in integrating environmentally responsible practices into our organization. We are committed to building upon our successful sustainability efforts and have already made significant progress in reducing energy and natural resource consumption across our portfolio.
“Our Social Responsibility”	<p>We believe that diversity, equality, and inclusion are critical to a positive environment for our employees. We are committed to promoting workforce diversity and providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, or veteran status. We also provide competitive compensation, development opportunities, and benefits to employees, including health benefits, paid time off, and long-term incentives.</p> <p>We are equally committed to the greater health of society. By supporting our customers, tenants, residents, and patients through best-in-class buildings and management services, we are able to promote healthy and sustainable communities.</p>
“Our Economic Responsibility”	HCP is committed to contributing to and stimulating economic growth. We do this by exerting economically responsible practices throughout the organization to deliver profitability and strong investment returns to our shareholders, and deliver value to our tenants and the communities in which we are located. We will build upon our efforts in order to make continued and significant progress in this area.

We know that sustainability is important to our stakeholders. Our tenants and operators have an ever-increasing awareness and demand for sustainable buildings and there are a growing number of institutional and retail investors who factor sustainability data and climate change information into investment decisions. These stakeholder attitudes and our core values have driven HCP towards expanding our sustainability initiatives.

We are specifically attentive to the following opportunities related to sustainability:

- Our reputation as a sustainable company contributes to the overall success of our business.
- Incorporating sustainability into our decisions allows us to attract and retain tenants and investors who prefer to do business with environmentally responsible companies.

Given the business we are in, the majority of our activities fall within the environmental pillar of sustainability. Building retrofits help us combat climate change one project at a time. Opportunities for cost savings created from retrofits, have allowed us to avoid (i) increased cooling and heating expenses, (ii) more frequent payments of insurance deductibles due to damage to our buildings, and (iii) the possibility of higher premiums due to increased claims that stem from extreme weather conditions including changes in mean temperatures, precipitation extremes and droughts. Many of

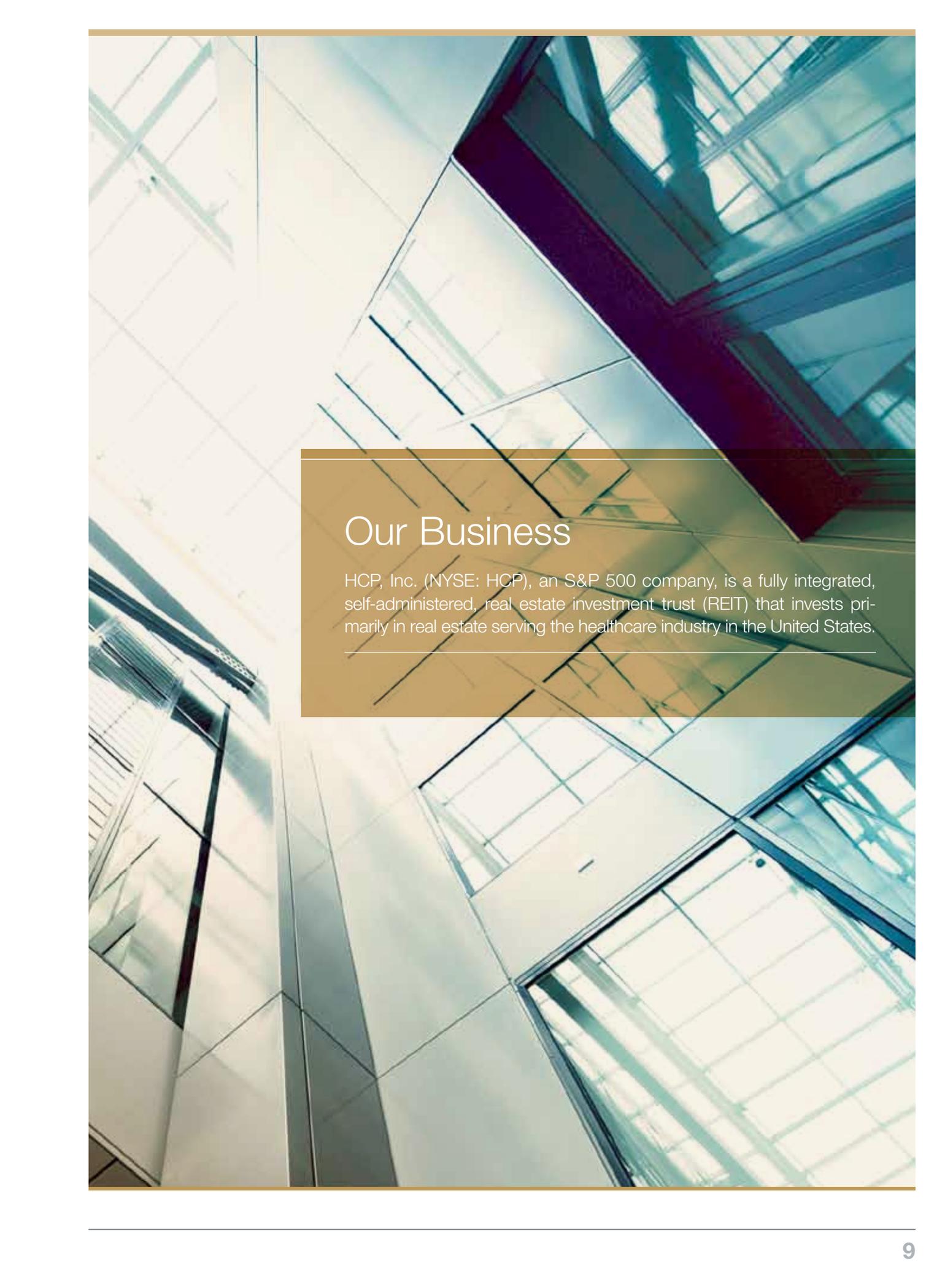
our properties located across the United States are vulnerable to these types of impacts and staying proactive is the responsible choice.

In order to benefit from these opportunities HCP has:

- Implemented energy saving measures such as the installation and use of energy efficient equipment throughout our properties.
- Instituted company-wide practices such as water conservation and energy saving procedures.
- Negotiated competitive insurance rates through a bidding process to reduce the risk of more frequent payments of insurance deductibles and higher premiums.
- Purchased business interruption insurance to assist with restoration of disrupted services.
- Established emergency preparedness and business continuity plans to minimize risks of temporary business disruption.

These actions, coupled with the publication of our first sustainability report, participation in the Carbon Disclosure Project (CDP), and participation in the Global Real Estate Sustainability Benchmark (GRESB), make our sustainability efforts more transparent while improving our reputation and building confidence in our shareholders, customers and other stakeholders.





Our Business

HCP, Inc. (NYSE: HCP), an S&P 500 company, is a fully integrated, self-administered, real estate investment trust (REIT) that invests primarily in real estate serving the healthcare industry in the United States.

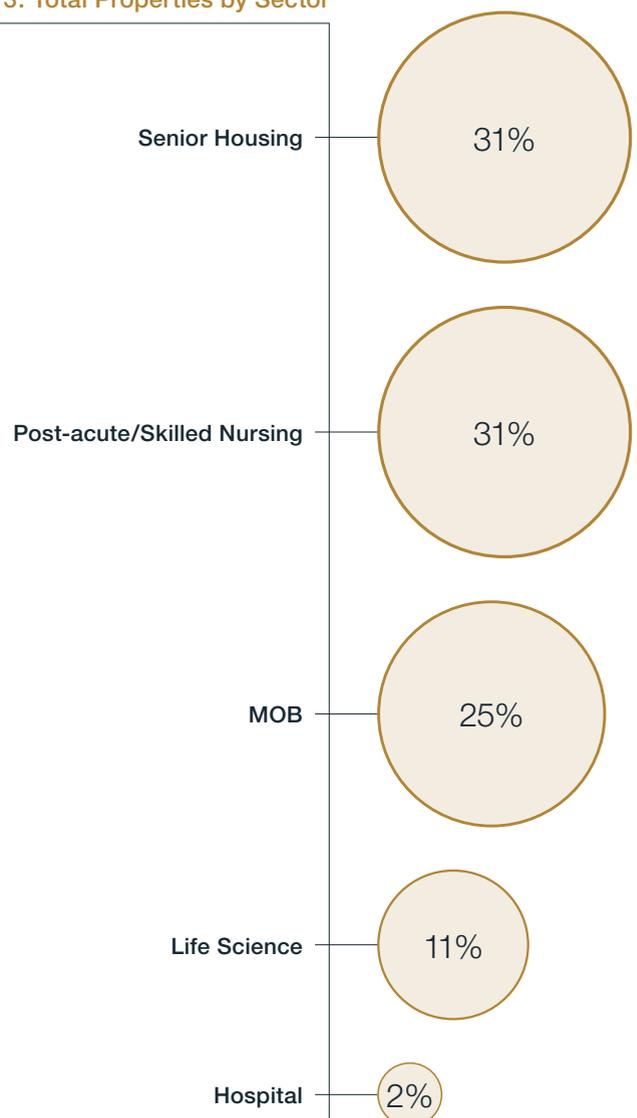
Product and Services

HCP acquires, develops, leases, sells, and manages healthcare real estate. In addition, HCP provides mortgage and other financing to healthcare providers.



Summit MOB II
Hermitage, TN

Figure 3: Total Properties by Sector



HCP has one of the largest and most diversified portfolios of any healthcare REIT. Our investment portfolio includes 1,010 facilities spanning across 46 states (see Figure 4 for properties within report boundary). We focus on the principle healthcare sectors, including senior housing, post-acute/skilled nursing, life science, medical office, and hospital.

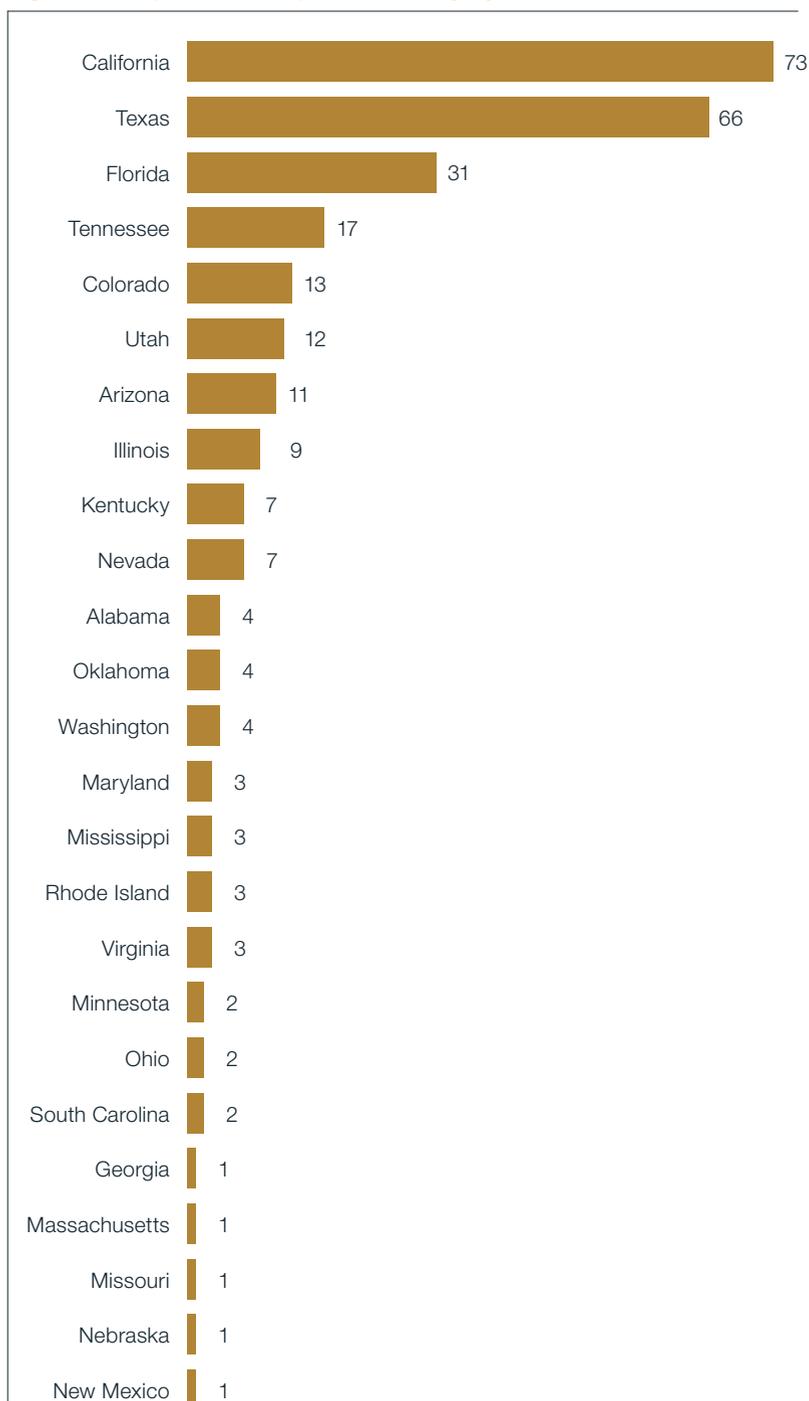
We believe in maintaining a wide portfolio of healthcare investment products in order to reduce the potential for risks that could materially affect HCP. This strategic approach, referred to as our 5x5 business model, allows us to persevere—even in times of volatility that could lead to instability in various market sectors. Figure 3 shows the percentage of each of these sectors within our portfolio as of December 31, 2011.

As of December 31, 2011, our portfolio of properties, including properties owned by unconsolidated joint ventures, consisted of 314 facilities in senior housing, 313 in post-acute/skilled nursing, 108 in life science, 254 in medical office and 21 in the hospital sectors. Of these facilities, we maintain operational control over 261 buildings in the life science and medical office building (MOB) portfolios as well as 20 assisted living facilities (see Figure 2).



Point Eden I Life Science Building
Hayward, CA

Figure 4: Properties in Report Boundary by State





Plano III MOB
Plano, TX

Figure 5: HCP Portfolio

Senior Housing	Post-Acute/Skilled Nursing Facilities	Life Science	Medical Office Buildings (MOBs)	Hospitals
<p>Caters to different segments of the elderly population based upon their needs. Facilities include:</p> <ul style="list-style-type: none"> • Independent Living Facilities (ILFs) • Assisted Living Facilities (ALFs) • Continuing Care Retirement Communities (CCRCs) 	<p>Offers restorative, rehabilitative, and custodial nursing care. Services include:</p> <ul style="list-style-type: none"> • Occupational therapy • Physical therapy • Speech therapy • Respiratory therapy • Intravenous therapy • Wound care • Oncology treatment • Brain injury care • Orthopedic therapy 	<p>Configured in business park formats, Life Science properties include laboratory and office space for:</p> <ul style="list-style-type: none"> • Biotechnology • Pharmaceutical companies • Scientific research institutions • Government agencies. • Other organizations associated with life science 	<p>Medical office buildings typically contain physician offices and examination rooms, and may also include:</p> <ul style="list-style-type: none"> • Oncology centers • Pharmacies • Hospital ancillary service space • Diagnostic centers • Rehabilitation clinics • Day surgery operating rooms 	<p>Hospital operators and tenants of hospital properties provide services including:</p> <ul style="list-style-type: none"> • Acute care hospitals • Long-Term Acute Care Hospitals (LTACHs) • Specialty Hospitals • Rehabilitation Hospitals

HCP makes investments within its healthcare sectors using five investment products: properties under lease, debt investments, developments and redevelopments, investment management, and REIT Investment Diversification and Empowerment Act (RIDEA) investments (our RIDEA investments currently include senior housing operations).

Our investment decisions are based on three principles: (i) opportunistic investing, (ii) portfolio diversification, and (iii) conservative financing.

With investments in multiple sectors and investment products in various sectors, we can leverage opportunities that will position us well to meet our overall strategic goal of driving growth and supporting innovation in the healthcare industry.

