

2013

# sustainability report



## OUR COMPANY PROFILE

HCP, Inc., an S&P 500 company, is a Maryland corporation organized to qualify as a self-administered real estate investment trust (REIT). HCP acquires, develops, leases, manages, and sells healthcare real estate in addition to providing mortgage and other financing to healthcare providers. From our headquarters in Irvine, California and our offices in Nashville, Tennessee, Los Angeles, and San Francisco, California, we manage one of the largest and most diversified real estate portfolios of any healthcare REIT.



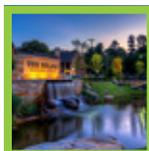


**The Solana Olney**  
**Senior Housing—Brookdale**  
LEED Certified  
Olney, Maryland

## 2013 SUSTAINABILITY

# Report Index

Sustainability Report Overview	5
Letter to Stakeholders	6
Governance and Strategy	13
Environmental Stewardship	20
Sustainable Assets	25
Social Responsibility	26
Our Tenants, Operators and Property Managers	30
Environmental Performance Indicators	34
Management Assertions and Measurement Techniques	41
GRI Content Index	45



### COVER IMAGE

The Solana Olney | LEED Certified  
Senior Housing  
Olney, Maryland



OUR SUSTAINABILITY

# vision

**We strive to create shareholder value by providing real estate, capital and innovation to our partners to ensure that our facilities integrate sustainable business practices to operate efficiently and support the healthcare industry.**

Our vision for sustainability stems from a simple commitment to promoting more sustainable practices

through our daily business activities. Ensuring better monitoring, evaluation, and modification to these practices has enabled us to strengthen our business as a model for excellence in corporate governance, financial integrity, environmental best practices, and social responsibility.

# SUSTAINABILITY REPORT Overview

## REPORTING STANDARD

This sustainability report (Report) is prepared in accordance with the GRI G4 Guidelines at the Core Level. Energy and greenhouse gas emissions data were prepared in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition (2004 Corporate Standard), as amended (May 2013).

In addition to the disclosure alignment reflected within the content index of this Report, each of our annual CDP and Global Real Estate Sustainability Benchmark (GRESB) responses can be accessed online at:

<http://www.hcpi.com/sustainability>

## ASSURANCE

A selection of our non-financial data (including the Management Assertion attached as Appendix A to the Assurance Letter included at the end of this Report) has been independently assured by PricewaterhouseCoopers (PwC), and is identified throughout this Report with an asterisk (\*).

## REPORTING BOUNDARY

This Report covers the activities of specific properties deemed to be within our boundary, which is determined based upon any portion of the building in which we maintain actual operational control. We define operational control as the square footage portion of the building that we have the authority to implement operating policies with respect to energy usage, water usage and waste disposal.

Our 2013 boundary encompasses 339 properties, 206 of which we maintain full operational control, and 133 of which we maintain partial operational control. We expanded the scope of our boundary this year to include 16 existing properties in our Life Science and Medical Office Building (MOB) segments. As such, our 2011 base year was adjusted by 42 properties in 2012 and by 16 properties in 2013, reflecting a rolling baseline year to evidence our growth.

The 2012 total emission, total water withdrawal and total weight of waste numbers were adjusted to update to a rolling 2012 baseline year reflecting acquisitions, dispositions and boundary changes where buildings were removed or added.

We hope you enjoy our 2013 Report, and would like to hear your feedback. Please contact us at: [sustainability@hcpi.com](mailto:sustainability@hcpi.com)

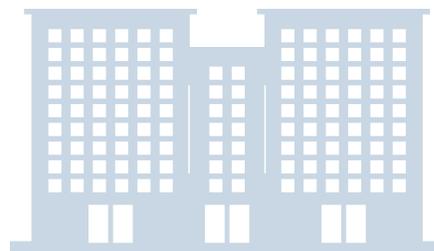
# 339

## PROPERTIES UNDER HCP CONTROL



# 133

### PARTIAL OPERATIONAL CONTROL



# 206

### FULL OPERATIONAL CONTROL

Since we do not maintain full operational control over all of the buildings in our portfolio, we make a conscious and dedicated effort to influence those properties outside our boundary to join our sustainability initiatives and to be more conscientious of people and the planet.



LETTER TO

# Stakeholders

Dear Stakeholders,

2013 was a solid year of performance for HCP, operationally and financially. We delivered \$957 million to shareholders in the form of dividends, and generated 3.1% same store cash NOI growth. Our stockholders have enjoyed 29 consecutive years of dividend growth, and HCP takes pride in being the only REIT in the S&P 500 Dividend Aristocrats Index.

In 2013 we also advanced our commitment to our sustainability programs, with a focus on achieving goals in each of the Environmental, Social and Governance (ESG) dimensions of sustainability.

## Environmental

We continued our efforts to reduce our environmental impact in 2013. We were named to each of CDP's Global 500 and S&P 500 Climate Disclosure Leadership Indices for demonstrating corporate climate responsibility and transparency of our climate change strategy. Additionally, we were awarded the Healthcare Leader in the Light Award by the National Association of Real Estate Investment Trusts (NAREIT) for demonstrating superior and sustainable energy use practices for the second consecutive year. Also for the second consecutive year, we were named the Global and North American Leader for the Healthcare Sector by the Global Real Estate Sustainability Benchmark (GRESB). Such recognition highlights how far we have progressed in only our third year of sustainability reporting.

## Social

We continued to cultivate our Social Sustainability Committee, a subcommittee of our Sustainability Committee. HCP understands and believes in the importance of community engagement and support, and after only one year, our charitable efforts are producing impactful results. HCP made significant charitable donations to two university research programs for the benefit of our core constituency, the elderly: UCI Mind to advance Alzheimer's research at the University of California Irvine and the University of Southern California Davis School of Gerontology to fund a Center for Digital Aging. HCP also sponsored, and our employees participated in, fundraising to support the Walk to End Alzheimer's. We are proud to support one of the nation's largest events to raise awareness and funds for Alzheimer's care, support and research.

## Governance

We took steps to further enhance our corporate governance practices in 2013, including instituting significant changes to our leadership. Our Board of Directors elected to separate the roles of Chief Executive Officer and Chairman to enhance the Board's independence from management and to promote more effective oversight. Additionally, HCP also undertook a comprehensive redesign of our executive compensation programs using transparent metrics to further align executive pay with performance, as well as the interests of our stockholders. We also instituted a Vendor Code of Business Conduct and Ethics applicable to our vendors and business partners.

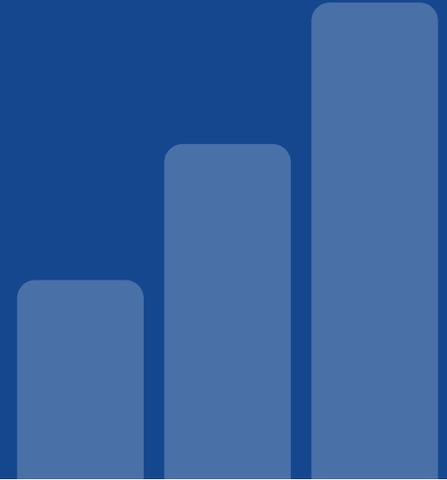
Each of these added ESG initiatives represent an integral part of our sustainability goals and strategy, and we are excited about continuing to expand our initiatives in the years to come. We hope you enjoy this report and will join us in embracing sustainability. Success takes all of our efforts.

**Lauralee E. Martin**  
President and Chief Executive Officer

# 29

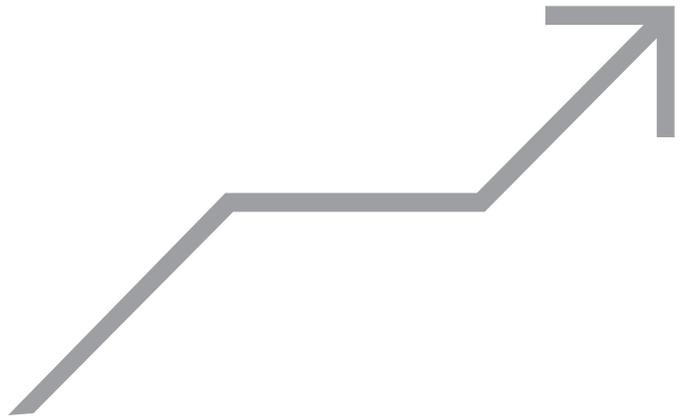
CONSECUTIVE YEARS OF DIVIDEND

# growth



AS OF DECEMBER 31,  
**\$21.7 BILLION** IN ASSETS  
UNDER MANAGEMENT

## OUR properties



SENIOR  
HOUSING



**444**

PROPERTIES

POST-ACUTE/  
SKILLED NURSING



**302**

PROPERTIES

MEDICAL  
OFFICE



**272**

PROPERTIES

LIFE  
SCIENCE



**115**

PROPERTIES

HOSPITAL



**20**

PROPERTIES

Skyline Medical Plaza | **Nashville, Tennessee**

# **TOBY Awards Winner** Skyline Medical Plaza

Skyline Medical Plaza received **The Outstanding Building of the Year (TOBY) Award** in the Medical Office Building category at the local level. Skyline is located in Nashville, Tennessee, and is managed by Holladay Properties.