Figure 6: 5x5 Business Model
Multiple Pathways to Create Ownership Interests in Real Estate

	Senior Housing	Post-Acute/Skilled Nursing	Life Science	Medical Office	Hospital
Real Estate	■	■	■	■	■
Joint Venture	■	■	■	■	—
Development	■	—	■	■	—
Debt Investment	■	■	—	—	■
RIDEA-TRS	■	—	—	—	—

■ Current ■ Potential — Unlikely

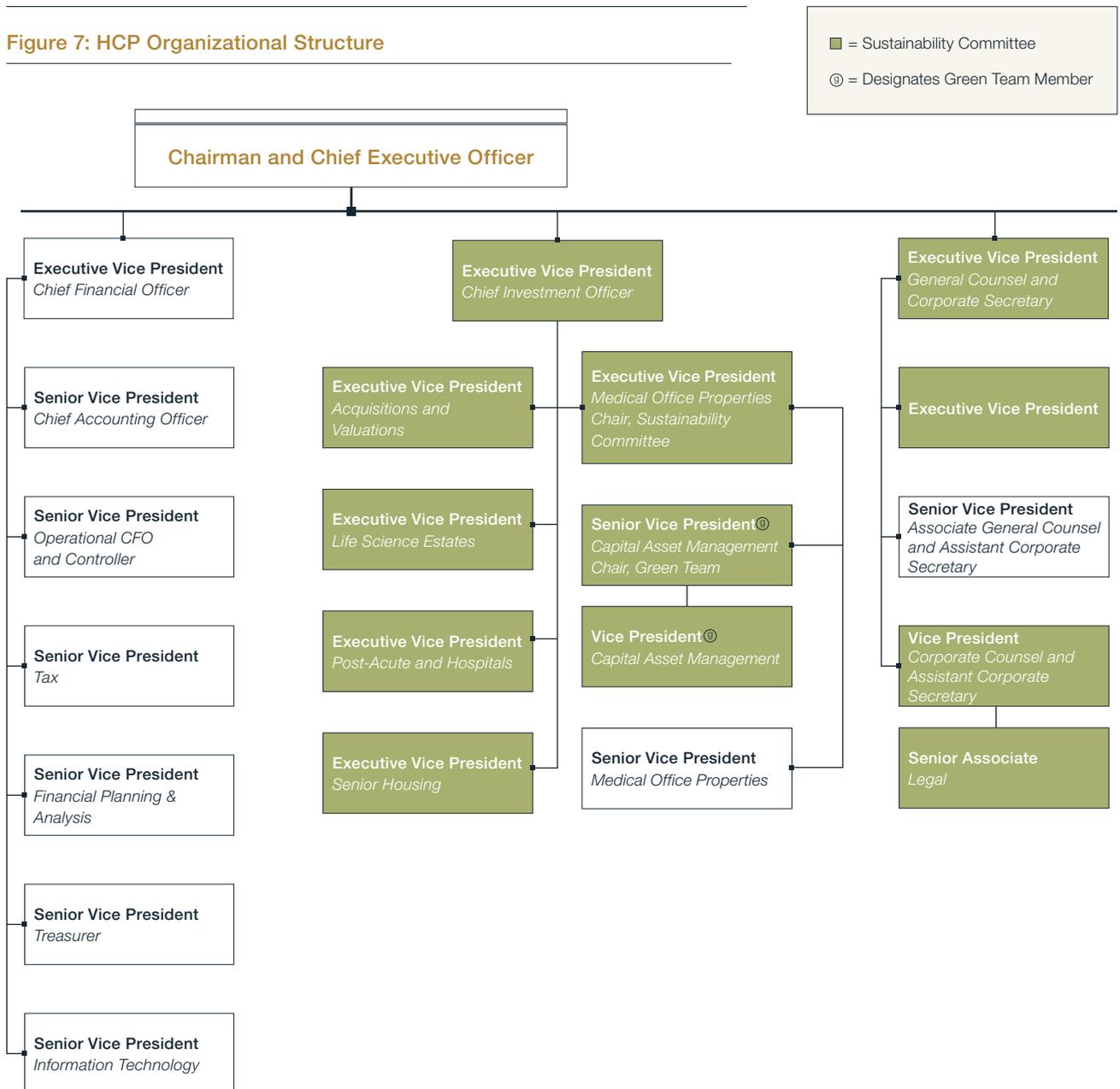
Our Company has continued to grow through acquisitions and internal expansion. The following highlights HCP's activities in 2011:

- Closed \$7.0 billion of investments, led by our \$6.1 billion acquisition of HCR ManorCare's real estate assets, consisting of 268 post-acute/skilled nursing facilities and 66 assisted living facilities located in 30 states.
- Accessed the public markets to raise over \$3.7 billion in capital and renewed our \$1.5 billion revolving line of credit facility.
- Completed a venture with Brookdale Senior Living, Inc. (Brookdale) that included 37 HCP-owned senior living communities previously leased to or operated by Horizon Bay Retirement Living (Horizon Bay). As part of this transaction, Brookdale acquired Horizon Bay.
- Received \$330 million from the early payoff of our Genesis debt investments, realizing a 40% annualized internal rate of return.
- Obtained credit upgrades from Fitch and Moody's and placed on positive credit watch by S&P.
- Completed 2.8 million sq. ft. of medical office and life science leasing with a retention rate of 75%, resulting in an increase in occupancy to 91%.
- Executed five senior housing loan commitments to fund a total of \$101 million of construction financing.
- Acquired our partner's 65% interest in a joint venture that owned 25 senior housing facilities, becoming the sole owner of the portfolio.
- Sold three senior housing facilities located in California for \$19 million, recognizing gain on sales of real estate of \$3.1 million.

Our Organizational Structure

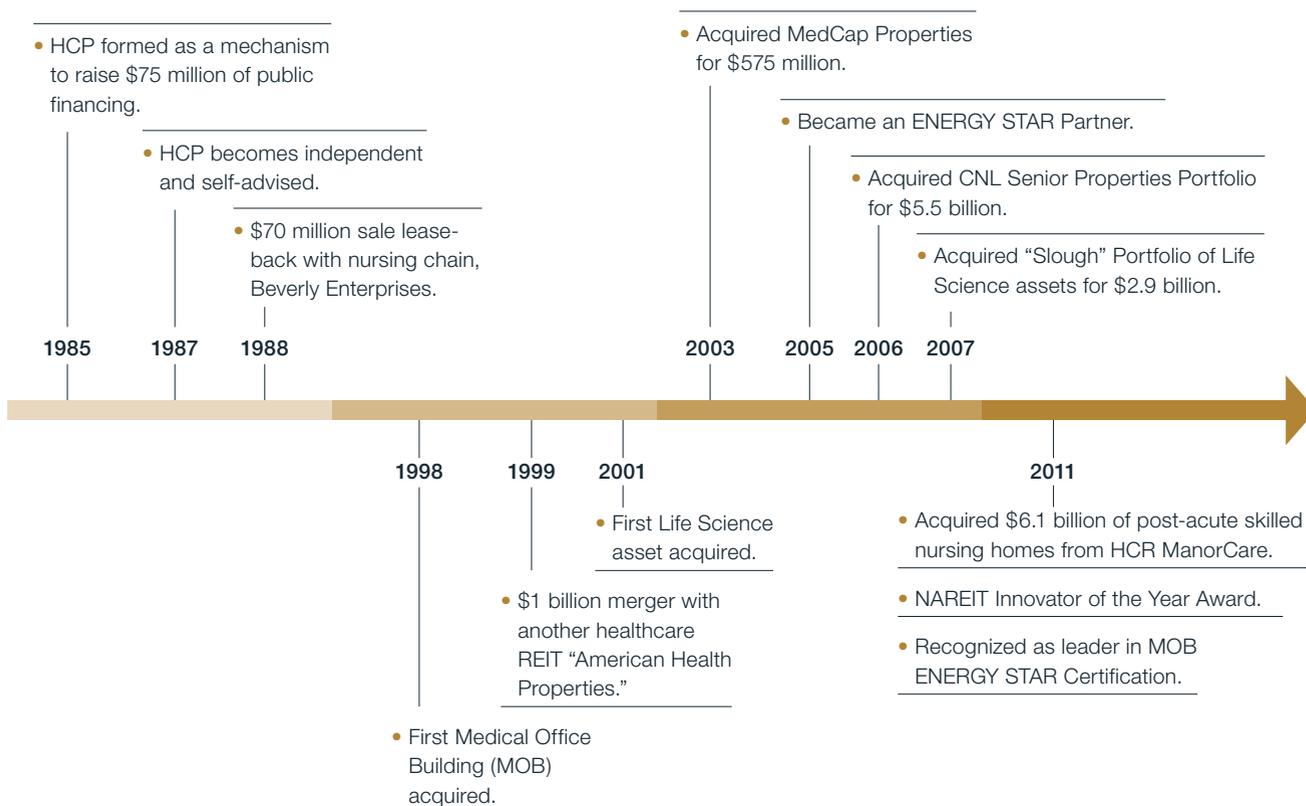
Our 147 employees are supported by the strength of our organizational core as seen below.

Figure 7: HCP Organizational Structure



Company Timeline

Figure 8: Company Timeline



Transaction Values and Notes

1985:

Our initial public offering occurred in May 1985. The first transaction involved National Medical Enterprises (NME), now known as Tenet. NME sold 1 hospital and 22 post-acute skilled nursing homes to HCP and subsequently HCP leased them back to NME affiliates. The deal was worth roughly \$75 million and NME maintained a 9.9% interest.

1986–1987:

The affiliation with NME was maintained for a year. HCP then separated and became self-advised. NME sold its interest and HCP became entirely independent. To this day, HCP owns the hospital that was leased by NME in the original portfolio.

1988:

Beverly Enterprises transaction worth approximately \$70 million. More sale leasebacks occurred in the hospital and post-acute/skilled nursing space.

2001:

First Life Science acquisition worth \$126 million.

2003:

MedCap Properties acquisition worth \$575 million for 113 Medical Office Properties.

2006:

We enlarged our portfolio of Senior Housing Properties through our acquisition of CNL worth \$5.5 billion.

2007:

Acquired Slough Estates USA, Inc. Life Science portfolio for approximately \$2.9 billion.

2011:

Acquired 334 post-acute/skilled nursing and assisted living facilities from HCR ManorCare worth \$6.1 billion.

Diversification

We believe in maintaining a portfolio of investments diversified by segment, geography, operator, tenant, and investment product. Consistent with our 5x5 business strategy, diversification reduces the likelihood that a single event would materially harm our business and allows us to take advantage of opportunities in different markets based on individual market dynamics.

While pursuing our strategy of diversification, we monitor, but do not limit the percentage of total assets invested in any one property type or product, geographic location, the number of properties leased to a single operator or tenant, or loans made to a single borrower. With investments in multiple sectors and investment products, we can focus on opportunities with the most attractive risk/reward profile for the portfolio as a whole. The following figures 9, 10, & 11 set forth leased properties by geographic diversification, assets under management, and operator/tenant diversification as of December 31, 2011.

Figure 9: Leased Properties

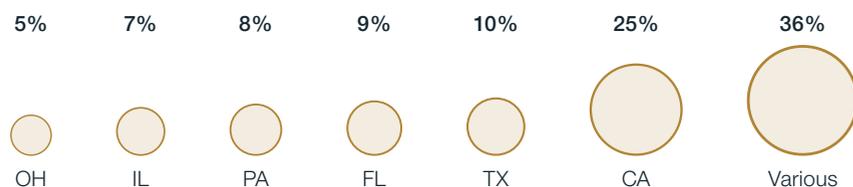


Figure 10: Assets Under Management

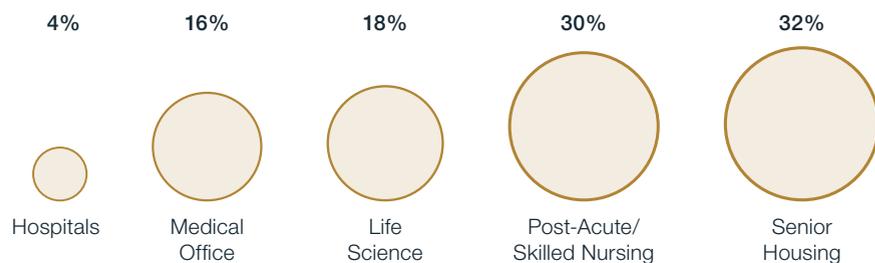
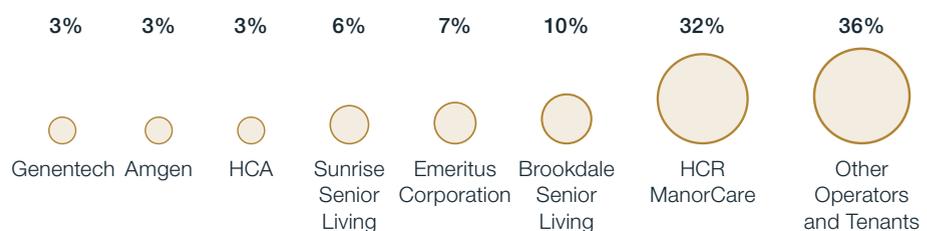


Figure 11: Operator/Tenant Diversification



Ownership

The following table sets forth the beneficial ownership of HCP common stock as of the record date by each person who is known to us to be the beneficial owner of more than 5% (as of December 31, 2011) of our outstanding common stock.

Figure 12: Beneficial Ownership

Name of Beneficial Owner	Number of Shares	% O/S
The Vanguard Group, Inc. and affiliates, 100 Vanguard Blvd., Malvern, PA 19355	38,803,847	9.5%
BlackRock, Inc., 40 East 52nd Street, New York, NY 10022	30,090,275	7.4%
Cohen & Steers, Inc. and affiliates, 280 Park Avenue, 10th Floor, New York, NY 10017	27,730,858	6.8%
State Street Corporation, One Lincoln Street, Boston, MA 02111	25,248,985	6.2%

Figure 13: Financial Highlights in thousands of dollars. Ref.: 2011 Annual Report

Financial Figures	2009	2010	2011
Total Revenues	1,146,749	1,253,454	1,725,386
Income from Continuing Operations	102,645	320,719	550,332
Total Assets (Long-lived)	12,209,735	13,331,923	17,408,475
Total Debt	5,656,143	4,646,345	7,722,619
Shareholders' Equity	5,958,609	8,146,047	9,220,622

External Standards and Industry Associations

HCP has subscribed to several externally developed environmental principles and initiatives in addition to those developed internally.

This is demonstrated by our commitment as an ENERGY STAR Partner and our ownership of a large number of facilities with ENERGY STAR and LEED Certifications. Our commitment to environmental performance is also demonstrated through our commitment and endorsement of the following initiatives:

- 1. The Carbon Disclosure Project (CDP)**—accelerates solutions to climate change by putting relevant information at the heart of business, policy and investment decisions.
- 2. The Global Real Estate Sustainability Benchmark Survey (GRESB)**—assesses the environmental and social performance of public and private real estate investments.
- 3. Leader in the Light Award Program**—each year, the National Association of Real Estate Investment Trust's (NAREIT) Leader in the Light award program honors its member companies which have demonstrated superior and sustained portfolio-wide energy use practices and sustainability initiatives. NAREIT has integrated its Leader in the Light program framework into the GRESB platform. NAREIT is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets.
- 4. U.S. Environmental Protection Agency's (EPA) ENERGY STAR Program**—a joint program between the U.S. Environmental Protection Agency and the U.S. Department of Energy aimed at protecting the environment through efficient products and management practices.

Our Executive Management's commitment to mobilizing sustainability awareness and action within our industry is clear as Mr. Flaherty serves on the Board of Governors of NAREIT, and Mr. Klaritch serves on NAREIT's sustainability committee demonstrating HCP's sustainability leadership and giving HCP added insight to sustainability issues relative to the real estate sector. Our Sustainability Committee and Green Team oversees the application of all other voluntary initiatives.

HCP adheres to all compliance measures and government regulations related to human rights, worker safety, labor conditions, and other social expectations and standards. Moving forward, we aim to strengthen our overall commitment to sustainability by initiating further alignment to voluntary economic and social charters and principles.



Awards and Recognition

HCP's commitment to sustainability has not gone unnoticed. Awards and certifications we received related to sustainability during 2011 include:

HIGHLIGHTS OF AWARDS AND CERTIFICATIONS

ENERGY STAR Awards.

An ENERGY STAR certified facility meets strict energy performance standards set by the U.S. Environmental Protection Agency (EPA), uses less energy, is less expensive to operate and produces fewer greenhouse gas emissions than its peers. ENERGY STAR labels are awarded by the EPA to recognize facilities that meet such energy performance standards. In 2011, HCP was recognized as the leader in ENERGY STAR certifications for the Medical Office Building (MOB) category. HCP has continued to improve its benchmarking effort by increasing the number of buildings tracked in the ENERGY STAR Portfolio Manager from 166 in 2009, to 398 in 2011 (representing a 140% increase for buildings inside and outside our boundary) by expanding the ENERGY STAR program into its Life Science and Senior Housing portfolios. Additionally, HCP worked with the EPA to develop and add a new category (Senior Housing) to the ENERGY STAR program.



2011 National Building Competition: Battle of the Buildings.

Competitors measured and tracked their building's monthly energy consumption using EPA's ENERGY STAR online energy tracking tool, Portfolio Manager. Finished first in the Medical Office Building (MOB) category and 8th overall out of 245 buildings in ENERGY STAR's National Building Competition with our Thornton MOB in Thornton, Colorado. This building reduced energy consumption by nearly 34%, resulting in more than \$100,000 in energy savings.



North Central Medical Plaza
Dallas, TX



Thornton MOB
Thornton, CO



National Association of Real Estate Investment Trusts (NAREIT) Awards.

NAREIT's annual Leader in the Light award recognizes companies that demonstrate excellence in energy efficiency and expense management. HCP received awards in NAREIT's Leader in the Light program in four of the last five years, including the Innovator of the Year Award in 2011.



Leadership in Energy and Environmental Design (LEED) Certifications.

The U.S. Green Building Council (USGBC) developed the LEED certification program to include independent, third-party verification for those buildings designed and built using strategies to achieve high performance in key areas of human and environmental health, including sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. HCP was awarded the following LEED certifications:

- 2010: LEED Silver certification at our Madison Medical Tower MOB in Seattle, Washington.
- 2011: LEED Commercial Interiors certification at our Point Eden IV building in Hayward, California.



Point Eden IV Life Science Building
Hayward, CA







Our Leadership

We believe that effective corporate governance is an important component of achieving our business objectives and properly managing risk. We have implemented governance best practices to address initiatives that are important to our Company, shareholders, and other stakeholders.



Plano Pediatric
Plano, TX

HCP is governed by a Board of Directors (Board) that is elected by our shareholders. Our Directors are well-respected businesspersons with a complementary mix of industry experience, skills, and perspectives. The size of the Board should enable each Director to participate meaningfully and allow for diverse perspectives. However, the quality, experience and balance of perspectives on the Board are more important to us than achieving a specific size target.

↘ HCP’s Board of Directors is currently comprised of two women and six men, totaling eight members, seven of whom are “independent Directors” under NYSE rules.

Figure 14: Board of Directors

James F. Flaherty III	Chairman of the Board of Directors and Chief Executive Officer and President HCP, Inc.
Christine N. Garvey	Former Global Head of Corporate Real Estate Services, Deutsche Bank AG
David B. Henry	Vice Chairman, President and Chief Executive Officer, Kimco Realty
Lauralee E. Martin	Chief Operating and Financial Officer, Jones Lang LaSalle Incorporated
Michael D. McKee	Chief Executive Officer of Bentall Kennedy U.S., L.P.
Peter L. Rhein	Partner, Sarlot & Rhein
Kenneth B. Roath	Chairman Emeritus and Former Chief Executive Officer, HCP, Inc.
Joseph P. Sullivan	Chairman of the Board of Advisors, Rand Health

Expectations of Directors

The business and affairs of HCP are managed or under the direction of the Board in accordance with Maryland law. In performing their duties, the primary responsibility of the Directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of Directors to promote the discharge of this responsibility and the efficient conduct of the Board's business, including:

- 1. Commitment and Attendance:** Directors should make every effort to attend the four regularly scheduled quarterly meetings of the Board, including the Company's annual meeting of shareholders and all other scheduled meetings and committees of which they are members.
- 2. Participation in Meetings:** Each Director should be sufficiently familiar with the business of the Company and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves.
- 3. Loyalty and Ethics:** All Directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a Director. Our Code of Business Conduct & Ethics includes a compliance program that addresses activities of Directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company.
- 4. Communications:** Management speaks for the Company and inquiries from institutional investors, the media, employees and others should be referred to the CEO or other appropriate officers of the Company. Individual Directors may from time to time meet with various constituencies of the Company, but the Board expects that this would be done only with its concurrence or that of management.
- 5. Other Directorships:** Directors should advise the chair of the Nominating and Corporate Governance Committee and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliations with other businesses or governmental units. Directors may not, however, serve on the board of directors of more than four other public companies, and the CEO may not serve on the board of directors of more than two other public companies.
- 6. Confidentiality:** The proceedings and deliberations, along with materials provided in connection therewith, of the Board and its committees are confidential. Each Director shall maintain the confidentiality of non-public information received in connection with his or her service as a Director.
- 7. Assessing the Board's Performance:** The Board continuously assesses its performance through its actions in guiding the affairs of the Company. Any Director is free at any time to comment on the Board's performance. The Board also conducts an annual self-assessment of its performance, as well as the performance of each committee of the Board.

Ethics

HCP strives to conduct business honestly, fairly, and with integrity. We believe that effective corporate governance is an important component of achieving our business objectives and properly managing risk. The establishment of the following best practices for our Board addresses governance initiatives that are important to all of our stakeholders.

- **Business Practices:** HCP is dedicated to conducting our business consistent with the highest standards of business ethics, requiring that our Directors, officers, and employees comply with our Code of Business Conduct and Ethics. Additionally, our Board of Directors has adopted a set of Corporate Governance Guidelines to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.
- **Independence:** Every member of our Board of Directors, with the exception of our CEO, is independent. The Nominating and Corporate Governance, Finance, Audit, and Compensation Committees are each comprised entirely of independent Directors.
- **Leadership:** Our Directors are well-respected business persons with a complementary mix of industry experience, skills, and perspectives. Our lead Director presides at regular executive sessions of non-management Directors.
- **Accountability:** We maintain a declassified board structure in which our Directors are elected annually by majority voting and we eliminated takeover defenses to enhance Director accountability.
- **Stock Ownership:** Directors and senior executives hold meaningful equity interests in the Company that are subject to long-term vesting schedules and both groups are also subject to stock ownership guidelines.
- **Risk Oversight:** The Audit and the Nominating and Corporate Governance Committees provide effective strategic oversight of the risk management activities of the Company.



Parker Adventist MOB
Parker, CO

Performance

Our Board of Directors continuously assesses its performance through its actions in guiding the affairs of the Company. Any Director is free at any time to comment on the Board's performance.

The Board also conducts an annual self-assessment of its performance and effectiveness, as well as the performance of each committee of the Board.

The Nominating and Corporate Governance Committee is responsible for overseeing the self-assessment and for providing the results to the Board. The Nominating and Corporate Governance Committee also utilizes the results of the self-assessment in evaluating and determining the characteristics and critical skills required of prospective candidates for election to the Board and for making recommendations to the Board with respect to assignments of Board members to various committees.

Committees of the Board of Directors

Our Board of Directors has the following standing committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

Our Management's 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, Michael McIlwain, Senior Vice President, Jack Garrett, Vice President, Troy E. McHenry, Vice President, Gillian Hughes, Senior Associate and other employees who meet regularly to discuss the status and implementation of the Company's sustainability objectives.

Qualifications

The Board as a whole is responsible for selecting nominees for the Board. The Nominating and Corporate Governance Committee is responsible for screening and recommending candidates. In fulfilling this role, the Nominating and Corporate Governance Committee will consider potential Director nominee candidates recommended by various sources, including any member of the Board, any shareholder of HCP, or senior management.

The Nominating and Corporate Governance Committee may also hire a firm to assist in a search, if deemed appropriate. Factors to be considered by the Nominating and Corporate Governance Committee in recommending candidates for Board membership include, but are not limited to:

- Ability and willingness to commit adequate time to Board and committee matters.
- The fit of the individual's skills and personality with those of other Directors in building a Board that is effective, collegial and responsive to the needs of the Company.
- Personal and professional integrity, ethics and values.
- Experience in corporate management, such as serving as an officer or former officer of a publicly held company.
- Experience in the Company's industry.
- Possession of relevant social policy concerns.
- Experience as a board member of another publicly held company.
- Practical and mature business judgment.
- Academic expertise in an area of the Company's operations.



The Nominating and Corporate Governance Committee does not set

specific, minimum qualifications that nominees must meet in order to be recommended as a candidate for election to the Board of Directors. Rather, the Committee considers a number of factors, including those outlined above, when reviewing potential nominees for the Board.

Though 25% of our Board are women, we do not have a formal policy for the consideration of diversity in identifying nominees for Director. However, in addition to the criteria set forth above, the Nominating and Corporate Governance Committee strives to create diversity in perspective, background and experience in the Board as a whole when identifying and selecting nominees for the Board. On an annual basis, as part of the Board's self-evaluation, the Board assesses whether the mix of Board members is appropriate for the Company.



Parkview MOB
Nashville, TN

Compensation

Directors

Compensation for our independent Directors during 2011 consisted of an annual payment, an additional payment for acting as the Chairperson of one of our Board's committees or as lead Director, and an annual equity award. HCP's Director compensation program includes:

- **Annual Equity Awards**—on the date of each annual meeting of shareholders, restricted stock units are awarded to each independent Director who is elected at the annual meeting to serve on our Board.
- **Director Stock Ownership Guidelines**—established stock ownership guidelines that require independent Directors to accumulate shares of HCP stock equal in value to five times the amount of the regular annual cash payment for Directors over a period of time.

Executives

The goals of our executive compensation program are to attract and retain highly talented key employees and to reward performance that is linked to creating shareholder value.

The Compensation Committee reviews salaries for our executive officers annually. Our Compensation Committee believes that a significant portion of an executive officers' compensation should be in the form of incentive compensation to further align the interests of our executives with those of our shareholders.

The Compensation Committee conducts an annual review of our executive compensation program to ensure that the program is:

- Designed to achieve HCP's goals of promoting financial and operational success by attracting, motivating, and facilitating the retention of key employees with outstanding talent and ability.
- Adequately rewards performance that is tied to creating shareholder value.

Our executive officers' salary levels are usually at the median or at lower levels relative to industry comparisons so that a greater percentage of our executives' compensation may be delivered in the form of incentive compensation. The compensation package includes:

- **Annual Incentive Cash Bonuses**—provides our executive officers with a cash bonus opportunity each year.
- **Long-Term Incentive Equity Awards**—long-term compensation of executive officers which is linked to the value provided to shareholders.
- **Performance-Based Restricted Stock Units**—long-term incentive awards in the form of performance-based restricted stock units granted early in the calendar year. The amount of such awards is predicated on the prior year's performance, and subsequently becomes eligible to vest based on HCP's actual performance relative to a performance goal established by the Compensation Committee.
- **Stock Options**—long-term incentive grants in the form of stock options with an exercise price that is equal to the closing price of our common stock on the grant date.

Linking Compensation to Sustainability Performance

With a growing interest in sustainability performance among our shareholders and sustainability issues increasingly making their way into the boardroom, HCP will work to establish a link between compensation and our corporate sustainability performance in 2012. The establishment of this link will reinforce sustainability as an important driver of our business value to both our internal and external stakeholders, including our highest governance body. It will also fortify our efforts in achieving our aggressive sustainability targets, thereby enhancing our overall sustainability performance.

Our Stakeholders

Through a facilitated session, members of our Sustainability Committee developed a list of all stakeholders who would either impact or be impacted by our operations.

We believe that readers of our report will be the investment community, customers, competitors, suppliers, academics for research purposes, non-profits, industry-related associations, and current and future employees. HCP hopes to further influence others along the way by using the information in multiple venues and communicating performance to as many audiences as possible. Our full list of stakeholders and those we hope to actively engage in future reporting cycles, include:

Figure 15: HCP Stakeholders

• Bondholders	• Consultants	• Contractors	• Customers	• Employees
• Financial Analysts	• Financial Institutions and Wall Street	• Government Agencies	• Healthcare Related Community Groups	• Industry Associations
• Non-Governmental Organizations	• Partners and Property Managers	• Research Institutions	• Shareholders	• Vendors and Suppliers

In 2012, we plan to devise more tailored approaches to 1) strengthen our communication with partners, contractors and property managers regarding our commitment to sustainability and 2) motivate them to help us achieve our objectives collaboratively.



Skyline Medical Plaza
Nashville, TN

Materiality

Although we have a broad group of stakeholders that we regularly consult with on a variety of issues, obtaining input for our sustainability reporting process is a new feature of that dialogue that we feel should be carefully designed. Therefore, initial stakeholder feedback consisted primarily of internal discussions resulting from our own self-evaluation and industry benchmarking, as well as limited discussion with property managers and select tenants.

Our materiality assessment process identified relevant issues through internal stakeholder discussions and a review of peer and industry leader reporting trends, which can be viewed as a form of “proxy” for external stakeholder interests. We will use this inaugural sustainability report as our first step in formally engaging external stakeholders either affected by our operations or those who directly impact the way we do business to capture their opinions on material issues. In an effort to communicate our commitment to sustainability initiatives through recent responses submitted to the CDP and GRESB, our critical issues fall primarily within the area of our environmental practices. The fair treatment of our employees

and the communities we operate in, along with our financial health make up the remainder of issues we chose to disclose during this reporting cycle. Building awareness and educating tenants and operators around sustainable practices will be an ongoing component of our program. It is with great hope that this method of communicating annual progress to our stakeholders through a sustainability report will allow us to influence others and systematically prepare HCP for the future. We do not expect this journey to be an easy one, but we are committed to the cause and look forward to strong and beneficial partnerships that result from our efforts to communicate the importance of sustainability.

Summit MOB III
Hermitage, TN



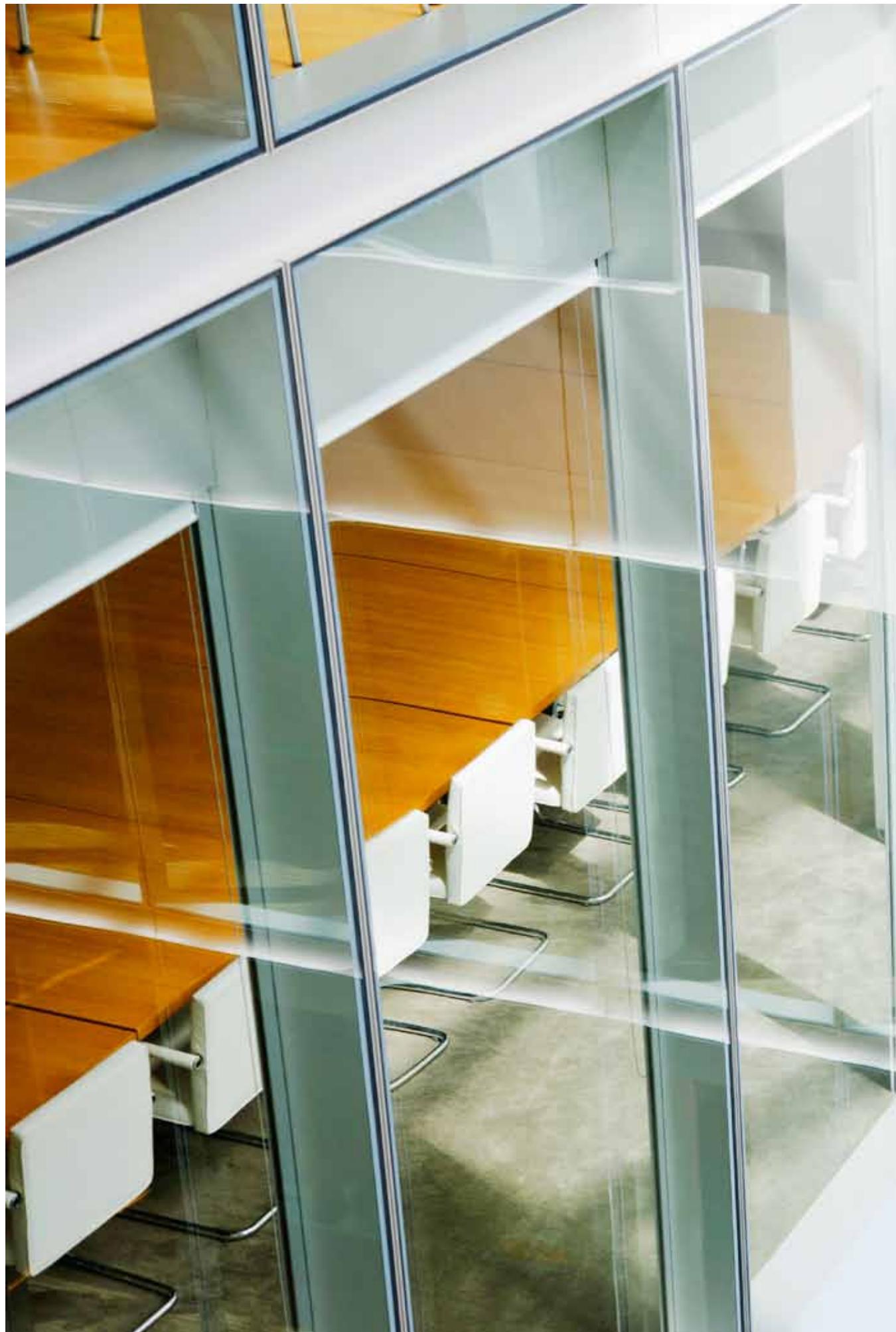
Mechanism for Internal Stakeholder Input

HCP offers multiple channels to shareholders and employees for providing recommendations and feedback. Shareholders who wish to contact members of the Board may send written correspondence. All communications from shareholders are received and processed by the Company's General Counsel, and then directed to the appropriate member(s) of the Board. We have an open door policy with our employees and welcome suggestions.