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The TOBY Awards are sponsored by the Building Owners and Managers Association (BOMA), and are the most prestigious awards in the commercial real estate industry, recognizing quality in buildings and rewarding excellence in building management. Buildings are judged in a variety of categories, including community involvement, site management and environmental policies and procedures.



## MATERIALITY AND

# Stakeholder Engagement

Stakeholder engagement is an integral component of our assessment process for the implementation of our sustainability initiatives. We engage with a number of stakeholders throughout the year, as part of our regular business practice and the continued expansion of our sustainability efforts. We begin our annual reporting cycle by determining relevant issues in our industry and mapping out a list of all stakeholders who either impact or are impacted by our operations. Our list included shareholders, investors, employees, property managers, tenants, operators, consultants, contractors, financial institutions, government agencies, vendors and suppliers, non-governmental institutions and academic institutions.

We concentrated our stakeholder engagement efforts on four core groups in order to facilitate the alignment of our

sustainability strategy to our greater organizational mission, which are: (i) shareholders; (ii) employees; (iii) property managers; and (iv) tenants/operators.

We understand the opportunities that lie within broadening our stakeholder engagement. Accordingly, we have formalized our engagement process by creating a focused dialogue supported through education and streamlined input. In an effort to integrate our financial and non-financial reporting, we have endeavored to build a bridge between the concerns of our shareholders and those who strongly influence our day-to-day business activities. We then assess and incorporate the results systematically into our organization's overall decision-making processes.

### STAKEHOLDER ENGAGEMENT MECHANISMS

	ENGAGEMENT TYPE	FREQUENCY	RESULT
<b>SHAREHOLDERS</b> 	NAREIT Conferences	Biannually	Increased awareness of HCP's environmental and social performance; feedback received for further value-generating opportunities
	Investor Conference Calls	Quarterly	Increased awareness of HCP's financial results and sustainability activities
<b>TENANTS/ OPERATORS</b> 	Tenant Satisfaction Survey	Annually	Shared heightened expectations and best practices, while also helping shape incentive programs for more sustainable practices
	Site Evaluations	Monthly	Enhanced resource efficiency options, usability, and facility performance
	Tenant Newsletter and Web portals	Monthly	Provided insight into management techniques, design and implementation of best practices
<b>PROPERTY MANAGERS</b> 	HCP MOB and Life Science Conference	Annually	Communicated sustainability and operational best practices to be implemented throughout our properties
	Green Team Meetings	Monthly	Evaluated and recommended solar and smart building projects
<b>EMPLOYEES</b> 	Social Responsibility Subcommittee	Bimonthly	Increased satisfaction and interest for more dedicated charitable activities
	Town Hall Meetings	Quarterly	Increased awareness of HCP's environmental and social activities and other topics relevant to our employees in an open forum to enhance communication

# Stakeholder Engagement

Knowledge sharing is essential to understanding and communicating sustainability issues that present risks to our business. With this in mind, each year we hold our HCP MOB and Life Science Conference. Sustainability awareness occupies a significant portion of the educational topics, and conference agenda items include energy reduction, water conservation, and preventive and corrective maintenance techniques.

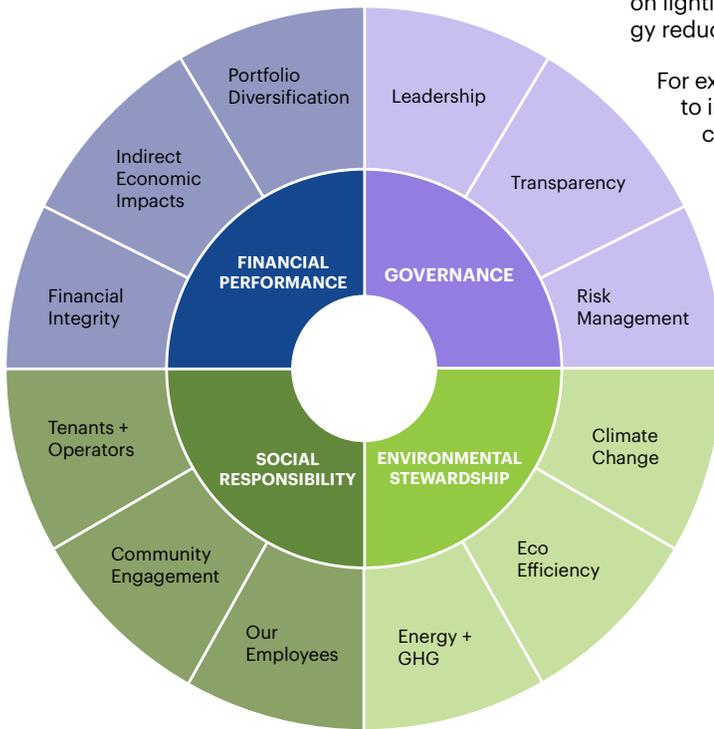
Additionally, property managers and engineering personnel engage in discussions concerning environmental industry trends and best practices. We continue to explore solutions to concerns shared during the conference long after its conclusion.

We frequently engage our senior housing and skilled nursing facilities on sustainability issues. Through individualized site assessments we are able to prioritize equipment installments and retrofits that support electricity, gas, water efficiency and other green building practices. We also continuously work with our operators on lighting retrofit and upgrade projects, as well as energy reduction projects.

For example, we collaborated with one of our operators to implement lighting retrofits in five senior living communities. Including rebates, the total project cost was \$368,500 and our return on investment, or ROI, was 43.5%. We will continue to expand our cooperative efforts with this operator as part of a new lighting retrofit program, and have plans to jointly survey another five communities for retrofits in 2014.

**GOAL**

Over the next few years, we will continue to build deeper relationships with our stakeholders and further formalize our engagement practices to promote a more structured and homogenized external stakeholder engagement approach across our operations.



**CHALLENGES AND OPPORTUNITIES**

The assessment of sustainability trends in terms of both related challenges and opportunities plays an important role in HCP's focus on sustainability.

At the same time, sustainability trends at both the macro and micro levels are rapidly impacting the business landscape. The world is facing major challenges that may affect our business, whereas:

Climate change affects natural resource availability and increases risks associated with our operating expenses and the cost of construction materials;

An aging population in need of medical assistance and quality healthcare requires careful design of buildings that promote environmental and human health; and

Growing economic volatility affects our ability to maintain competitive pricing for our tenants and to work within the constraints of a shrinking healthcare dollar.

We want to be a part of the solution, yet we have to be conscious of our limitations and plan strategically about where we can achieve traction.

We are confident that our ability to maintain and improve the quality of our buildings will have a positive impact on the healthcare industry— from our medical office buildings to our laboratories and skilled nursing facilities, as well as buildings outside our operational control. We will continue to strive to invest in the best properties, choose the best operators and engage the best people throughout our properties.

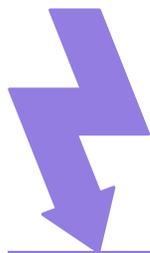
## DETERMINING

# Materiality

We conduct our business with a view towards long-term environmental and social sustainability driven by stakeholders' interests, which ultimately propels shareholder value. Therefore, we consider potential

environmental and social impacts when determining materiality for our reporting, as well as for making business decisions and managing our resources and infrastructure.