Our Code of Business Conduct and Ethics encourages our employees to contact their immediate supervisor with any ethics-related concerns. If the supervisor cannot answer the question or the employee is not comfortable speaking with a supervisor, employees should contact the General Counsel directly or EthicsPoint, the Company's whistleblower hotline. HCP also conducts regular performance reviews of all employees, during which employees are encouraged to provide recommendations and communicate concerns. While HCP offers these communication channels to shareholders and employees, we do not currently have a formal process for communicating or discussing topics raised, particularly related to sustainability. However, through an open line of communication, management is open to suggestions and innovative strategies to both address potential sustainability risks and pursue opportunities.



Osceola Medical Arts Building
Kissimmee, FL



The background of the page is a photograph of a modern building's glass facade. The glass reflects the sky and clouds, creating a pattern of light and dark green and white. A semi-transparent green rectangular box is overlaid on the right side of the image, containing the title and a paragraph of text.

Our Responsibility to the Environment

We take an integrated approach towards minimizing our environmental footprint at our facilities. Promoting the health and safety of our tenants and workforce, while also conserving precious environmental resources that we all depend on, is core to our values and critical to the success of our business.



HCP's policies addressing safety, health, and environmental management set the standard for environmental performance and establish protection of the environment as a fundamental business responsibility. We carefully monitor all facilities to ensure environmental responsibility. There have been no administrative or judicial sanctions for failure to abide by environmental laws and regulations in HCP's history.

Our management policies incorporate procedures for addressing critical environmental issues, such as energy consumption, GHG emissions, water consumption, waste management, and climate change adaptation. Procedures have been developed for normal work operations, such as waste management and recycling. HCP also subscribes to initiatives and charters widely accepted for reducing environmental impacts.

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 for each of our boundary properties, 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. These long-term energy conscious practices will serve as a good protection against climate change risks.

When we consider a building for acquisition, we go in and ask ourselves if we would want to admit our family members into the facility.

Thomas Kirby
Executive Vice President
Acquisitions and Valuations

Plano III MOB
Plano, TX



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 our Sustainability Committee;
- (ii) leveraged internal and external participation for our Energy Team;
- (iii) implemented third-party green building standards;
- (iv) installed energy efficient equipment in many properties within our portfolios;
- (v) implemented internal awareness practices such as energy and water saving procedures; and
- (vi) identified and participated in key sustainability reporting initiatives.

Our commitment to continuously improving various health, environmental, and safety impacts are demonstrated by regularly:

- Conducting an annual conference with our property management personnel to discuss current issues, best practices, industry trends, requirements, and developments.
- Meeting standards that are recognized in ENERGY STAR and LEED, both of which help us to keep current on evolving health and safety standards and ensure that our properties meet or exceed those standards.
- Contracting with third-party property management companies experienced in professional operation of assets like ours to help us identify and address potential risks.
- Engaging architects, surveyors, and other licensed, reputable professionals as appropriate, to obtain requisite approvals and ensure compliance with applicable standards.
- Conducting regular visits to our properties and inspecting our assets, which lead to dialogue with tenants and help to identify strengths and weaknesses of management controls implemented at our properties.
- Contracting with environmental and technical consultants to assess specific issues, as necessary.

Environmental Impact Assessment

In order to best manage our impact on the environment, HCP assesses and prioritizes the significant environmental aspects of our operations. HCP realizes that by appropriately utilizing new construction, encouraging effective management, and developing retrofit initiatives, we can mitigate environmental impacts and end-user health impacts. We are taking a proactive approach to assessing and improving our role in the environment through the direct management and behavioral changes associated with our real estate and infrastructure assets. We have already been able to capture some of the environmental successes and the lessons learned from 2011 in other sections of this report.



Our most significant efforts to mitigate our environmental impact are outlined below.

Figure 16: Environmental Impacts

Category	Significant Environmental Impacts	Organization-Wide Initiatives to Mitigate Environmental Impact
Materials Used	<ul style="list-style-type: none"> • Inefficient HVAC systems that use R-22 refrigerants contribute to ozone depletion and global warming. • Chillers that are not high efficiency have negative impacts on the environment. • Building materials can at times be non-renewable, energy intensive, and/or toxic. 	<ul style="list-style-type: none"> • Replace older HVAC equipment with new systems that use R-410A refrigerant and install Energy Management Systems to control and monitor HVAC equipment. • Install ultra-high efficiency chillers that operate on magnetic bearings where feasible. • Evaluate new technologies and alternate energy sources that are environmentally friendly when constructing or retrofitting. • Focus on achieving ENERGY STAR certification in our buildings.
Water Use	<ul style="list-style-type: none"> • Excessive water usage lowers the water table and wastes an important environmental resource. 	<ul style="list-style-type: none"> • Strive to reduce water usage through tenant communications, improved equipment and operational changes. • Monitor our utility bill database to identify water anomalies and quickly fix/modify them to preserve our natural resources. • Use drought resistant plantings in site landscaping, reducing the need for potable or non-potable water resources. • Install low-flow fixtures to reduce the overall volume of wastewater produced.

Briargate MOB
Colorado Springs, CO



Figure 16: Environmental Impacts

<p>Emissions</p>	<ul style="list-style-type: none"> • Direct and indirect emissions cause greenhouse gases, ozone depletion, and global warming. These emissions are a product of the direct consumption of fuels on site such as gasoline, propane, diesel, and natural gas. These emissions are also the product of indirect fuel consumption due to the purchase of energy such as electricity and steam. 	<ul style="list-style-type: none"> • Develop emissions management plan to reduce emissions by 2.5% compared to our 2011 baseline. • 110 emission reduction projects completed with 59 more planned, some of which included: <ol style="list-style-type: none"> 1. 70 Heating Ventilation and Air Conditioning (HVAC) replacement projects 2. One high efficiency commercial rooftop HVAC replacement project 3. One high efficiency chiller HVAC replacement project 4. White/reflective roof surface projects • Install and/or retrofit more energy efficient equipment. <ul style="list-style-type: none"> o The mitigation activities listed have been quantified on page 46¹.
<p>Effluents</p>	<ul style="list-style-type: none"> • Wastewater can impact water quality if it is improperly managed. Our wastewater comes from kitchens, bathrooms, and run-off from parking lots and roofs. 	<ul style="list-style-type: none"> • Install low-flow fixtures to reduce the overall volume of wastewater produced. • Use drought-resistant plantings where applicable in site landscaping, reducing the need for potable or non-potable water resources. • Investigate and evaluate other methods to slow water recharge into the surface and groundwater such as: <ul style="list-style-type: none"> o Using non-potable water for site landscaping. o Green roofing. o On-site retention ponds. o Pervious pavement.
<p>Noise</p>	<ul style="list-style-type: none"> • Noise can become a health concern. Sources commonly include construction noise during tenant improvement (TI) buildouts and generator noise. 	<ul style="list-style-type: none"> • Reducing noise during TI construction is addressed on an individual case basis. • Outdoor generator noise can be mitigated based upon: <ul style="list-style-type: none"> o the location of the generator. o time of operation. o the proximity to tenants, neighboring facilities and residences. • Sound barrier walls can be constructed to reduce noise levels.
<p>Waste</p>	<ul style="list-style-type: none"> • Landfill waste can leach into soil and water supplies. It can also generate methane gas which is explosive and contributes to GHG. 	<ul style="list-style-type: none"> • Encourage recycling when appropriate. • Use nontoxic materials over toxic materials. • Utilize electronic reports to reduce paper consumption. • Implement reusable drinking cups in lieu of styrofoam and plastic disposable cups. • Recycling of demolition waste from construction on redevelopment projects. • Recycling of construction waste on tenant improvement projects.

¹2011 served as our baseline year. We quantified emissions reductions (see page 46) and intend to quantify reductions across more categories in 2012.

Energy and Conservation

Goal: To continually reduce energy consumption in each of our buildings. Continuing our 13.3% reduction from 2008 to 2011, we intend to decrease our energy consumption by an additional 2.5% in 2012 from 2011. Our long-term goal is a 20% reduction by 2020 (against a 2008 baseline) for all properties under our operational control.



In order to minimize our operating costs and our environmental footprint, HCP strives to reduce fossil fuel use where possible.

In 2011, our direct energy consumption included:

Figure 17: Direct Energy Consumption		
Source	Amount (MWh)	Amount (GJ)
Natural Gas—metered	124,333	447,599
Motor Gasoline—non-metered	1,585	5,706
Diesel/Gas Oil—non-metered	480	1,728
Propane—non-metered	9	32
Total Fuel	126,407	455,065



North Hills MOB
North Richland Hills, TX



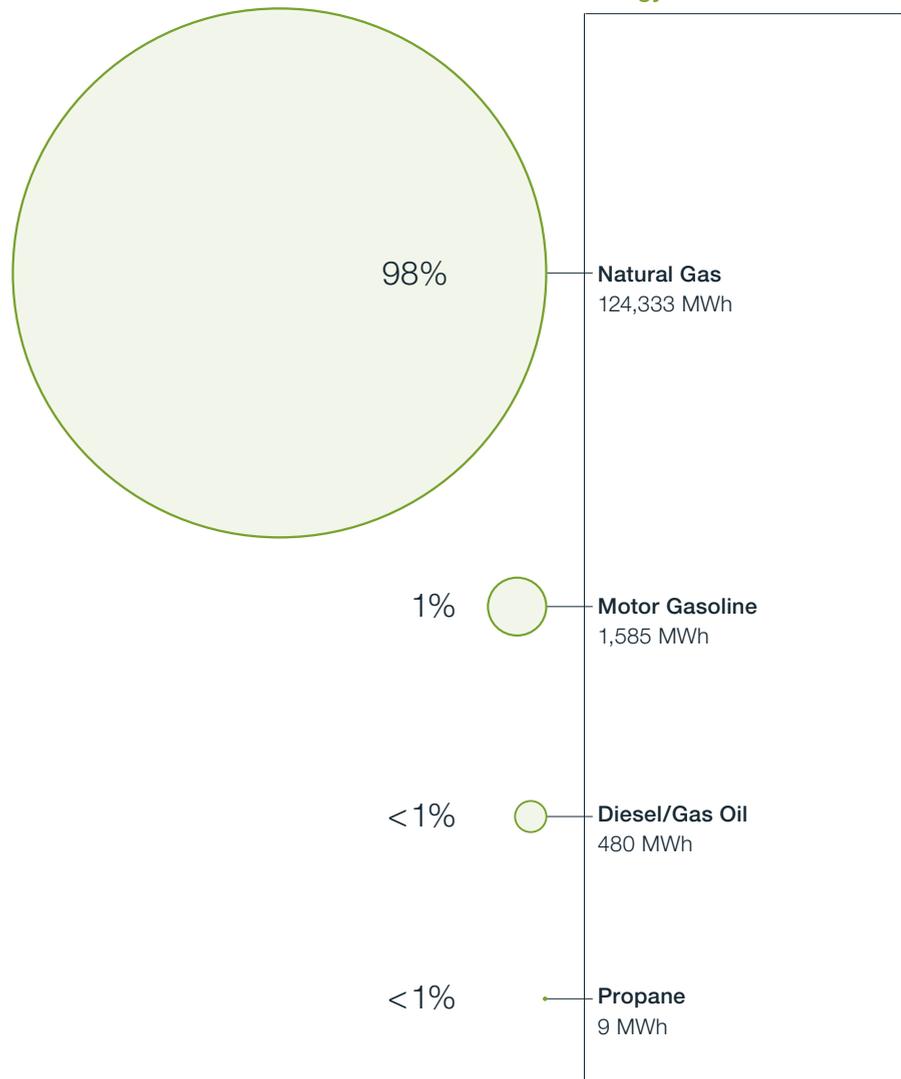
Trophy Club MOB
Trophy Club, TX



During 2011, the total amount of direct (primary form) energy HCP consumed equaled 455,065 Gigajoules (GJ). Direct energy consumed, which represents about 25 percent of our total energy in our boundary, is mainly natural gas used for comfort heating and heating domestic water. HCP will continue to improve through the use of new technology investments, education, training, and sustainability practices.

HCP's total indirect energy consumption was equal to 1,319,826 GJ in 2011. One hundred percent of this consumption was through purchased electricity and steam from local providers. Electricity accounted for a majority of our indirect energy consumption at 364,771,000 kWh, or approximately 99.5% of total indirect consumption, while steam totaled 1,847,000 kWh or 0.5%.

Figure 18: 2011 Direct Energy Use



Conservation and Efficiency Improvements



HCP utilizes a variety of initiatives to save energy. We focus on, identify, and implement emission and energy reduction projects and initiatives allowing the tenant or operator to benefit while still focusing on day to day operations. As part of our energy management strategy, HCP has established a collective 20% energy reduction goal from our 2008 baseline levels by 2020 for all properties under our operational control. HCP is well on target with our goal of achieving a 13.3% reduction through the end of 2011. We now have an established baseline for these properties and feel strongly about developing goals in the near future for a larger set of properties beyond the 281 properties within our boundary.

↙ HCP considers the following means of reducing energy as good stewardship that benefits tenants and operators, stakeholders, and the environment. HCP implements a best practices guiding principle for all our facilities under operational control. The following steps are included in HCP's standard procedures to reduce energy and emissions:



- Identifying and implementing projects and initiatives that reduce energy usage and greenhouse gas (GHG) emissions for an entire building. HCP and our tenants reap the benefits of the reduced energy usage and GHG emissions from these projects and initiatives, as they affect both the common areas as well as the tenants' space.



- Incorporating an environmentally focused management structure that focuses on energy reduction projects and initiatives and developing a standard process to guide energy reduction opportunities.



- Monitoring utility bills in our MOB properties to track electric, gas, and water usage so anomalies can be quickly identified and corrective action can take place. We will be expanding this practice to include other portfolios such as Life Science in 2012.

Driving Value Through Energy Efficient Upgrades

By implementing energy-efficient upgrades and decreasing energy usage where possible, our energy savings can be converted into cost saving benefits for our Company and tenants. In 2011, HCP was able to save \$1.4 million on a same-property basis in our MOB facilities within our boundary through decreased utility expenses. In our efforts to reduce energy consumption and GHG emissions, we have made a conscious choice to extend our activities to include initiatives to reduce indirect energy consumption.

These activities have resulted in a 2,541 MWh (9,147.6 GJ) reduction in 2011 compared to 2010 for 104 MOBs. HCP calculates indirect energy use by using the ENERGY STAR Portfolio Manager benchmarking data and comparing 2011 to 2010 electrical usage using ENERGY STAR's calculations.



- Replacing older, less efficient HVAC equipment such as package water source heat pumps, split system units, and rooftop package systems with newer and more efficient equipment. HCP has installed equipment such as ultra-high efficient chillers and a chiller operating on magnetic bearings which is extremely efficient and eliminates the need for oil.



- Purchasing new HVAC systems which are typically 40% more efficient than the existing equipment and use a refrigerant (R-410A) which is more environmentally friendly than the old refrigerant (R-22).



- Installing Energy Management Systems (EMS) where appropriate to improve the energy performance of a building and to provide more detailed control and monitoring of HVAC equipment operating in the facility. HCP evaluates and implements HVAC replacement projects based on efficiency and value.



- Evaluating new technologies and alternate energy sources such as fuel cell technology, photovoltaic panel (solar cell panel) technology, ground coupled heat pump systems, solar water panel systems, and real time power monitoring systems.

ENERGY STAR

Goal: Obtain 22 new and renewal ENERGY STAR certifications in 2012.

HCP utilizes the ENERGY STAR Portfolio Manager to benchmark its MOB, Life Science, and Senior Housing sectors to assist in analyzing the Company's energy reductions. The program compares prior year energy performance to current year. Once a facility has been benchmarked, a rating is generated. ENERGY STAR labeled buildings represent the top 25% of all facilities in terms of having lower energy consumption in combined gas and electric usage. To receive an ENERGY STAR label, the facility must be 100% benchmarked, meaning the total energy consumption of the facility is taken into account. After third-party validation is conducted, the facility is submitted for an

ENERGY STAR label. An ENERGY STAR certified facility produces 35% less CO₂ emissions and uses 40% less energy than traditional buildings. The MOB segment accounts for 71.5% of the buildings in our boundary. Our efforts have provided:

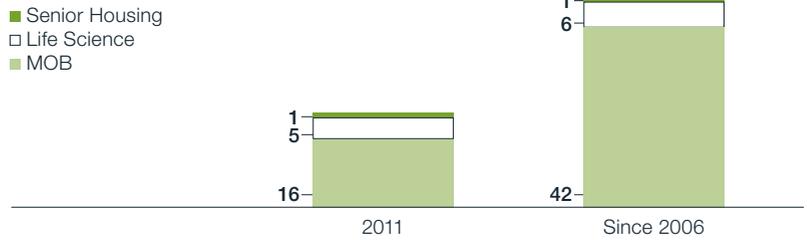
- 13.3% energy reduction for MOBs within the boundary since 2008.
- 2.6% reduction (18,109.3 GJ) in total site energy at MOBs from 2010 to 2011.

“Currently there are 92 medical office buildings that have been awarded ENERGY STAR certifications and HCP owns and operates 22 of them, which represents the most certifications in this category by any property owner,” said Clark Reed, Director of Healthcare Facilities Program at ENERGY STAR. *“This demonstrates HCP’s leadership and dedication to ENERGY STAR’s strategy of promoting energy efficiency in buildings.”*

June 2011 (data relevant as of May 2011)

Figure 19: ENERGY STAR Certifications

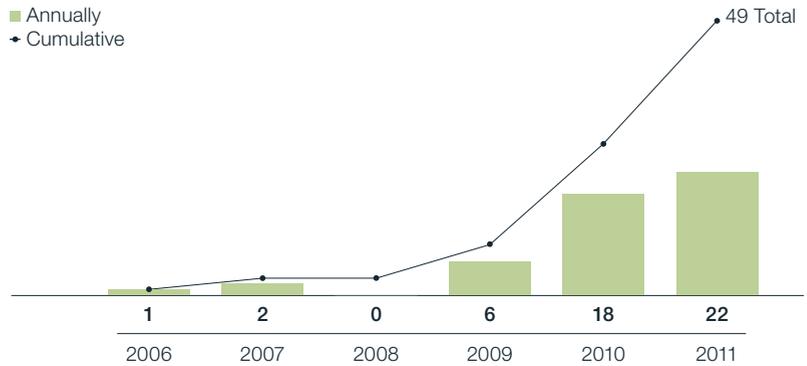
ENERGY STAR Certifications



We have been successful in obtaining ENERGY STAR certifications for our buildings. In 2011, HCP had 22 ENERGY STAR certifications in buildings within our operational boundary. Our goal for 2012 is to obtain 32 new and renewal ENERGY STAR certifications.

Since 2006, we have significantly increased the number of ENERGY STAR certifications at our sites on an annual basis. We achieved a leadership position in ENERGY STAR certifications in the MOB sector due to our focus and commitment to continually improve the energy performance of our buildings. Furthermore, we have increased the number of buildings benchmarked in the ENERGY STAR Portfolio Manager from 166 in July 2009 to 398 in December 2011 by expanding into our Life Science and Senior Housing portfolios. By increasing the number of buildings benchmarked, HCP is able to monitor and compare our progress regarding our energy performance on an ongoing basis. As projects are implemented to reduce energy usage and emissions, we will see the results in the form of higher ENERGY STAR ratings.

ENERGY STAR Certifications by Year



Denver Southwest II MOB
Littleton, CO

ENERGY STAR Rating: 80

Investments in Efficiency and Conservation

HCP is working to accomplish similar results in its other sectors. In order to achieve these conservation and efficiency improvements, HCP invested in various projects that reduced energy and GHG emissions. Figure 19 below highlights a number of projects that were completed in 2011.

Figure 20: Energy Efficiency Projects

Project Type	Project Life (years)	Number of Projects	Estimated Annual CO ₂ e Savings (tonnes)	Annual Monetary Savings	Premium Paid for Efficient Product	Payback Period (years)
High efficiency chiller replacement	25	1	322.9	\$41,356	\$46,906	1.1
Lighting retrofit	10	1	270.3	\$48,212	\$70,480	1.4
High efficiency rooftop HVAC replacement	20	2	140.5	\$18,000	\$31,743	1.8
HVAC equipment replacements	15	70	125.5	\$27,680	\$63,034	2.3
White and/or reflective surface roofs	20	9	51.9	\$11,452	\$ —	Immediate



Investments Methodology



Representing a best practice investment in 2011, HCP developed a protocol for replacement of air-conditioning systems (“A/C systems”) at properties within our portfolio. This protocol for identifying replacement systems is expected to continue over the next five years and could generate a total operating cost savings of approximately \$425,000 to \$625,000.

HCP began this best practice investment by conducting an extensive inventory and evaluation of systems at 201 of our MOBs in our boundary in 2011. As part of the inventory and evaluation process, HCP’s Capital Asset Management department developed a survey that was designed to:

- (i) identify all systems by age, condition, and size;
- (ii) ascertain the efficiency of each system; and
- (iii) estimate the remaining life of each system.

HCP’s Capital Asset Management department, along with its third-party engineering staff, completed the survey in 2011, including its evaluation, and reported the results to management. Management then utilized the results to develop a plan to repair, rebuild, or replace the inefficient A/C systems with more efficient systems that would reduce kilowatt per ton consumption.

As an example, we identified one Air Conditioning (A/C) system where the most effective option was to replace the system with a high efficiency system rather than repair or rebuild it. As a result of this investment, HCP estimates that it will generate an annual savings of \$41,356 representing a 459,519 KWH reduction in usage. These significant energy savings produced by this new A/C System will also result in economic savings and a complete annual return on incremental investment (ROI) of 37% which represents an annual payback of 2.7 years.

Over the next five years, HCP will expand this program and anticipates replacing two to three units annually, which could generate annual operating cost savings of approximately \$85,000 to \$125,000. Additionally, our Capital Asset Management department is expanding this initiative to include an evaluation of types and amounts of refrigerant utilized. This commitment to reduced refrigerant use is consistent with a best practices approach, as well as HCP’s sustainability vision. This will enable us to improve the quality of our analysis and reporting in the future, resulting in the (1) quantification of the amount of refrigerant that impacts our Scope 1 CO₂e, (2) reduction of certain refrigerants in favor of more environmentally friendly solutions, (3) application of better leak detection procedures and more efficient refrigerant recovery methods, and ultimately (4) the reduction in our CO₂e Scope 1 direct emissions.

HCP acknowledges the benefits of organization-wide user engagement initiatives and therefore holds workshop training sessions at our annual conference where our property management and engineering personnel discuss industry trends and best practices, including those specific to the environment. These include efforts to reduce energy use and emissions in addition to other sustainability related topics. We conduct training on the utility systems we use to monitor electricity, gas, and water utilities. We actively encourage third-party property management companies and operators to present energy reduction projects for evaluation, review, and implementation.

Air Emissions

Measuring Emissions

While HCP did not have an explicit emissions reduction target in this first year for GHG reporting, we set annual absolute energy reduction targets based on the ENERGY STAR methodology. By reducing energy, we were able to achieve a reduction in GHG emissions. Thus, we had an implied emissions reduction target.



Direct greenhouse gas emissions, as represented in this report, are the emissions from GHG sources owned or controlled by HCP. Indirect emissions do not occur within HCP's reporting boundary but are caused by our consumption of electricity, heat, cooling, or steam brought into the reporting boundary. The majority of our indirect emissions are from purchased electricity.

As noted above, we are expanding our monitoring in 2012 to include emissions for refrigerants used in heating, ventilation, and air conditioning (HVAC) equipment. While we estimate that these emissions are a very small percentage of total emissions within our boundary, figures were not historically gathered. Tracking these emissions will allow us to determine the appropriate methods for further reducing our negative impacts in the area.



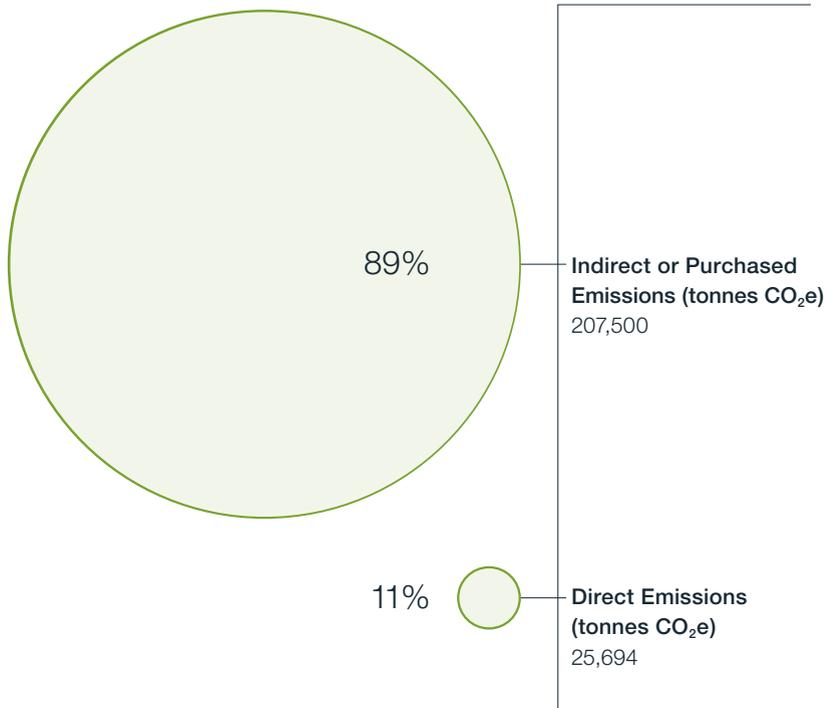
Oyster Point I Life Science Building
South San Francisco, CA



Point Eden I Life Science Building
Hayward, CA

Figure 21: Our GHG Emissions for 2011 as the Base Year

The total gross global direct emissions by GHG type are:



GHG	Emissions (tonnes CO ₂ e)
CO ₂	25,631
CH ₄	2.3
N ₂ O	0.05

Reducing Emissions

Goal: Reduce our total GHG emissions by 2.5% during 2012 for facilities under our operational control with a long-term goal of 20% reduction from 2008 to 2020.

HCP reduced GHG emissions by 2,752 metric tonnes CO₂e from 2010 to 2011 for 104 MOBs in our boundary that were 100% benchmarked on ENERGY STAR. This represents a 2.5% reduction. HCP's target for 2012 is to reduce our year over year total GHG emissions by 2.5% for facilities under our operational control. As part of our HCP Green Challenge, we set a long-term goal of 20% reduction of our 2008 baseline GHG emissions by 2020. Our plan for meeting this goal is to continue to implement best practice programs and identify energy saving projects that will reduce both energy consumption and GHG emissions.

We identify, calculate, evaluate, and implement emission reduction projects as follows:

- Create a dedicated green budget category that includes energy efficiency projects.

- Identify projects recognized through best practice principles across HCP facilities.
- Calculate financial metrics including return on investment and net present value.
- Engage employees and third-party managers to review best practice principles at the facility level on an annual basis.
- Implement new processes and technologies based on best practice principles.
- Estimate the energy and GHG emissions associated with these improvements over an operational period of one year.



In addition to the above, we have quantified our employee emissions associated with business travel and daily commuting, which accounted for 449 tonnes CO₂ in 2011.

What's is HCP's Green Challenge?

We use the moniker "Green Challenge" to characterize our various sustainability goals.



Oyster Point II
South San Francisco, CA

Figure 22: HCP Energy Efficiency Projects

Activity	Description	No. of Projects	Life in Years	Annual Tonnes CO ₂ e Savings	Annual Monetary Savings	Investment Required	Payback Period
Building Fabric	White and/or reflective surface roof projects	9	20	52	\$11,452	\$ 0	<1 year
Building Services	Energy efficient replacement projects on (HVAC) equipment	70	15	126	\$27,680	\$63,034	1–3 years
Building Services	High efficiency chiller replacement project	1	25	323	\$41,356	\$46,906	1–3 years
Building Services	High efficiency rooftop HVAC replacement projects	2	20	141	\$18,000	\$31,743	1–3 years
Building Services	Lighting retrofit on Medical Office Building	1	10	270	\$48,212	\$70,480	1–3 years



During 2011, we implemented 110 emission reduction projects with an estimated 909 tonnes CO₂e in savings. We commenced implementation on another five projects with a total emissions savings of 42 tonnes of CO₂e. Lastly, we have 59 projects planned for implementation in 2012.

HCP considers the following means of reducing energy use and emissions as good stewardship that benefits tenants and operators, stakeholders, and the environment. HCP

implements “best practice principles” at all facilities under our operational control. Our primary focus is on energy efficiency improvements and reducing energy consumption, which also reduces GHG emissions. Though we cannot fully predict the effects of climate change on our properties, we are taking a proactive stance to implement mitigation techniques where possible so that we may reduce our own CO₂ contributions. The chart above provides some examples of our 2011 energy efficiency projects that have led to CO₂e cost savings.

Figure 23: HCP Emissions Reductions Checklist Includes:

<ul style="list-style-type: none"> • Retrofitting incandescent lighting to Compact Fluorescent Lighting (CFL). • Retrofitting T-12 fluorescent lighting tube fixtures to T-8 or T-5 fluorescent lighting tube fixtures. • Calibrating all thermostats and ensuring that proper temperature settings are maintained including after-hours temperature setbacks to reduce the amount of cooling and heating used during unoccupied times on evenings and weekends. • Upgrading 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 a facility. 	<ul style="list-style-type: none"> • Adjusting and confirming proper operation of fresh air dampers to eliminate unnecessary HVAC cooling. • Adjusting and confirming proper operation of economizer dampers to take advantage of free outside air cooling. • Ensuring all Heating Ventilation and Air Conditioning (HVAC) equipment is functioning properly and within operating specifications by checking chilled water temperatures and supplied air temperatures. • Adjusting the ventilation air to a building to obtain slight positive pressure to eliminate warm moist air from entering a building. • De-lamping or reducing lighting where there is too much light in existing areas. • Optimizing the HVAC equipment start up times to reduce the run time of the equipment. 	<ul style="list-style-type: none"> • Installing Variable Frequency Drives (VFD) and/or Variable Air Volume (VAV) equipment to enable the HVAC equipment to provide the proper amount of heating or cooling to the conditioned space. Installing variable frequency drives where feasible on cooling tower fan motors, fan motor systems, water pumps, and compressors. • Installing solar window film to reduce the amount of heat load that enters a building's windows through solar radiation. • Installing reflective/white roof membrane material or coating materials to reduce the heat effect of the sun on roofs. • Installing timer controls and/or occupancy sensors for lighting fixtures to minimize the amount of time light fixtures are energized. • Installing high efficiency Light Emitting Diode (LED) lights for exit signs. • Installing power correction devices. 	<ul style="list-style-type: none"> • Implementing a hot water reset device to reduce the amount of electricity or natural gas used for a water heater or boiler based upon the outdoor ambient temperature. • Monitoring utility usage for electric, gas, and water through a utility bill database for our MOB portfolio that allows us to quickly identify anomalies in usage and implement corrective actions. • Replacing older HVAC systems with higher efficiency systems which are typically 40% more efficient than existing equipment. Another benefit is that newer systems utilize the refrigerant R-410A which is a more environmentally friendly refrigerant than R-22. • Installing equipment such as an ultra-high efficient chiller and also a chiller operating on magnetic bearings which is extremely efficient and eliminates the need for oil.
---	--	--	---



Aurora III MOB
Aurora, CO

Water and Effluents



We are conscious of the fact that many of the areas we operate in are drought-susceptible regions of the country. As such, issues surrounding water use and management are important. Though we do not always have direct control over these activities, we are dedicated to taking every step we can to equip our buildings with smart systems and influencing others along the way to protect this precious natural resource.