### OUR EVOLVING MATERIALITY PROCESS FOR DETERMINING REPORT CONTENT HAS RESULTED IN:



#### ISSUES IDENTIFICATION

Industry benchmarking and stakeholder engagement was undertaken to determine relevant issues identified through items such as:

- Analysis of mega-trends as well as healthcare and REIT industry trends
- Review of current regulatory developments
- Strategic and operational risk assessment
- External sustainability ratings feedback relating to issues important to investors
- Stakeholder surveys (e.g. Tenant and Operators Annual Survey)
- GRI Materiality Internal Workshop for HCP management team based on the new G4 Framework



#### ISSUES PRIORITIZATION

Material issues are mapped in line with the Global Reporting Initiative (GRI) G4 Guidance, evaluating the following aspects:

- Relevance of issues affecting our business and stakeholders
- Influence to/by core stakeholder groups
- Level of direct financial impact
- Alignment to our larger organizational mission

#### A TWO-STEP APPROACH:

**Step 1:** Outreach to external consultants with expertise in GRI sustainability reporting for advice on the relevance of our priority issues.

**Step 2:** Prioritization of issues with our Sustainability Committee, the leaders of each of our business segments and external sustainability consultants to identify top priority issues and their significance.



#### INTERNAL VALIDATION + DISCLOSURE

Material matters are presented to our Sustainability Committee and once confirmed, submitted to our Board of Directors (Board) for review.

Upon final CEO review and approval, we construct our position on these issues within our GRI-based sustainability report, the CDP Investor Questionnaire, the GRESB Survey, Dow Jones Sustainability Index Assessment and FTSE4Good.

A review and update on HCP's materiality analysis is completed every two years.

#### ASSURANCE:

In 2012 and 2013 we obtained independent external assurance on our sustainability-related Management Assertions and Measurement Techniques from PwC.

Since receiving assurance in 2012, we have implemented a rolling baseline methodology. The rolling baseline data presented herein from 2012 has not been assured by PwC.

A MANAGEMENT  
OUTLOOK ON

# value AND sustainability

<http://www.hcpi.com/sustainability>



## Green Budget Planning

Dedicated green budget categories are developed each year to accommodate energy efficient products.



## Business Intelligence

We stay up to date with climate change risks, best practices, and innovations so that our team may quickly assess opportunity costs.



## Financial Modeling

Once projects are identified, we calculate financial metrics including return on investment, payback period, and net present value.

## OUR approach

Determining investment feasibility and projected cost-savings requires an innovative management approach. By increasing the energy efficiency of our buildings and training of our staff, we can make our buildings more attractive to tenants, helping to further increase shareholder value, while making more sustainable decisions.



## Ongoing Management + Reporting

We then integrate environmental management systems to track effectiveness and savings over time.



**OUR BOARD OF DIRECTORS**

It is important to position ourselves as a leader in corporate citizenship. Our Board possess considerable business experience and in-depth knowledge of the issues HCP faces, and is in the best position to evaluate HCP’s needs and how best to organize our leadership structure to meet those needs.

As a result of our most recent annual leadership review, our Board determined that the most effective leadership structure for HCP would be to separate the positions of Chief Executive Officer (CEO) and Chairman of the Board, to appoint a non-executive Chairman of the Board, and to elect a President and CEO.

The Board believes that separating the roles of Chairman of the Board and President and CEO is a highly effective leadership model for HCP and best serves the objectives of the Board’s

oversight of management, the ability to carry out its roles and responsibilities on behalf of the stockholders, and HCP’s overall corporate governance. The Board also believes the separation of the Chairman and CEO roles allows the CEO to focus time and energy on operating and managing the Company and leverages the Chairman’s experience and perspectives. The Board will periodically review the leadership structure and may make changes in the future.

The organizational structure of our Board of Directors is set forth below.

Additional information about our Board of Directors can be found in our 2014 Proxy Statement, located on our website at

 <http://www.ir.hcpi.com>

**HCP BOARD OF DIRECTORS**

<b>Michael D. McKee</b>	Chairman, HCP, Inc.; Chief Executive Officer, Bentall Kennedy U.S., L.P.
<b>Lauralee E. Martin</b>	President and Chief Executive Officer, HCP, Inc.
<b>Brian G. Cartwright</b>	Senior Advisor, Patomak Global Partners and Scholar in Residence, USC Marshall School of Business
<b>Christine N. Garvey</b>	Former Global Head of Corporate Real Estate Services, Deutsche Bank AG
<b>James Hoffmann</b> <sup>(1)</sup>	Former Partner and Senior Vice President, Wellington Management Company
<b>David B. Henry</b>	Vice Chairman, President and Chief Executive Officer, Kimco Realty Corporation
<b>Peter L. Rhein</b>	General Partner, Sarlot & Rhein
<b>Joseph P. Sullivan</b>	Chairman Emeritus, RAND Health Board of Advisors

<sup>(1)</sup>Appointed by the Board of Directors in 2014

# Highlights



**ACHIEVED\*\*  
YEAR-OVER-YEAR  
GROWTH**

8% FFO and 14% FAD  
per share as adjusted



**INCREASED  
DIVIDENDS**

**29 YEARS**  
of consecutive growth



**RAISED  
\$800 MILLION**

of 4.25% senior notes  
due 2023

**INCREASED\*\***

**3.1%**  
same store cash NOI

**DIVIDEND  
ARISTOCRAT**

**THE ONLY REIT**  
in the S&P 500 Dividend  
Aristocrats Index

**INVESTED**

**\$600 MILLION**  
of capital across each of  
our five property types

\*\*See page 48.





**RANKED TOP 10%**  
**CDP GLOBAL 500**  
**AND S&P 500**

climate disclosure leadership  
indices (CDLI)



**RECOGNIZED**  
**HEALTHCARE**  
**SECTOR LEADER**

for sustainable business  
practices by NAREIT's  
Leader in the Light program  
and by GRESB

**COMMUNITY**  
**OUTREACH**

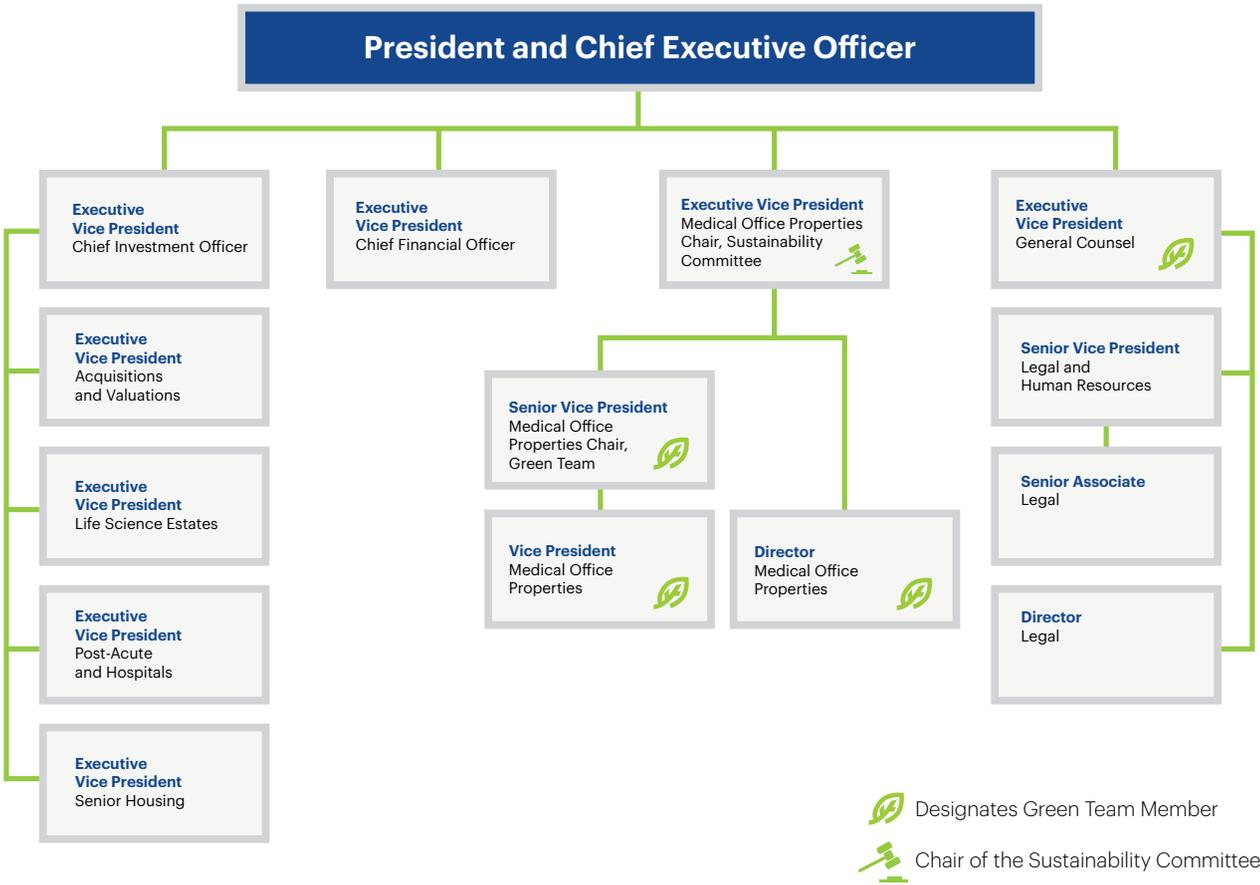
Contribution to USC Davis School of  
Gerontology to fund a Center for Digital  
Aging, and a contribution to UCI MIND  
to advance Alzheimer's research