All of the water consumed by HCP's properties is taken from local municipal water supply systems. HCP carefully monitors the water used in our buildings in which we have full operational control. The total water consumption for shared landlord services (for common areas and tenant areas included on the main building meter) equaled 1,055,520,033 gallons (3,995,578 m³), while the water consumption for exclusive tenant consumption equaled 7,546,800 gallons (28,568 m³) in 2011. In our operational facilities, redevelopment, and new construction projects, HCP has evaluated and implemented drought resistant landscaping that reduces the potable water usage for

landscaping needs. In addition to monitoring our total water usage and implementing water-saving opportunities where possible, we plan to monitor water sources that are significantly affected by the water we withdraw. HCP is dedicated to designing a method to collect this data that will be included in future sustainability reports. We plan to utilize our position as a leading real estate investment trust to continue building and improving upon our sustainability approach and educating others to do the same.



Drought-resistant landscape project in Plano, Texas, which includes recycled roofing materials.

Figure 24: Redevelopment Water Saving Projects

	Motion sensor/aerator faucets	Water saving irrigation devices	Rain sensors on irrigation	Low flow toilets	Drought-tolerant landscape	Turf block	Retention pond
Folsom	X			X			
Innovation	X	X	X	X	X		
Knoxville	X		X	X	X		
Westpark	X			X	X		
Largo			X			X	X

Efforts are being replicated elsewhere in the boundary. The above are examples of strategies HCP is employing at other redevelopment properties outside the reporting boundary. Successes will determine replication.



Shoreline 2029
Mountain View, CA



Shoreline 2051
Mountain View, CA



Waste



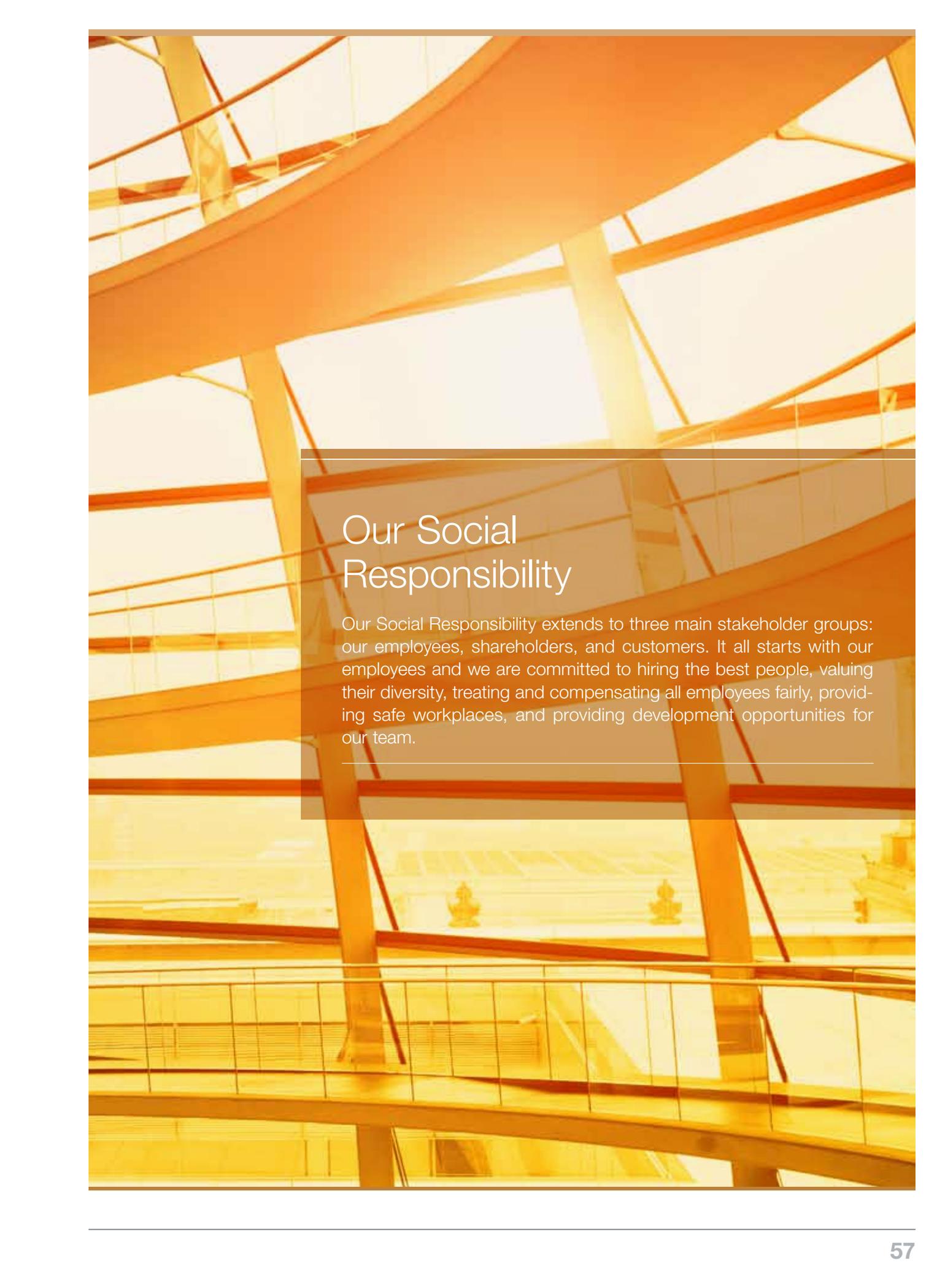
HCP only directly manages nonhazardous waste removal. This nonhazardous waste is managed through two sources: recycling and landfill disposal. HCP and our tenants generated about 36,099,156 pounds (18,050 short tons) (16,374 metric tonnes) of nonhazardous waste in 2011.

Waste to landfill was 91.5% with 8.5% of total nonhazardous waste being recycled. With the majority of nonhazardous waste identified as landfill disposal, we recognize the opportunity for reduction of landfill waste. One method to achieve this will be increasing recycling by adding large outside containers where feasible at our building sites, by increasing the

number of inside containers for single stream recycling, by conducting training on recycling, and by recycling demolition materials for tenant improvement and redevelopment projects.

Hazardous waste removal is the responsibility of the tenants and therefore is outside HCP's boundary.





Our Social Responsibility

Our Social Responsibility extends to three main stakeholder groups: our employees, shareholders, and customers. It all starts with our employees and we are committed to hiring the best people, valuing their diversity, treating and compensating all employees fairly, providing safe workplaces, and providing development opportunities for our team.

Our values are communicated to our employees through a series of policies that guide and instruct them in their daily work. Our *Code of Business Conduct and Ethics* sets the expectation for employee ethics and accountability, along with guidance from our human resource policies and goal setting processes specific to each of our facilities. Our commitment is defined through:

- education and training aligned to our policies, procedures, and our 8 Core Values.
- monitoring and auditing.
- periodic risk assessments to help identify key legal and regulatory risks and changes.
- incentive structures, remedial measures, and discipline procedures that promote compliance.

- appropriate employee background checks.
- a leadership team that fosters a positive and ethical culture with open communication.
- a mechanism for employees to report unethical behavior or non-compliance.

Additionally, we are always attentive to our customers' concerns and strive to provide them with the best product possible so they can deliver on their missions to provide healthcare to the communities they serve. It is through our customers' relationships with the community that we are able to have an impact on the community's health.

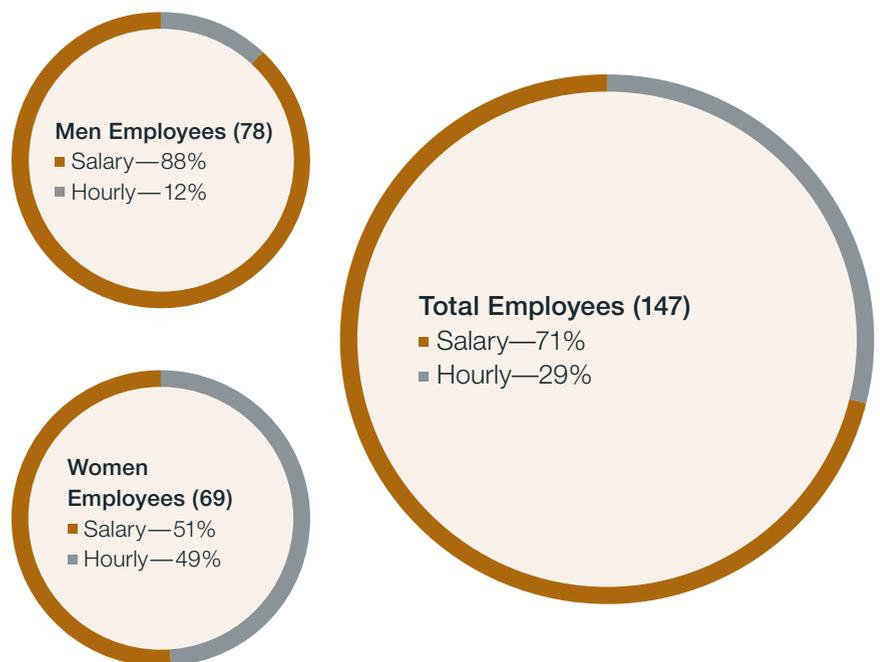


Our People

Our commitment to society begins with our people. Ensuring a safe workplace, offering fair hiring and compensation practices, providing appropriate development opportunities, and supporting our employees in their personal lives are all important to HCP. We employ 147 people, with demographics mirroring our policy of diversity and inclusion. We pride ourselves on workplace initiatives supportive of opportunities for professional growth, which enhance the quality of our committed team members.



Figure 25: Workforce by Employment Type*

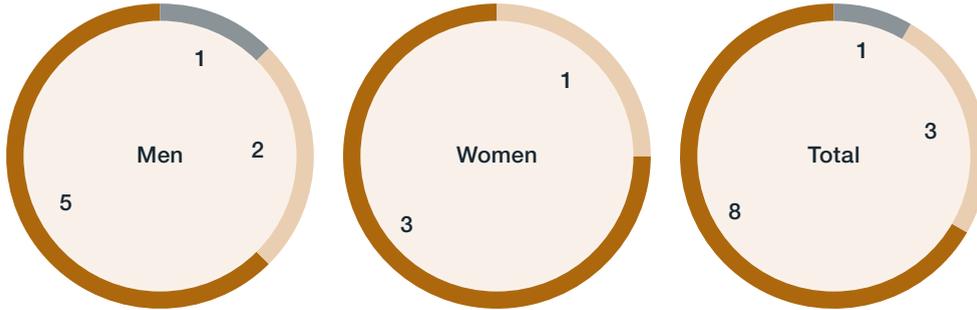


*Employment categories at HCP include executive and full-time. Though two executive level employees with employment contracts have been accounted for, contractors and sub-contractors are not included in the boundary. Given the size and structure of our organization, we have provided this information on a national scale rather than a state-by-state or regional basis.

Figure 26: New Hires by Age/Turnover by Age

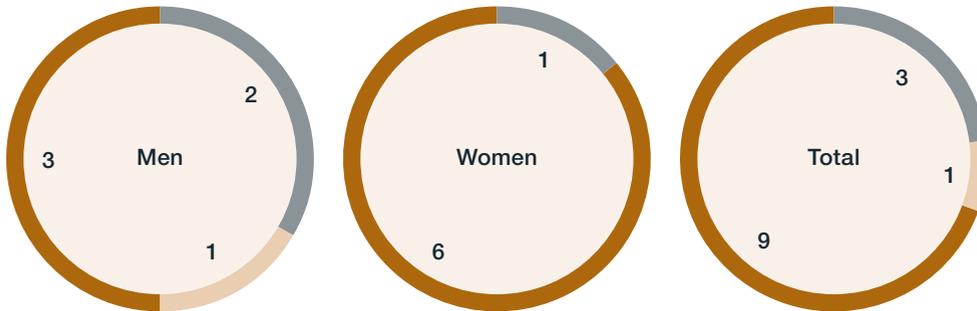
New Hires by Age

■ <30 ■ 30-50 ■ >50



Turnover by Age

■ <30 ■ 30-50 ■ >50



HCP offers benefits and rewards that maximize the physical and financial well-being of our full-time/permanent employees. At the base of our program is a competitive compensation and benefits package managed through our corporate headquarters. We offer medical, dental, vision, life, and accidental death and dismemberment (AD&D) insurance. Our employees benefit from the

peace of mind in knowing that paid time-off is available during illness or disability, when medical attention is needed, or for the arrival of a child. We offer a 401(k) plan with a generous company match for retirement planning. Furthermore, educational programs and reimbursements are provided to all full-time/permanent HCP employees so that they may continually enhance their skills and improve their ability to perform..

Creating a Safe Workplace



The safety of our workforce is core to our operations and HCP believes that health and safety performance is a leading indicator of a well-managed business. Central to our commitment to providing a safe work environment, we have established programs for risk assessment, training, auditing, incident investigation, and safety incentives. Consistent with 2011, we aim to maintain a record of zero incidents of workplace injuries, work-related fatalities and lost days or absenteeism due to occupational related illnesses. In addition, we have developed a company-wide business continuity plan that outlines the procedures to be taken in the event of a disaster in order to ensure the safety of employees and the continuity of our business.

Employee Development



HCP is committed to creating a learning culture that enables each employee to maximize his or her individual potential and contributions. We are also committed to helping employees assume responsibility for their own development in ways that are meaningful and create long-term value for the individual.

As part of our strategic priority of investing in our people, we conduct biannual performance reviews of our employees. New, regular full-time hires receive a performance evaluation at, or near, the conclusion of the initial trial employment period. We believe that performance evaluations encourage communication regarding job performance, feedback, and expectations. Objective and development plans are also discussed during the performance review. Mid-year performance evaluations are conducted to evaluate progress and determine if objectives are being met.

Figure 27: Employees Performance Reviews

Employee Performance Reviews 2011	Men	Women
Employees: 147	78	69
% of Performance Reviews Conducted	89%	99%

Oyster Point I Life Science Building
South San Francisco, CA



Out of our 147 employees, 137 received full performance reviews in 2011. The remaining 10 are part of the Executive Management team who are reviewed by one another and the Board in terms of their ability to meet the Company's strategic objectives for their particular function.

HCP has begun to incentivize management's performance related to sustainability. We now include sustainability performance as a factor considered in the financial compensation for select members of our Sustainability Committee in this current reporting year. As we move forward, the other members of the Sustainability Committee, as well as other employees in the five business sectors involved in our sustainability initiatives, will have sustainability measures as part of their performance. Additionally, when HCP receives external environmental recognition (e.g., U.S. Green Building Council (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 sustainability efforts, the people involved are acknowledged for their efforts.



Beyond providing voluntary annual flu vaccines, HCP did not in 2011 have formally established programs with respect to disease prevention that offer education, training, counseling, or risk control. However, we see the value of enhancing health and well-being and are committed to promoting overall wellness through a variety of programs in the future. Our aim over the next few years is to offer a range of programs for our employees, their families, and the communities in which we operate. These programs will be aligned with any applicable state and local regulations and will encompass physical health, mental well-being, and financial security.

Diversity and Fair Treatment

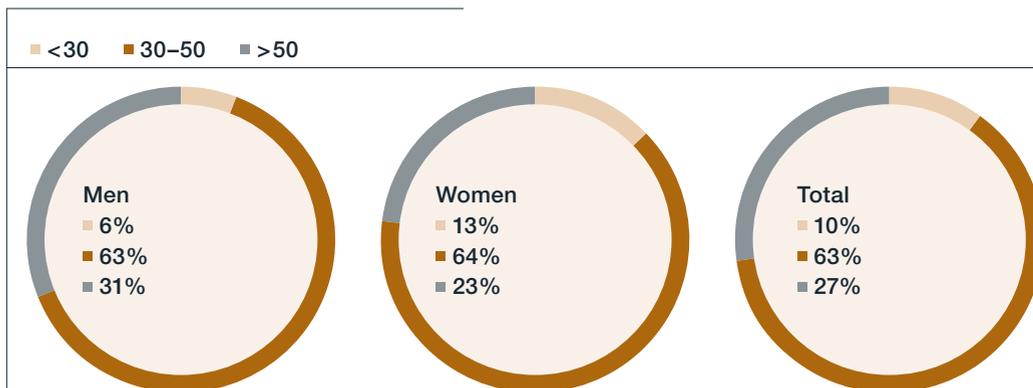


HCP is committed to promoting a work environment that emphasizes respect for the dignity of all our employees. Accordingly, we fundamentally support the protection of human rights and are committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status, or other characteristics. Our pledge to provide equal opportunity and fair treatment to all individuals with whom we do business resulted in no incidents of discrimination in 2011.

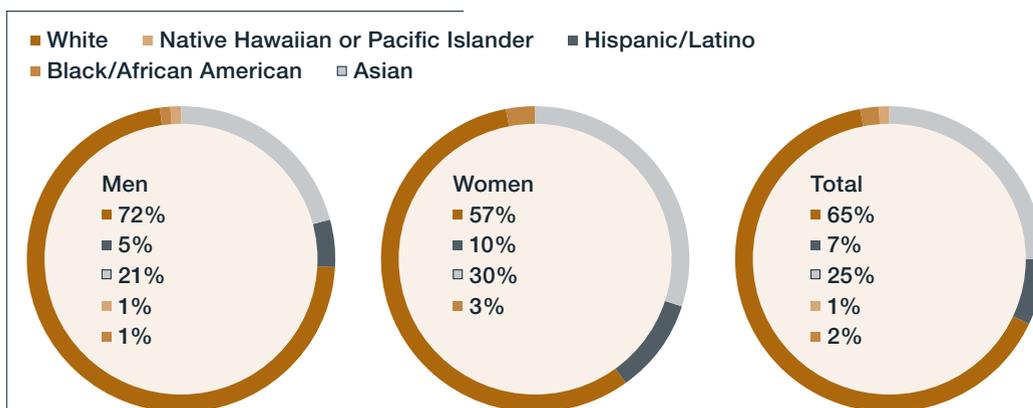


Figure 28: Employee Diversity by Age and Ethnicity Groups*

Age



Ethnicity Group



*Information set forth in the above table represents number of employees



Ratio of basic salary and remuneration of women to men by employee category and significant locations of operations.

Figure 29: Salary and Remuneration by Gender

	Basic Salary		Total Remuneration	
	Men	Women	Men	Women
Chief Executive Officer	600,000	—	10,000,000	—
Executive Vice Presidents	393,750	350,000	1,595,862	1,300,033
Management (Vice Presidents and Senior Vice Presidents)	204,558	177,746	555,051	428,978
Non-Management	98,822	83,791	148,162	136,945

Return to Work and Retention after Parental Leave



HCP grants employees who have more than 12 months of service, 12 weeks of unpaid time off in a 12-month period for birth, adoption, or foster care placement of their child. This leave can also be used for their own serious health condition or that of their child, parent, spouse, or registered domestic partner. This policy is in compliance with the Federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA). Even if not eligible for CFRA leave, employees are entitled to pregnancy disability leave for up to four months. In 2011, 100% of our workforce returned to work after taking family, medical, or maternity leave.

Figure 30: 2011 Employee Leave Statistics by Gender

	Men	Women
Total employees entitled to leave	100%	100%
Actual leave taken	3	5
Employees who returned to work after leave	100%	100%
Employees who returned to work after leave, and still employed 12 months after returning from leave	100%	100%

Our Values



Our *Code of Business Conduct and Ethics* explicitly states the obligation of each employee and Director to comply with all laws, rules, and regulations applicable to HCP. These include, without limitation, laws covering bribery and kick-backs, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information, or misuse of corporate assets. In accordance with our Code, HCP had no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our real estate serving the healthcare industry and services and none that resulted in fines or non-monetary sanctions during the 2011 reporting period.

Attaining high levels of sustainability performance involves the collective participation of our entire Company but it starts with each individual employee of HCP, which is why we established **Our 8 Core Values**. These values, paired with our Code, are integrated at the most fundamental level throughout all operations. Advocating **Our 8 Core Values** and code of conduct is an important part of our Company culture.

HCP strives to provide services that meet legal and regulatory requirements, including applicable environmental, health, and safety standards in 100% of our new construction, management, and development/redevelopment activities. Without a strong policy foundation, we would not succeed as a respected partner.

Though the buildings within our reporting boundary don't include construction or redevelopment properties, health and safety impacts are assessed across 100% of those buildings that do fall within our boundary. The following policies are firmly embedded in our efforts to minimize harmful impacts to the health and safety of our tenants and the environment which may be affected by our building management practices or any other unforeseen circumstance.

- Insurance Claim Reporting Policy establishes clear processes for Property Managers

to report claims that involve any and all perils related to life and facility claims.

- Emergency Response Policy provides multiple guidelines and procedures to follow in emergency situations to mitigate property damage, recognizing tenant operations and issues that threaten personnel or the operation of the property. HCP's corporate office is prepared to provide any available emergency response assistance needed.
- Disaster Recovery Policy requires all Property Managers to develop and submit a Disaster Recovery Plan including prescriptive actions for minimizing potential damages to life and property and to restore normal operations quickly and economically.
- Environmental Policy provides guidelines for proactively monitoring all HCP facilities for environmental issues, such as environmental remediation, air quality, waste, and emissions in order to remain in compliance with local/state/federal regulatory requirements.
- Utility Management ensures that efforts are made to minimize energy consumption at all HCP facilities, while still maintaining satisfactory operating conditions for all tenants. As this policy contains recommendations for properly monitoring utility costs, measurements, and reductions, it has served as a platform for pursuing greater involvement in ENERGY STAR and Leader in the Light.



Our 8 Core Values

Judgment

- You make wise decisions despite ambiguity.
- You identify root causes and get beyond treating symptoms.
- You take smart risks.

Communication

- You listen well, instead of reacting fast, so you can better understand.
- You are concise and articulate in speech and writing.
- You maintain calm poise in stressful situations.

Courage

- You question actions inconsistent with our values.
- You make tough decisions without excessive agonizing.
- You are not afraid to challenge the status quo.

Passion

- You inspire others with your thirst for excellence.
- You celebrate wins.
- You are tenacious.
- You care intensely about HCP's success.

Integrity

- You are known for candor and directness.
- You are non-political when you disagree with others.
- You only say things about fellow employees you will say to their face.
- You are quick to admit mistakes.

Impact/Initiative

- You demonstrate consistently strong performance so colleagues can rely upon you.
- You exhibit bias-to-action and avoid analysis-paralysis.
- You keep us nimble by minimizing complexity and finding time to simplify.
- You focus on great results.

Selflessness/Collaboration

- You seek what is best for HCP, rather than what is best for yourself or your group.
- You share information openly and proactively.
- You work collaboratively with the team.
- You treat people with respect independent of their status or disagreement with you.
- You contribute effectively outside of your specialty.

Sustainability

- You are sensitive to the environmental impact of HCP's actions and work to reduce HCP's energy consumption and carbon footprint.
- You consider the social impact of your decisions on our Company and our stakeholders.
- You comply with HCP's corporate governance programs and policies, act ethically and avoid conflicts of interest.

Our Customers



HCP believes that customer satisfaction and loyalty is critical to sustaining and growing our business. Since 2001, we have partnered with a research and consulting firm specializing in the real estate industry to implement a customer feedback system to measure satisfaction levels of our medical office tenants.

While the process has evolved and improved over the years, it has always featured direct delivery of survey questionnaires to tenants by the third-party research and consulting firm, actionable reporting of results, and benchmarking specific to medical office buildings. The overall response rate improved in 2011 to 79% from 73% the previous year, and the 2011 survey revealed the following key results:

- Overall tenant satisfaction increased significantly by 9.2% and exceeded the Kingsley Index by 4.8%.
- Tenant satisfaction with property management, leasing and maintenance/engineering service significantly exceeded the Kingsley Index by 4.1% and improved by 7.4% from 2010.
- Renewal intent improved 3.2% over 2010 and exceeded the Kingsley Index by 1.0%.
- Satisfaction with leasing process improved 5.5% and exceeded the Kingsley Index by 2.5%.

Sustainability related questions were added to our survey in 2011 and we expect this to expand

in years to come. HCP will be persistent in developing our customer satisfaction programs and practices, and continue to administer and expand the surveys to customers who interact



with our businesses and locations—all while providing continual updates to our management. In addition, our annual survey results will continue to serve as a means for identifying opportunities for growth and areas where additional business investments are warranted. We believe that satisfied customers are essential to a sustainable business model.

Because we have the opportunity to choose the latest technologies in building design and materials, we believe in our ability to comprehensively assess health and safety impacts associated with our development and redevelopment projects and operating properties. Environmental impact assessments, which evaluate local environmental and other property-specific concerns, are a vital component of all of our properties including development and redevelopment projects. Property review assessments are also conducted every three

The Kingsley Index

We at HCP refer to the Kingsley IndexSM in our tenant satisfaction surveys and as a point of comparison across the industry. Because the survey responses are based on questions posed to similar respondents (tenants) and framed in largely the same way (in terms of the phrasing of the questions and response options available), the Index is useful as a benchmarking tool. In the aggregate, our Index represents properties covering 2.5 billion square feet. For medical office buildings specifically, it represents approximately 70 million square feet over 1,500 properties and 10,000 tenants.

years in addition to those conducted for compliance measures by HCP's insurance provider. Although development projects have been relatively low in recent years, health, environmental, and safety aspects associated with all of our properties are considered, including:

- **Indoor air quality.**
 - We evaluate our HVAC systems for redevelopment projects. A majority of our capital projects have resulted in the replacement of HVAC systems to address air quality, comfort conditions, and energy efficiency.
- **Lighting quality and increased day lighting.**
 - For redevelopment projects we evaluate window glass for day lighting capability.
 - We implement a UV reflective window system that improves and increases the amount of daylight in a building as well as reduces the building thermal load.
 - We replace existing lighting in garage areas with a system that increases the level of lighting as well as the lighting efficiency. The benefits include reduced energy consumption, reduced GHG emissions, and increased visibility for pedestrians and cars resulting in increased safety.
- **Thermal comfort.**
 - We replace lower efficient equipment with high efficiency HVAC equipment and as a result, reduce the overall GHG emissions.
 - We install Energy Management Systems (EMS) and Direct Digital Control (DDC) systems which gives us greater control over the HVAC operation of a building resulting in improved comfort for the tenants. These control systems also reduce energy consumption and reduce the overall GHG emissions.
- **Higher efficiency HVAC units.**
 - Our standard planning process for development, redevelopment, and operating properties includes specifying the use of high efficiency HVAC equipment.
 - We assess the operations of our properties to determine if the HVAC systems are operating as designed and at optimum efficiency.
- **Compliance with voluntary standards such as LEED and ENERGY STAR.**
 - LEED.
 - We use LEED standards, practices and guidelines as part of the development and redevelopment process.
 - We review the LEED project checklist as part of the development/redevelopment planning, design and scope process.
 - ENERGY STAR.
 - We benchmark and track our buildings through the ENERGY STAR Portfolio manager and any building having a score of 75 or greater begins the ENERGY STAR certification process.
 - We recertify all buildings that have received a prior ENERGY STAR certification each year if the score is 75 or greater.
 - We identify potential ENERGY STAR buildings by reviewing their scores and evaluating energy reduction projects that could increase the ENERGY STAR score.
 - By participating in the ENERGY STAR program as an ENERGY STAR Partner, we show our commitment to continual improvement to reduce energy consumption and to reduce our GHG emissions.
 - We frequently train and review ENERGY STAR benchmarking and efficiency best practices with all management partners to confirm our continual focus on improving portfolio performance and recognition.
 - We partnered with ENERGY STAR on multiple occasions to present energy best practices and ENERGY STAR benchmarking efforts to our operating partners.

Creating a healthier and brighter future for our customers and communities is of utmost priority to us. We understand that sustainable practices must be implemented now in order to create a better environment for tomorrow. HCP has pursued sustainability reporting to ensure we monitor, evaluate, and alter practices that do not align with this goal.

Our Communities



Our priority is to serve our customers, thereby helping them achieve their mission of making the highest quality healthcare available accessible to the communities served. It is through our customers' relationships with the community that we are able to assist in accommodating the healthcare needs of the people in these communities.

By virtue of how we support our tenants' ability to create healthier environments for delivering healthcare services, our portfolio of assets will define healthcare well into the 21st century.

Susan Tate

Executive Vice President
Post-Acute & Hospitals

Prior to entering a community, the healthcare and senior housing providers we work with conduct thorough needs assessments to determine how their services may fill a void and elevate community health. By engaging local policy makers, businesses, physicians, and nearby residents, strategic plans are created to ensure that adequate resources are devoted to developing and managing these large-scale projects. That is where we come in. Once a development project commences, we assume responsibility for conducting environmental risk assessments, for which the local environmental issues are evaluated and addressed before breaking ground on a site. Our customers know that they can depend on us to accommodate their individual needs through day-to-day management of the properties. This approach is applied to 100% of the 281 buildings that fall within our reporting boundary.



Arlington MOB
Arlington, TX





Our Economic Responsibility

HCP's financial health is a key component of the Company's sustainability performance. For a detailed description of our financial performance, refer to our Annual Report. Equally important, however, are the economic impacts we have on our stakeholders.

Our direct impacts include financial transactions, such as revenue received from our customers, wages and benefits provided to employees, dividends and interest paid to investors and lenders, and tax payments made to governments. Indirect impacts, which are more difficult to quantify, include increased productivity and money saved by customers due to their use of HCP facilities, as well as job creation resulting from construction/development. Initiatives that contribute economic value to our customers include:

- Focusing on energy efficiency.
- Researching the use of low carbon or renewable energies.
- Encouraging climate change mitigation within our supply chain.
- Sharing and learning.
- Reporting our progress.

The results of these initiatives have translated into a cost savings benefit for our tenants. We support a “green economy” by creating energy efficient jobs when we install resource-efficient equipment. HCP is also now in a position to seize ongoing opportunities to participate in initiatives that generate direct and indirect economic value by investing further in world-class technology and continuing to expand geographically.



Trophy Club MOB
Trophy Club, TX

Sorrento Summit Life Science Campus
San Diego, CA



Here are some specific examples of the ways we have generated tangible economic value for our stakeholders:

- Membership in the Building Owners and Managers Association (BOMA) and a partnership with ENERGY STAR enabled us to develop a new category of ENERGY STAR ratings and labels, altogether creating a new service and value.
- Heavy traffic and limited parking was an issue at some of our facilities, so we instituted vanpool and public transit programs, which generated value and supported growth for both public and private transportation agencies.
- Our aggressive efforts to attain LEED Certifications and ENERGY STAR ratings provide a greater value to our operators and tenants through the energy and cost savings we pass along to them, without raising their rent.
- Our aggressive retrofitting of building equipment (e.g., HVAC, lighting, occupancy sensors, etc.) and exploration of renewable energies have generated value for both the energy efficient and renewable energies industries.
- Operational activities have stimulated local economic growth with jobs to maintain the buildings and by providing space to businesses that hire.
- With the aim of long-term retention and helping our tenants' and operators' businesses grow, we:
 - o Reached out to our tenants via satisfaction surveys to better understand their sustainability needs and expectations.
 - o Proactively identified ways to be involved in the communities in which we operate, through building and designing properties with the end-user in mind.



Direct Economic Value Generated



The following information is based on the Consolidated Statement of Income for the Year Ended December 31, 2011 as reported in our Annual Report.

Figure 31: Economic Value Generated

(USD\$) in thousands

	2009	2010	2011
Direct Economic Value Generated			
Total Revenue	\$1,146,749	\$1,253,454	\$1,725,386
Direct Economic Value Distributed			
Operating Cost	\$ 183,296	\$ 210,202	\$ 220,167
G&A (inclusive of employee wages & benefits)	\$ 77,999	\$ 83,048	\$ 96,150
Community Investments	\$ 0	\$ 0	\$ 0
Payments to Governments	\$ 2,280	\$ 1,765	\$ 1,710
Payments to Capital Providers (inclusive of bond payments)	\$ 824,549	\$ 888,804	\$1,151,359
Economic Value Retained	\$ 76,214	\$ 93,974	\$ 316,138

Risk and Opportunities Related to Climate Change



HCP recognizes that the consumption of energy in our operations is directly related to greenhouse gas emissions and to potential adverse effects on global climate. Similarly, we understand that the implications of climate change may either directly or indirectly affect parts of our business, including the people we serve. We have given great consideration to the potential risks and opportunities ahead. The figure below identifies the financial implications, and the risks and opportunities associated with climate change.