**ACHIEVED**  
**SUSTAINABILITY**  
**INDEX CONSITUENCY**

to the CDP CDLI and the Dow  
Jones Sustainability Index for  
North America



# Committee



As a company with a strong culture of corporate governance, we believed it was necessary to establish a sound organizational structure to guide and implement our evolving sustainability strategy. As indicated in the organizational structure of the Sustainability Committee set forth above, our Sustainability Committee is comprised of senior executive officers, corporate officers and other professional employees. Committee meetings are held frequently to discuss sustainability-related opportunities, and to identify risks and related mitigating options.

Directives for the strategic development of our environmental, social and governance goals are then conveyed to our CEO for review and approval. The Executive Vice Presidents, reporting to our Chief Investment Officer provide specialized support by obtaining external input on best-practices, monitoring impacts and overseeing implementation of our annual strategic agenda.

We believe that effective corporate governance incorporates sustainability as a critical component to achieving our business objectives and properly managing risks.

# INSTITUTIONALIZING Sustainability

Since publishing our first sustainability report in 2011, we have made great strides towards further institutionalizing sustainability and influencing others in the process. In addition to our Securities and Exchange Commission (“SEC”) reporting requirements, we use reporting initiatives such as GRI G4, DISI, CDP, and GRESB to communicate the results of our business practices to our shareholders, stakeholders, and the general public.

By regularly communicating our progress, we have not only affirmed long-term value for our shareholders, but we have motivated our employees, and prompted our partners to adjust their business practices. Today, our commitment to sustainability is embedded into our business agenda through our mission, vision and approach for ensuring long-term success for HCP and our valued stakeholders.

Sustainability is a core value at HCP, and improving it is a key objective. Our values guide the way we do business and influence the way we think and act. It is by putting these shared values into everyday practice that we can collectively facilitate success. Through a dedicated workforce, we are able to achieve our organizational mission of creating shareholder

value. This mission is further solidified through transparent communication in all aspects of our business, including corporate citizenship.

HCP strives to conduct business honestly, fairly, and with integrity. We have implemented best practices to address governance initiatives that are important to our shareholders, employees, and other stakeholders.

We also endorse a business environment consistent with the highest standards of business ethics, and we promote these standards through the implementation of cohesive policies that include consistent and transparent corporate governance practices.

Our Corporate Governance Guidelines establish a common set of expectations of how we conduct business, while our Code of Business Conduct and Ethics establishes obligations for ethical conduct. This year we expanded our commitment to minimizing potential risks outside our core operations by implementing a Vendor Code of Business Conduct and Ethics.



**OUR CORPORATE GOVERNANCE GUIDELINES** promote the functioning of the Board and its committees and set forth a common set of expectations as to how the Board should perform its functions.



**OUR CODE OF BUSINESS CONDUCT AND ETHICS** establishes obligations for ethical conduct and regulatory compliance practices for employees, officers and directors.



**OUR VENDOR CODE OF BUSINESS CONDUCT AND ETHICS** establishes expectations for ethical business practices and regulatory compliance in our value chain.



 **CLICK ON EACH TITLE FOR MORE INFORMATION.**

AWARDED BEST SITE DESIGNATION



# best workplace

Britannia Oyster Point | Life Science Building | **South San Francisco, California**

A **sustainable workplace**  
with fewer cars



Reserved parking spaces for carpoolers and vanpoolers



Local public transportation maps and schedules



Recognized for offering tenants a variety of commuting options and exceeding the National Standard of Excellence in commuter benefits



Secure bicycle parking with lockers, racks or cages



Website has links to regional and real-time travel information



ENVIRONMENTAL

# Stewardship

**DISCLOSURE ON MANAGEMENT APPROACH**

To identify relevant environmental issues and determine areas of immediate action, HCP employs a multi-stakeholder approach. Environmental data for our properties is collected using our environmental management system through

collaboration with our tenants and partners, as well as face-to-face conversations with internal and external stakeholders. At HCP we know we are in a position to listen, learn and efficiently implement our sustainability plans that make a difference.

	BOUNDARY	INSIDE BOUNDARY	OUTSIDE BOUNDARY
<b>Identified Material Aspects</b> 	Energy	■	■
	Water	■	■
	Emissions, Effluents and Waste	■	■
	Products and Services		■
<b>Organizational Responsibility</b> 	Sustainability Committee, Green Team		
	<b>Policies</b>	Environmental Policy, Code of Conduct, Vendor Code of Conduct	
<b>Monitoring and Follow up</b> 	CDP Survey, GRESB Survey, DJSI Assessment, GRI G4 Report		

## PROGRESS AND PRIORITIES

	<b>PRESENT</b> Our progress this year	<b>FUTURE</b> Our priorities in the coming years
<b>GHG Emissions Targets</b> 	Reduced our 2013 GHG emissions by 1.1%	To reduce our total CO2e emissions by 1%-2% annually
<b>Energy Use Targets</b> 	Reduced our energy use by 1.2%	To reduce our total energy consumption by 1%-2% annually
<b>Water Targets</b> 	Reduced our water withdrawal by 3.7%	To reduce our potable supply water usage by 1%-2% annually
<b>ENERGY STAR</b> 	Achieved 37 ENERGY STAR certifications, exceeding our annual goal of 35	Our goal is to achieve 10 ENERGY STAR certifications in 2014, as ENERGY STAR certification has been suspended for medical office buildings in 2014 and the foreseeable future
<b>GRESB</b> 	Named Healthcare Sector Leader by GRESB and received a Green Star designation for our integrated approach to management of key environmental performance indicators	To maintain our Healthcare Sector leadership status with GRESB and to continue to earn the Green Star designation
<b>CDP</b> 	Named to the Climate Disclosure Leadership Index (CDLI)	To be named to the Climate Performance Leadership Index and to retain our constituency on the CDLI
<b>Tenants and Operators</b> 	Expanded our sustainability initiatives to our third party vendors by adopting and instituting a vendor code of conduct	To include an acknowledgement page to our Vendor Code for new vendors to encourage vendor accountability
<b>Greening our Portfolio</b> 	Continued to invest in new innovative technology, retrofit buildings and equipment, monitor and remediate energy waste, and implement best practices across our entire portfolio	To install solar panels, smart HVAC monitoring systems and smart water irrigation systems

We do not believe that instituting environmentally sustainable practices is just a quick trending phase. We have developed proactive and long-term green strategies that include ambitious energy reduction goals and best practice sharing across our portfolio to make meaningful and lasting changes in the areas in which we operate.

We work closely with our operating partners to ensure that all facilities run with excellence through sustainable business practices. Building and operating in an environmentally conscious manner mitigates environmental impact, lowers costs, increases property value, is good for current and future generations, and provides a better living environment for our employees and tenants.

### WHERE WE ARE HEADED

While we have made significant progress, we strive to do more. One of our biggest challenges is influencing best practices at properties falling outside our operational control. To address this, a major goal for 2014 is to further expand our initiatives to our third party operators.

We have replicated the practice of closely monitoring utility usage in our MOBs throughout a broader property base in order to quickly identify anomalies and take corrective action.

Our goal is to embrace a greater number of Life Science properties in this process.

We will continue to position ourselves as a prevalent sustainability leader in our industry, by openly communicating the benefits and best practices in sustainability projects.

# cleaning up

## HCP'S HEADQUARTERS

Our successful event generated amazing results:



**4.9** TONS  
OF PAPER  
WEIGHT REMOVED



**83** TREES  
SAVED BY  
RECYCLING PAPER



**284** TONS  
OF AIR POLLUTION  
PREVENTED



**2,190** GALLONS  
OF OIL  
SAVED



**33,364** GALLONS  
OF WATER  
SAVED



**19,541** KW HOURS  
OF ELECTRICITY  
SAVED

At HCP we carefully monitor our facilities to ensure we are in compliance with all environmental laws and regulations. Policy related compliance installations made in 2013 include:

- Upgrades to railings in stairwells as part of a renovation in California
- Bathrooms were redesigned and upgraded to be compliant with current ADA requirements in California, Texas, and Tennessee
- Paths of entry were installed to meet ADA requirements from building entry to the parking lot in a Tennessee project
- Parking lots and walkways were redesigned to make them ADA compliant in Texas and California

To date, HCP has not received any administrative or judicial sanctions or fines for failure to abide by environmental regulations where we operate.

#### ENERGY USE AND GREENHOUSE GAS EMISSIONS

This year, the square footage of our boundary area was reduced due to changes in the percentage of our operational control. The adjusted boundary area was reduced by 266,988 square feet representing a 1.3% decrease from 2012.

HCP has also completed 239 emission reduction projects with an estimated 4,016 tonnes of CO<sub>2</sub>e in savings. Our Capital Asset Management department, along with third party engineering staff, developed a plan for HCP to repair, rebuild, or replace inefficient HVACs with high efficiency systems that reduce kilowatt per ton consumption. Less efficient HVAC equipment, such as package water source heat pumps, split system units, and rooftop package systems are replaced with newer and more efficient equipment. The new HVAC systems we are implementing are typically 30% more energy efficient than the old equipment and use R-410A refrigerant, which is a much more environmentally friendly product than R-22 refrigerant. The protocol for identifying replacement systems will continue over the next several years and is projected to generate a total operational cost savings of approximately \$300,000 to \$400,000.

Other efforts to reduce emissions include:

- Lighting retrofits
- De-lamping in areas that receive sufficient natural light
- Calibrating thermostats so that proper temperature settings are maintained including after hour temperature setbacks
- Installing power correction devices
- Adjusting and calibrating fresh air dampers to eliminate unnecessary HVAC cooling
- Installing solar window film to reduce the amount of heat load that enters through windows
- Utilizing timer controls and occupancy sensors for lighting fixtures
- Retrofitting roofs with reflective/white roof membrane material or coating materials to reduce the heat effect of the sun
- Implementing hot water reset devices

Through the implementation of our efficiency improvement projects, we were able to save \$0.5 million on a same-property basis in our MOB facilities through decreased utility expenses. Moreover, HCP has been able to drive value financially and environmentally through improved and expanded monitoring and energy efficient upgrades. Specific examples of emissions avoided over the 2013 calendar year include:

- Installation of 49 lighting motion sensor projects that reduced the annual CO<sub>2</sub>e by 568 metric tonnes
- Installation and upgrades to 12 Energy Management Systems which reduced annual CO<sub>2</sub>e by 859 metric tonnes
- Installation of 83 HVAC replacement projects which reduced the annual CO<sub>2</sub>e by 569 metric tonnes
- Installation of 51 lighting retrofit projects that reduced the annual CO<sub>2</sub>e by 893 metric tonnes

## Quick Facts

The majority of our direct energy consumed, which represents about 25% of total energy within our boundary, is mainly derived from natural gas used for comfort heating and heating domestic water

Our total indirect energy consumption is 100% composed of purchased electricity, chilled water and steam from local providers

We recently converted most properties within our boundary to a new environmental management system which helped us better manage our energy and water data



## **WATER**

HCP is conscious of the fact that many of the areas in which we operate are drought-susceptible regions of the country. As such, issues surrounding water use and management are especially important to us.

All of the water consumed by HCP's properties is taken from local municipal water supply systems. We are dedicated to a program of equipping our buildings with smart water systems, while also influencing others to help protect this precious resource.

We have installed motion sensor and aerator faucets, low flow toilets, a retention pond, recycled materials for landscaping, such as recycled roof rock ballast or recycled tire material, turf block, water saving irrigation devices including rain sensors, and use of drought resistant plants in site landscaping on our properties. In California, we installed several xeriscape projects, one of which converted the turf to drought-tolerant landscaping (pictured above at our Innovation Point MOB in San Diego, CA), with an annual estimated savings of 75,000 gallons (283 m3). We evaluate site water runoff conditions where applicable or required, and we may use turf block or similar products to help with wastewater management.

Since first initiating investigations of green roof applications in 2012, we continue to weigh options that balance quality, product life and investment. In the interim, we have already started the implementation of water reduction projects.

Projects this year included the installation of smart irrigation controllers which have an annual estimated savings of 1,000,000 gallons.

## **WASTE**

HCP's standard position is to only directly manage non-hazardous waste removal. However, there are a few exceptions where HCP manages hazardous waste. Generally hazardous

waste removal is the responsibility of our tenants and is therefore outside of HCP's boundary. The percentage of hazardous waste removal to total waste removal is less than 0.3%. Non-hazardous waste removal is managed through recycling and landfill disposal. For most properties, waste is not actually weighed on site; rather it is estimated based on the assumed mix of waste and a corresponding density factor to convert the waste into weight for reporting. Third party vendors and waste consultants are our sources for estimated weight of waste. Vendors and consultants use the standard measurement equivalent sheet provided by the transporter to determine the weight.

Landfill waste can leak into soil and water supplies. It can also generate methane gas, which is explosive and contributes to greenhouse gases. Therefore HCP encourages office recycling as well as the recycling of demolition waste from construction on redevelopment and tenant improvement projects. Over the past year, we have included recycling as a point of discussion during our staff trainings and we increased the number of large outside recycling containers on our building sites and inside containers for single stream recycling. We had a minor decline in the percentage of recycled waste to total waste dropping slightly from 7% in the 2012 rolling baseline to 6% in 2013.

While building waste disposal is typically the responsibility of third party contractors, we actively encourage that contractors recycle waste on all new development projects. These figures are not currently reported in our Sustainability Report. No development projects fell under these latest requirements during 2013.

In addition to recycling at our property sites, we have also worked to reduce landfill waste linked to our own administrative activities by utilizing electronic reports in order to reduce paper consumption and using building and office materials in an efficient and conservative manner.

SUSTAINABLE

# Assets

We believe that it is imperative to evaluate and implement new technologies associated with alternative energy sourcing.

By continuing to explore solar cell applications, as evident by the four existing installations at our buildings located in San Diego and Mount View, California, HCP finds that solar cell panels are currently the best alternative energy option from a performance and business perspective. We have evaluated several projects that have an average cost of \$550,000 with an average payback of 6.5 years. We intend to implement one project in 2014.

Smart building technology is another area we have researched and we intend to implement three to five smart building control systems in 2014. Using monitoring and

a higher technical level of controls, we are confident that energy consumption reductions can be obtained.

We are committed to staying current on technological advances in this area and finding the best solutions for our buildings and the people that experience them on a daily basis.

### LEED CERTIFIED PROPERTIES

In the past year, we were able to add five LEED certified buildings to our portfolio—a 100% increase for a total of ten. We have also continued to assess the feasibility of bringing other properties in our current portfolio up to LEED standards.

Our goal is to continuously surpass our year-to-year LEED accomplishments.



### ENERGY STAR

Our ENERGY STAR certifications continue to grow. ENERGY STAR labeled buildings represents the top 25% of all facilities in terms of having lower energy consumption in combined gas and electric usage. An ENERGY STAR certified facility produces 35% less CO2 emissions and uses 40% less energy than traditional buildings. Our goal for 2013 was to obtain 35 new and renewal ENERGY STAR certifications—we were able to exceed this goal by adding a total of 37 new and renewed ENERGY STAR awards (for a total of 130). 87 of 130 ENERGY STAR awards are in the MOB category. HCP is the cumulative ENERGY STAR leader for our sector.

By benchmarking our ENERGY STAR buildings, HCP is able to monitor and compare our progress regarding our energy performance on an ongoing basis. In our MOB portfolio we have been able to decrease utility expenses by \$0.5 million on the same-property basis in 2013 versus 2012. As projects are implemented to reduce energy usage and emissions, we will continue to reduce our environmental impact while making economic and health improvements in the communities in which we operate. Although the ENERGY STAR program is suspending certifications in the medical office building sector, we will continue to benchmark our MOB's in the ENERGY STAR portfolio manager.



**SOCIAL**

# Responsibility

**DISCLOSURE ON MANAGEMENT APPROACH**

HCP has embedded sustainability in all aspects of our business over many years. Our employees and business partners take great pride in working for and with a company with a deep commitment to being a diverse, socially concerned and client responsive organization.