Figure 32: HCP Climate Change Risk Assessment and Management Overview

Driver	Financial Implications & Risks	Existing Risk Mitigation Initiatives	Costs	Opportunities
Regulatory Changes	<p>New regulations with higher standards could:</p> <ul style="list-style-type: none"> • Increase construction costs of the purchasing and installation of more energy efficient equipment. • Create additional costs in order to train staff on compliance procedures. 	<ul style="list-style-type: none"> • Voluntarily construct buildings to codes that exceed current standards. 	<ul style="list-style-type: none"> • Product labeling and efficiency regulations/standards: approximately 1% to 5% of total project cost on new construction, and in tens of thousands of dollars in existing buildings. 	<ul style="list-style-type: none"> • Specialized training provided to in-house staff through seminars and webinars. • Energy efficiencies would make buildings more attractive to tenants and increase revenue.
Energy Prices	<p>Rising energy costs have led to an increase in:</p> <ul style="list-style-type: none"> • Overall operational costs. • Construction costs due to higher costs of energy savings equipment along with the fuel and energy that are used to produce construction materials. 	<ul style="list-style-type: none"> • Implemented energy saving measures through installation and use of energy efficient equipment. • Implemented programs and initiatives including internal awareness campaigns, and water conservation and energy saving procedures. 	<ul style="list-style-type: none"> • Installation of energy efficient equipment: approximately 1% to 5% of total project cost, though costs may be mitigated by cost savings associated with the use of such equipment. • Energy savings as a result of conservation awareness campaigns are estimated at thousands of dollars. 	<ul style="list-style-type: none"> • Energy efficiencies would make buildings more attractive to tenants and increase revenue. • Increases in energy prices will drive innovations in alternative energy sources such as solar, wind, geothermal and hydrogen power.

Continued on next page >>

Figure 32: HCP Climate Change Risk Assessment and Management Overview (cont')

Driver	Financial Implications & Risks	Existing Risk Mitigation Initiatives	Costs	Opportunities
<p>Weather Pattern Changes (Average temperatures, droughts, precipitation, hurricanes and typhoons)</p>	<ul style="list-style-type: none"> • Our properties are vulnerable to changes in average temperatures, which increases our cooling and heating expenses. • Extreme weather patterns associated with climate change, could: <ul style="list-style-type: none"> o Increase the frequency of insurance deductibles due to claims of damage to our buildings. o Raise premiums. o Lead to loss revenue due to service disruptions. 	<ul style="list-style-type: none"> • Established emergency preparedness and business continuity plans to minimize risks. • Negotiate insurance rates and purchase business interruption insurance. 	<ul style="list-style-type: none"> • The development of business continuity and emergency preparedness plans costs are minimal. • There is no cost associated with negotiating insurance rates. The cost of purchasing business interruption insurance policies is tens of thousands of dollars. 	<ul style="list-style-type: none"> • Changes in temperature will ultimately result in the expansion of green initiatives and the reduction of energy consumption and building operating costs. • Competitive insurance rates could be negotiated through a bidding process. • Business interruption insurance could be purchased. • Business continuity and emergency preparedness plans will be created to minimize risks of business disruption. • Changes in precipitation extremes and sea level rise will drive better construction practices to deal with flooding and utilization of drought resistant/ low water landscaping to conserve water.
<p>Sea Level Rise</p>	<p>Our properties near coastal areas are vulnerable to extreme weather due to sea level rise, which could:</p> <ul style="list-style-type: none"> • Increase the frequency payments of insurance deductibles due to claims of damage to our buildings. • Raise insurance premiums due to increased claims. 	<ul style="list-style-type: none"> • Negotiated competitive insurance rates through a bidding process. • Purchased business interruption insurance. • Established business continuity and emergency preparedness plans to minimize risks of business disruption. 		

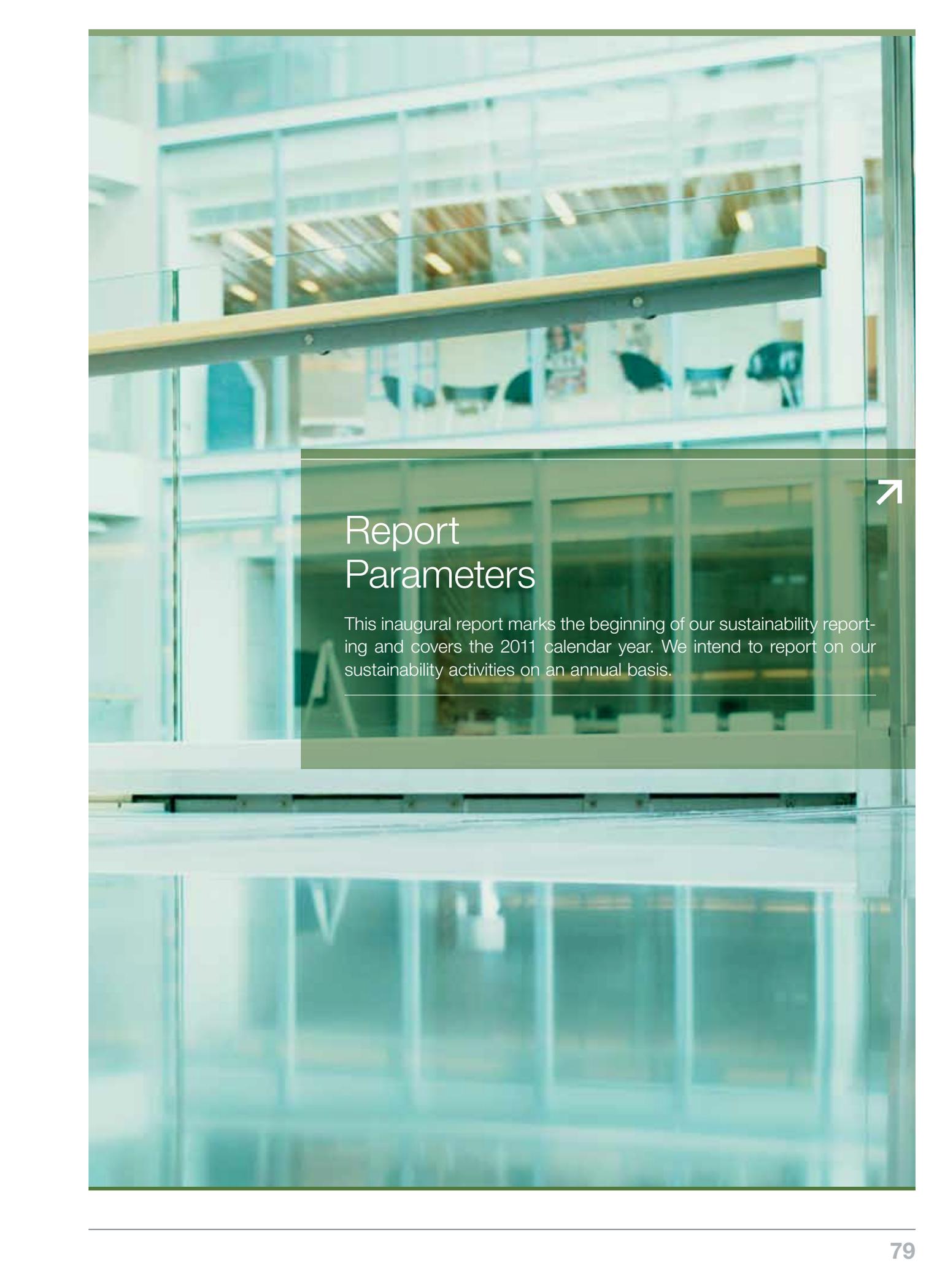
Plano I MOB
Plano, TX



Over the last year, HCP began regularly assessing climate change risks and opportunities through specific risk management procedures that are being integrated Company-wide. Not all of the listed issues are imminent; however, we realize the severity of potential impacts and are dedicated towards a proactive stance in developing strategies to help us deal with such situations if they should occur. The scope of such procedures includes the assessment of financial implications at the Company level; the assessment of weather-related implications

at the asset level; and the assessment of other developments such as reputational considerations at the Company level. These risks and opportunities are assessed quarterly or as needed in cases where immediate action is necessary. The degree of materiality of any climate change risk or opportunity is assessed and measured by the applicable leaders of each of our five business sectors and prioritized accordingly.





Report Parameters

This inaugural report marks the beginning of our sustainability reporting and covers the 2011 calendar year. We intend to report on our sustainability activities on an annual basis.



Report Development Process

HCP has determined that sustainability principles are consistent with the high standards that the Company has established throughout its business. Therefore, the sustainability reporting process was initiated with support throughout the organization. A system for identifying sustainability related issues, impacts and opportunities has been designed to engage key team members from across the organization. With the assistance of outside expertise, we were able to lay the foundations for our sustainability reporting process following *GRI's Principles for Determining Report Content and Ensuring Report Quality*. From industry trends and standards to our own environmental, social and economic impacts, the most relevant issues to our operations emerged.

Organizational Boundary of the Report

HCP's boundary is defined as 261 buildings in our MOB and Life Science portfolios and 20 Assisted Living facilities throughout the United States, all of which are under our operational control. All other properties that fall outside our direct operational control have been omitted.

As noted in our submission of 2011 data to the Carbon Disclosure Project (CDP), our environmental results are reported upon availability of the data for all facilities that are under the control or significant influence of HCP. Our labor statistics include HCP employees.

Data

Data has been collected and reported with the aid of existing management control systems in order to ensure reliability of information and correct monitoring of performance. Using the emissions factors published by the eGRID, HCP reports its GHG emissions to the Carbon Disclosure Project in accordance with the Greenhouse Gas Protocol (2004) established by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute. Measurement techniques used to disclose various data points can be found in Appendix II of this report.

Data (cont')

The exclusion of any specific data points or facilities from the scope of the reporting is due to the inability to obtain satisfactory data or their immateriality in relation to the Company as a whole. Data points from the buildings outside our operational control are excluded from our performance measures because we do not have the relevant data to report on. However, we are committed to expanding our boundary to include data for a larger group of properties, improving our data measurement techniques for the buildings we have control over, and continue communicating our performances in the years to come.

Assurance

HCP did not seek external assurance for this inaugural sustainability report. However, as we continue to develop and improve data reporting processes, we will consider leveraging the assistance of an external assurance provider.

Contact

Please email sustainability@hcpi.com with comments and/or suggestions to our Investor Relations team. We appreciate all feedback as it helps make HCP a more sustainable company.

GRI Content Index & Level Declaration

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
1.1	CEO Statement		■	2	Full
1.2	Introduction of Key Impacts, Risks & Opportunities	■	■	5–7	Full

Organizational Profile

2.1	Name of the Organization	■	■	9	Full
2.2	Primary Brands, Products and/or services	■	■	11	Full
2.3	Operational Structure of the Organization, including main divisions, operating companies, subsidiaries and joint ventures	■	■	12–15	Full
2.4	Location of organization's headquarters	■	■	10	Full
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	■	■	10	Full
2.6	Nature of ownership and legal form	■	■	9, 18	Full
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	■	■	10	Full
2.8	Scale of the organization	■	■	15	Full
2.9	Significant changes during the reporting period regarding size, structure or ownership	■	■	12–14, 16	Full
2.10	Awards received in the reporting period	■	■	20	Full

Report Parameters

3.1	Reporting Period	■	■	79–81	Full
3.2	Date of most recent report			Cover, 79–81	Full
3.3	Reporting Cycle	■	■	79–81	Full
3.4	Contact regarding report or its content			81	Full

GRI Content Index & Level Declaration (cont')

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
3.5	Process for determining report content, including: determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report			31–32	Full
3.6	Boundary of the report	■	■	80–81	Full
3.7	State any specific limitations on the scope or boundary of the report	■	■	80–81	Full
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	■	■	80–81	Full
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	■	■	80–81, 88–89	Full
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement			80	Full
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report			79–80	Full
3.12	Table identifying the location of the Standard Disclosures in the report			85–87	Full
3.13	Policy and current practice with regard to seeking external assurance for the report	■	■	81	Full

Governance, Commitments and Engagements

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	■	■	24	Partial
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		■	24	Full
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members			24	Full

GRI Content Index & Level Declaration (cont')

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	■		31, 33	Full
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	■	■	29–30	Full
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided			26	Full
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics			28	Full
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	■		5–7, 65–77	Full
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		■	24, 27	Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance			25–28	Full
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization			26, 65–66	Partial
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	■	■	3, 19	Full
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	■	■	19	Full
4.14	List of stakeholder groups engaged by the organization			31	Full
4.15	Basis for identification and selection of stakeholders with whom to engage			31	Partial

GRI Content Index & Level Declaration (cont')

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group			32–33	Full
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting			32–33	Partial

Environmental Disclosures on Management Approach Page 35

<i>Environmental Performance Indicators</i>					
EN	Description	GRESB Alignment	CDP Alignment	Page	Coverage
EN3	Direct energy consumption by primary energy source (Core)	■	■	40	Full
EN4	Indirect energy consumption by primary source (Core)	■	■	41	Full
EN5	Energy saved due to conservation and efficiency improvements (Additional)	■	■	42	Full
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives (Additional)	■	■	42, 47	Full
EN8	Total water withdrawal by source (Core)	■		53	Full
EN16	Total direct and indirect greenhouse gas emissions by weight (Core)	■	■	48	Full
EN17	Other relevant indirect greenhouse gas emissions by weight (Core)	■	■	50	Partial
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (Additional)	■	■	51	Full
EN22	Total weight of waste by type and disposal method (Core)	■	■	55	Full
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (Core)		■	38	Full
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (Core)	■	■	36	Full

GRI Content Index & Level Declaration (cont')

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
------------	-------------	-----------------	---------------	------	----------

Social Disclosures on Management Approach Page 57

<i>Labor Performance Indicators</i>					
LA1	Total workforce by employment type, employment contract, and region (Core)	■		59	Full
LA2	Total number and rate of employee turnover by age group, gender, and region (Core)			60	Full
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations (Additional)			60	Full
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region (Core)			61	Partial
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases (Core)			62	Partial
LA12	Percentage of employees receiving regular performance and career development reviews (Additional)	■		61	Full
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity (Core)			28	Full
LA14	Ratio of basic salary of men to women by employee category (Core)	■		64	Full
LA15	Return to Work and retention rates after parental leave, by gender (Core)			64	Full
<i>Human Rights Performance Indicators</i>					
HR4	Total number of incidents of discrimination and actions taken (Core)	■		63	Full

GRI Content Index & Level Declaration (cont')

Disclosure	Description	GRESB Alignment	CDP Alignment	Page	Coverage
<i>Society Performance Indicators</i>					
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs (Core)			69	Full
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (Core)			65	Full
<i>Product Responsibility Performance Indicators</i>					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures (Core)	■	■	67	Full
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes (Additional)			65	Full
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction (Additional)	■		67	Full

Economic Disclosures on Management Approach Page 71

<i>Economic Performance Indicators</i>					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, related to earnings, and payments to capital providers and governments (Core)			74	Full
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change (Core)	■	■	75	Full

In this inaugural report, we aimed to address all Material Indicators identified through reporting processes aligned to GRI's standard methodology. As such, we will declare this report to be a GRI B Level for our ability to comply with the basic requirements for this level.

Appendix I: Measurement Methodologies

EN16—Calculating Emissions (page 48)

Accurately calculating our emissions is important to us. We therefore acknowledge a range of uncertainty for our direct and indirect emissions calculations. In approximately 6% of our facilities, electricity is allocated between property under our operational control and property under partial control where estimates are run for buildings that are connected to other properties falling outside our boundary. Thus, we had to make estimates of emissions for these facilities and therefore, believe the overall margin of error to be between 5% and 10%. HCP followed *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)* to collect activity data and calculate emissions. We also referenced *1995 IPCC Second Assessment Report* for global warming potentials for CH₄, N₂O, and CO₂ gases.

Emission factors used with origin:

Fuel/Materials/Energy	Emission Factor	Unit	Reference
Natural Gas	117.69	lb CO ₂ e per million BTU	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009.
Diesel/Gas Oil	22.40	lb CO ₂ e per gallon	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009.
Motor Gasoline	19.56	lb CO ₂ e per gallon	WRI Emission Factors Compilation from Cross-Sector Tools. Version 1.0. July 2009.
Purchased Electricity			WRI GHG Protocol tool for stationary combustion. Version 4.3.
Purchased Steam			www.eia.gov/oiaf/1605/emission_factors.html

EN17—Employee Commuting (Page 50)

Our methodology for calculating emissions for employee commuting was based on an estimate of annual distance traveled by employees during their work commute. 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 we considered 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 our employee commuting emissions given that it assumes 100% of employees commute to work via passenger car, that each employee always commutes alone to work and does not include days not worked due to vacation, sick time and holidays.

EN18—Emissions Reduction (Page 51)

Various GHG Protocol Tools were used to obtain emission factors and Global Warming Potentials (e.g., World Resources Institute, 2008 and GHG Protocol Tool for Stationary Combustion, Version 4.0).

EN22—Waste (Page 55)

We determined these methods of disposal by reviewing contracts and confirming with the waste contractors. Hazardous waste removal is the responsibility of the tenants and therefore is outside HCP's boundary.