	BOUNDARY	INSIDE BOUNDARY	OUTSIDE BOUNDARY
<b>Identified Material Aspects</b>	Employment	■	
	Training and Education	■	
	Diversity and Equal Opportunity	■	■
	Compliance	■	■
	Product and Service Labeling	■	■
<b>Organizational Responsibility</b>	Sustainability Committee, Social Responsibility Subcommittee		
<b>Policies</b>	Code of Conduct, Vendor Code of Conduct		
<b>Monitoring and Follow up</b>	CDP Survey, GRESB Survey, DJSI Assessment, GRI G4 Report		



Alzheimer's Walk  
Long Beach, California

	<b>PRESENT</b> This year we have	<b>FUTURE</b> In the coming years our priorities are
<b>Employee Engagement</b>	Added the benefit of paid time off to participate in community service activities.	To include a Sustainability presentation covering ESG initiatives in our HCP-U employee educational program
<b>Learning and Development</b>	Expanded our Code of Conduct training to include questions regarding our Vendor Code of Conduct	To expand our Vendor Code of Conduct to include second tier vendors
<b>Community Involvement</b>	Sponsored and participated in The Walk to End Alzheimer's and Senior's Day at the Aquarium of the Pacific	To expand our volunteering efforts in our local community through our Social Sustainability Sub-committee
<b>Driving Value Chain Sustainability</b>	HCP has deployed a tenant web portal system to engage the tenant's awareness of our sustainability initiatives and to provide contact information of management	To add maintenance related and additional sustainability information to the web portals
<b>Tenants and Operator Satisfaction</b>	Each year we conduct a tenant satisfaction survey of MOB tenants. We had a 82.1% tenant survey response rate, an industry high, and our overall satisfaction rate was 84%	To continue to increase our tenants overall satisfaction

# OUR TALENTED workforce

At HCP we strive to attract and attain the best possible employees, treat and compensate them fairly, develop opportunities for them to reach their full potential, and provide them with a safe and happy work environment. With a relatively small employee base of 154 people, we carefully seek out individuals who are competent leaders, experienced in our industry, and dedicated to our mission and vision. We encourage our employees to act with a team mentality and in the best interest of all our stakeholders. Upholding ethical conduct at all times is essential to how we operate.

## COMPETITIVE BENEFITS

HCP extends competitive salary and benefit packages to all permanent full-time employees including paid vacation and sick time-off, as well as life, accidental death, and dismemberment insurance. We also extend our benefit plan to the immediate families and domestic partners of our employees, including comprehensive medical, dental, and vision insurance. Our employees benefit from the peace of mind of 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. We provide financial assistance to employees for academic and professional development, which allows them to improve their on-the-job performance and increase their opportunities for advancement.

## EMPOWERING OUR PEOPLE: DIVERSITY AND INCLUSION

We value and embrace the diversity of our workforce and promote 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 gestation), sexual orientation, age, disability, veteran status, or other characteristics. We employ with demographics mirroring our policy of diversity and inclusion. Employee breakdowns based on diversity by gender, type, age, and ethnic group can be seen on page 39. Employee salary and remuneration is based on the associates' position, determined by merit, skill set, education and years with HCP.

We pledge to provide equal opportunity and fair treatment. Our efforts to promote ethical practices in the workplace have resulted in zero reported incidents of discrimination in 2013.

## REQUIRED ON THE JOB TRAINING

While working at HCP, employees are briefed on our corporate policies that enable them to guide daily work activities according to our highest standards. Employees are required to complete approximately 2 hours of on the job training per year. All of our employees completed our Code of Business Conduct and Ethics training in 2013. The training explicitly instructs individuals on their obligations to comply with all laws, rules and regulations applicable to HCP. These include, without limitation, laws covering bribery and kickbacks, 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. Additionally, each of our employees receive sexual harassment training every two years.

In accordance with our Code of Conduct, HCP experienced no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our real estate that serves the healthcare industry and none that resulted in fines or non-monetary sanctions during the 2013 reporting period.

## SKILLS DEVELOPMENT AND LIFE LONG LEARNING

We are not only interested in investing in real estate; one of our priorities is investing in the development of our people. HCP has created a learning culture that enables each employee to maximize his or her individual potential, helping them develop in ways that are meaningful and create long-term value for the individual.

HCP reimburses employees for education that takes place outside our hallways such as specialized certificate courses, conferences, and training such as continuing legal education for our attorneys and paralegals, continuing professional education for our certified public accountants and tax professionals and professional in human resources re-certification for certain human resource employees. Additionally, HCP pays up to \$5,000 dollars per year—per person—for higher education that is related to our Company and individual professional development. HCP also holds internal educational courses for our employees through our HCP University. HCP University is a program designed to educate our employees on current issues that could affect our company. Some of the courses we offered in 2013 to our employees included Insider Trading and the FPCA presented by our legal team, and The Importance of Internal Controls presented by our Internal Audit Department.

## EMPLOYEE PERFORMANCE REVIEWS

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 period on the job. We believe that performance evaluations encourage communication regarding job performance, feedback, and expectations. Objectives 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.

All of our full-time employees received full performance reviews. Our executive management team is reviewed by one another and the Board. HCP has also begun to incentivize management's performance related to sustainability. Sustainability objectives have been built into individual performance goals along with prescriptive measures suggested for meeting the Company's overall strategic sustainability priorities.

Through open dialogue, we are able to bring resolution to concerns shared by our employees and quickly devise methods for further strengthening the organization. Our low turnover rate is a testament to our ability to attract and retain a winning workforce. While we currently do not have data on employee satisfaction rates, we hope to begin collecting other non-traditional data points to help us improve the happiness, health, and well-being of our employees in 2014.



SUPPORTING

# our communities

Alzheimer's Walk  
Nashville, Tennessee

## Formalizing our commitment to the community

In 2012, we established a Social Responsibility Subcommittee to our Sustainability Committee as a corporate-wide initiative aimed at expanding the level of our philanthropic and community outreach projects. As a formal committee, we have enacted a charter and initiated discussions with a select group of charitable, education and research organizations that share our goals. The establishment of this committee has not only signified our presence outside our core business activities, but it has motivated the individuals that we depend on—our employees.

### COMMUNITY GIVING

HCP and its employees also led fundraising efforts in support of the following causes:

Melanoma Cancer Research

Red Cross Fundraiser to benefit Typhoon Haiyan Relief in the Philippines

The Walk to End Alzheimer's® in Long Beach, California and Nashville, Tennessee

Seniors Day at The Aquarium of the Pacific in Long Beach, California.

One of our first accomplishments was the establishment of a charitable fund to support research, education, public policy and other activities focused on improving the health and well-being of HCP's core constituency, the nations' elderly population. Funds are utilized for both direct grants and employee matching gifts mainly supporting organizations that support the advancement of healthcare in general, as well as organizations that address the key challenges for the elderly: isolation, proper nutrition and cognitive functioning.

In addition to expanding our gift-matching program, we continued annual traditions:

Thanksgiving Food Drives to benefit Food Finders (Long Beach Office) and Second Harvest Food Bank (Nashville Office)

Christmas Toy Drives to benefit ChildNet (Long Beach Office) and Toys for Tots (Nashville Office)



## OUR TENANTS, OPERATORS AND

# Property Managers

Many of our substantial business decisions are influenced by best operating practices tied to innovative environmental management policies. By contracting with experienced third party property management companies and operators that can help us identify and address potential risks, we are able to feed these best practices through the value chain.

### DRIVING VALUE CHAIN EXCELLENCE

HCP realizes that by encouraging effective management we can mitigate negative environmental impacts in partnership with our operators and tenants. In order to galvanize leadership and leverage internal and external participation for effective application, HCP developed its own Sustainability Committee and Green Team in 2011 which is in charge of bringing us up to date on environmental governance, policy development and implementation.

Internal focus groups meet regularly to review HCP's environmental procedures and construct educational tools for implementation on the ground. Using step-by-step guides, we are able to translate our expectations into advisable actions that our partners can take so that we may achieve our collective objectives.

In 2013, we completed 381 (33%) Property Condition Assessment (PCA) reports on our properties. By increasing staff, we are able to conduct PCAs for all of our properties on a two year cycle. As part of the report, we look at safety issues related to the building such as stairways, storage in electrical rooms, fire code requirements and much more. PCAs are conducted for properties both inside and outside of our boundary.

Additionally, we engage with architects, surveyors, and other licensed, reputable professionals to obtain requisite approvals and ensure compliance with set standards. We conduct regular rotational property visits and engage in constructive dialogue with our operators and property management companies to identify strengths and weaknesses within the facilities. HCP also completes insurance reviews annually, which includes safety assessments. If a property is not up to code,

it will be evaluated more heavily until issues are resolved and the property reaches the required standards. 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.

### INCENTIVIZING BETTER MANAGEMENT PRACTICES

There are several initiatives we employ to expand the engagement of the property management companies and the tenants across our MOB and Life Science portfolio. The HCP Green Challenge, the tenant portal website program, and our annual property management conference are three examples of ways we provide incentive to the management companies and the tenants.

Our 2013 Green Challenge evaluated sustainable projects submitted by our tenants for co-investment by HCP. We participated in the following three projects with our tenants:

A controls optimization project for Takeda in San Diego with a goal of reducing annual utility use by 15%; primarily by introducing setbacks for the 24/7 operation. The project is estimated to result in a \$16,000 annual savings.

Introduction of a shuttle service for tenants at our 530,000 SF business park in Hayward, CA; reducing automobile commuters and increasing use of the public mass transit system. The shuttle takes employees from the park to the local public transportation station.

Installation of an Energy Miser system for Activ X in San Diego. The project is estimated to result in a \$16,000 annual savings.

Winners were provided sustainable trophies and tenant events.



Sky Ridge Aspen  
Medical Office Building  
Lone Tree, Colorado

Our tenant web portal program is our newest initiative and engagement tool. In 2013 we deployed multiple property-specific web portals to disseminate sustainability best practices and energy saving tips to our tenant base. By incentivizing action, our goal is to influence others by creating a replicable model for best practices and reward our tenants' strength. Each web portal offers, among other things:

- Leasing and management information
- Property policies and procedures
- Sustainability initiatives and green tips
- Emergency protocol
- Links to traffic and weather data

Proactive tenant engagement represents a cost-effective and expeditious way to mitigate property energy consumption, drive sustainability goals, bolster preparedness and deliver real financial benefit. Further, proactive engagement delivers benefits that can have a marked effect on tenant attraction, satisfaction and retention.

HCP conducts an annual property management conference in May and training was conducted by HCP Capital Asset Management on topics such as sustainability best practices, preventative maintenance, sustainability reporting, alternative energy sources, customer satisfaction, ENERGY STAR certifications and tenant improvement project procedures.

HCP Capital Asset Management also conducted training that included the following:

#### OPERATIONAL EXCELLENCE

- Customer Service is key to retention
- Creating a customer experience
- Property Management is a service industry

#### LEGAL TRAINING ON THE FOLLOWING TOPICS

- Contracts & Agreements
- Lease Enforcement & Collections
- Tenant Bankruptcies
- Lawsuits & Insurance Claims

#### TRAINING ON INSURANCE

- Requirements
- Incident reporting procedures
- Proper insurance certificates

#### ROLL OUT OF HCP NEW BUDGET PROCESS FOR 2013



HCP Capital Asset Management conducts in-house training on a regular basis where topics such as alternative energy sources, electrical circuitry, HVAC operation, and energy management systems are covered. In 2013, two specific training sessions were held:

- 1) Roll out of changes to our Lease IQ work flow management system
- 2) Training on changes to HCP budget process

## MANTAINING TENANT

# Satisfaction

Just like employee satisfaction, HCP realizes that customer satisfaction is critical to sustaining and growing our business. Since 2001, we have partnered with a research and consulting firm to implement a customer feedback system. In 2013, we integrated 11 more sustainability related questions. The overall tenant survey response rate was an industry high of 82.1% in 2013. The survey revealed the following key results for tenant satisfaction:

Overall Satisfaction: 83.8% (remains above the benchmark for the third consecutive year)

Property Recommendation: 83.2%

Management Overall Satisfaction: 87.8% vs 87.2% in 2012.

Maintenance/Engineering Overall Satisfaction: 86%

Management Communication: 87.2%

Leasing Process Overall Satisfaction: 81.2% up from 80.2% in 2012

Satisfaction with HCP's Commitment to "Green" Practices: increase 13% to 61% (Recycling program remains top "green" priority).

76% of tenants prefer an annual or bi-annual engagement with HCP on sustainability practices.

These results serve as a means for identifying opportunities for growth and areas where additional business investments are warranted. We have identified the following areas of most importance to our tenants' overall satisfaction in the MOB sector: problem resolution, accommodation of special requests, responsiveness, communication, accessibility, and professionalism/courtesy. Improvements to satisfaction in these areas will lead to higher likelihood of renewal, increased referral and greater rental rate tolerance. We consider tenant needs and desires as a priority in all our development and redevelopment projects, as well as through annual maintenance and investments in our existing facilities. In promoting safe working and living conditions in some instances, we evaluate health and safety impacts using environmental impact assessments, property review assessments, and insurance review assessments. Related factors include:

### COMMUNITY SATISFACTION

By providing sustainable buildings for our customers, we help them achieve their mission of delivering the highest quality healthcare to the communities they serve. We pride ourselves on doing things right and for the right reasons.

Prior to entering a community, the healthcare and senior housing providers we work with conduct a thorough needs-based assessment to determine how their services may fill a void and elevate community health.

During the property development phase, HCP makes sure a strategic plan is in place to ensure that adequate resources and management are devoted to the project. Members of the project team are engaged to review local

INDOOR AIR QUALITY

LIGHTING QUALITY AND  
INCREASED DAY LIGHTING

THERMAL COMFORT

HIGHER EFFICIENCY HVAC UNITS

COMPLIANCE WITH VOLUNTARY  
STANDARDS SUCH AS LEED AND  
ENERGY STAR

zoning, design and LEED sustainability requirements. Before breaking ground on the site, HCP assumes responsibility for conducting environmental risk assessments, for which local environmental issues are evaluated and addressed. Our customers know that they can depend on us to accommodate their individual needs through day-to-day management of properties. This approach has applied to 100% of the new construction projects falling within our reporting boundary.

Over the years, we have realized that we are more than just a healthcare real estate provider; we have the ability and reach to make positive environmental, health, social, and economic changes in the areas in which we operate. At HCP we are honored and humbled by this fact and it has motivated us to increase our investment in social sustainability.



Emerald Coast  
Medical Office Building  
Destin, Florida

# 2013

## reflections

2013 was a **great year**  
for HCP and sustainability

We again achieved international recognition for our leadership in sustainable management, received many accolades and awards, and were named as constituents of prestigious indices. We will continue to accelerate our sustainability-related efforts and are motivated by what we have accomplished!



# Indicators

## ENERGY CONSUMPTION WITHIN THE ORGANIZATION

G4-EN3.a: Total fuel consumption from non-renewable sources in joules or multiples, including fuel types used.

Fuel Source	2012		2013	
	Amount (MWH)	Amount (GJ)	Amount (MWH)	Amount (GJ)
Natural Gas- metered	140,395	505,424	139,179	501,043
Motor Gasoline- non-metered	1,624	5,846	1,599	5,756
Diesel/Gas Oil- non-metered	1,372	4,937	224	807
Propane non-metered	2	8	-	-
TOTAL	143,393 <sup>(1)</sup>	516,215	141,002*	507,606*

<sup>(1)</sup> Restatement: The total direct energy consumption previously calculated in 2012 was 137,975 MWH, which covered our portfolio boundaries of 323 properties.

G4-EN3.b: Total fuel consumption from renewable sources in joules

or multiples, including fuel types used.

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

G4-EN3.c: Total electricity, heating, cooling and steam consumption in joules, watt-hours or multiples

Energy Source	2012		2013	
	Amount (MWH)	Amount (GJ)	Amount (MWH)	Amount (GJ)
Electricity Consumption	413,432	1,488,355	407,590	1,467,325
Steam Consumption	3,634	13,083	4,914	17,689
Cooling Consumption	159	573	167	602
TOTAL	417,225 <sup>(2)</sup>	1,502,011	412,671*	1,485,616*

**FOR INFORMATION REGARDING METHODOLOGIES AND ASSUMPTIONS  
PLEASE REFER TO OUR MANAGEMENT ASSERTION ON PAGE 40.**

<sup>(2)</sup> Restatement: The total indirect energy consumption previously calculated in 2012 was 403,790 MWH, which covered our portfolio boundaries of 323 properties.

## ENVIRONMENTAL PERFORMANCE

# Indicators

G4-EN5: Our energy intensity ratio is calculated per thousand square feet of space in all our properties under our operational control. It includes all fuel, electricity, heating, cooling, steam as indicated

in our total energy consumption figures reported in G4-EN3 consumed within our organization.

	2012		2013	
<b>PROPERTY TYPE: LIFE SCIENCE</b>				
Total Energy Consumption	MWH 48,483.6	GJ 174,541	MWH 45,488.7	GJ 163,759.2
Corresponding Floor Area (1,000s)	Ft2 1,240.9	M2 115.29	Ft2 1,102.3	M2 102.41
Building Energy Intensity	MWH/ft2 39.1	GJ/m2 1,513.9	MWH/ft2 41.3	GJ/m2 1,599.1
<b>PROPERTY TYPE: MEDICAL OFFICES (MOB)</b>				
Total Energy Consumption	MWH 432,565.1	GJ 1,557,234	MWH 426,362.8	GJ 1,534,906
Corresponding Floor Area (1,000s)	Ft2 14,003.6	M2 1,300.97	Ft2 13,978.4	M2 1,298.64
Building Energy Intensity	MWH/ft2 30.9	GJ/m2 1,196.9	MWH/ft2 30.5	GJ/m2 1,181.9
<b>PROPERTY TYPE: SENIOR HOUSING</b>				
Total Energy Consumption	MWH 79,569.5	GJ 286,450.1	MWH 81,821.2	GJ 294,556.2
Corresponding Floor Area (1,000s)	Ft2 5,117.6	M2 475.44	Ft2 5,117.6	M2 475.44
Building Energy Intensity	MWH/ft2 15.5	GJ/m2 602.5	MWH/ft2 16	GJ/m2 619.5

### DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS BY TYPE

G4-EN15 AND G4-EN16: Total Direct and Indirect Greenhouse Gas emissions by type.

Year	2012	2013
Measurement	Amount (t CO2e)	Amount (t CO2e)
Direct Emissions	29,998	29,325*
Indirect Emissions	225,343	223,136*
<b>TOTAL DIRECT AND INDIRECT EMISSIONS</b>	<b>255,341<sup>(1)</sup></b>	<b>252,461</b>

<sup>(1)</sup> Restatement: The total GHG emissions previously calculated for scope 1 and 2 emissions in 2012 was 245,827, which covered our portfolio boundaries of 323 properties.

#### BASIS FOR REPORTING ON GREENHOUSE GAS EMISSIONS

All greenhouse gases are included in our calculation of CO2e. Our base year is 2012 and our emissions calculations including

GWP rates are based on the U.S. Environmental Protection Agency methodology for calculation of emissions from buildings based on air conditioned square footage and engineering estimates related to equipment leaks. All properties under our operational control in the U.S. are the basis for our calculations.

## ENVIRONMENTAL PERFORMANCE

# Indicators

### GHG EMISSIONS INTENSITY

G4-EN18: Our GHG emissions intensity ratio is calculated per thousand square feet of space in all our properties under our operational control. It includes Scope 1 and Scope 2 emissions as reported in G4-EN15 and

G4-EN16 and includes all GHG gases, but does not include transport fuel and exterior lighting which are not considered a part of calculated floor area.

	2012		2013	
<b>PROPERTY TYPE: LIFE SCIENCE</b>				
Total Direct and Indirect Emissions	Amount (t CO <sub>2</sub> e) 11,415		Amount (t CO <sub>2</sub> e) 10,613	
Corresponding Floor Area (1,000s)	Ft <sup>2</sup> 1,240.9	M <sup>2</sup> 115.29	Ft <sup>2</sup> 1,102.3	M <sup>2</sup> 102.41
Building Energy Intensity	t CO <sub>2</sub> e /ft <sup>2</sup> 9.2	t CO <sub>2</sub> e /m <sup>2</sup> 99	t CO <sub>2</sub> e /ft <sup>2</sup> 9.6	t CO <sub>2</sub> e /m <sup>2</sup> 103.6
<b>PROPERTY TYPE: MEDICAL OFFICES (MOB)</b>				
Total Direct and Indirect Emissions	Amount (t CO <sub>2</sub> e) 209,544		Amount (t CO <sub>2</sub> e) 207,233	
Corresponding Floor Area (1,000s)	Ft <sup>2</sup> 14,003.6	M <sup>2</sup> 1,300.97	Ft <sup>2</sup> 13,978.4	M <sup>2</sup> 1,298.64
Building Energy Intensity	t CO <sub>2</sub> e /ft <sup>2</sup> 15	t CO <sub>2</sub> e /m <sup>2</sup> 161.1	t CO <sub>2</sub> e /ft <sup>2</sup> 14.8	t CO <sub>2</sub> e /m <sup>2</sup> 159.6
<b>PROPERTY TYPE: SENIOR HOUSING</b>				
Total Direct and Indirect Emissions	Amount (t CO <sub>2</sub> e) 33,205		Amount (t CO <sub>2</sub> e) 33,443	
Corresponding Floor Area (1,000s)	Ft <sup>2</sup> 5,117.6	M <sup>2</sup> 475.44	Ft <sup>2</sup> 5,117.6	M <sup>2</sup> 475.44
Building Energy Intensity	t CO <sub>2</sub> e /ft <sup>2</sup> 6.49	t CO <sub>2</sub> e /m <sup>2</sup> 69.8	t CO <sub>2</sub> e /ft <sup>2</sup> 6.53	t CO <sub>2</sub> e /m <sup>2</sup> 70.3

### TOTAL WATER WITHDRAWAL BY SOURCE

G4-EN8: Total water withdrawal by source.

Year	2012	2013
<b>Measurement</b>	<b>Amount (Gallons)</b>	<b>Amount (Gallons)</b>
Water withdrawal for shared landlord services	776,997,815 <sup>(1)</sup>	747,878,876*

<sup>(1)</sup> Restatement: The total water consumption previously calculated in 2012 was 734,277,148, which covered our portfolio boundaries of 323 properties.

Standards, methodologies, and assumptions used. All our data is collected through an environmental database system.

# Indicators

**TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD**

G4-EN23: Total weight of hazardous and non-hazardous waste by type and disposal method (in metric tonnes).

Year	2012	2013
	Amount (t)	Amount (t)
Total Weight of Non-Hazardous Waste	16,442 <sup>(1)</sup>	17,757*
<b>TOTAL WEIGHT OF NON-HAZARDOUS WASTE</b>		
<b>% Recycled</b>	7%	6%*
<b>% Landfill</b>	93%	94%*

<sup>(1)</sup> Restatement: The total weight of non-hazardous waste previously calculated in 2012 was 15,317 metric tonnes, which covered our portfolio boundaries of 323 properties.

Standards, methodologies, and assumptions used. All our data is collected through an environmental database system.

## SOCIAL PERFORMANCE

# Indicators

### GENERAL STANDARD DISCLOSURES / ORGANIZATIONAL PROFILE

G4-10: Total number of employees by employment contract and gender.

Category	Female		Male		Total	
	Count	%	Count	%	Count	%
Hourly	34	47%*	10	12%*	44	29%*
Salary	39	53%*	71	88%*	110	71%*
<b>TOTAL</b>	<b>73*</b>	<b>100%</b>	<b>81*</b>	<b>100%</b>	<b>154*</b>	<b>100%</b>

### EMPLOYMENT

G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region.

#### NEW HIRES BY AGE CATEGORY AND GENDER

Category	Female		Male		Total	
	Count	%	Count	%	Count	%
<30	3*	23%	4*	33%	7*	28%
30-50	8*	62%	6*	50%	14*	56%
>50	2*	15%	2*	17%	4*	16%
<b>TOTAL</b>	<b>13</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>25</b>	<b>100%</b>

#### EMPLOYEE TURNOVER BY AGE CATEGORY AND GENDER

Category	Female		Male		Total	
	Count	%	Count	%	Count	%
<30	1*	8%	0*	0%	1*	4%
30-50	5*	46%	7*	64%	12*	55%
>50	5*	46%	4*	36%	9*	41%
<b>TOTAL</b>	<b>11</b>	<b>100%</b>	<b>11</b>	<b>100%</b>	<b>22</b>	<b>100%</b>

## SOCIAL PERFORMANCE

# Indicators

### DIVERSITY AND EQUAL OPPORTUNITY

G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

#### EMPLOYEES BY AGE CATEGORY AND GENDER

Category	Female		Male		Total	
	Count	%	Count	%	Count	%
<30	7	10%*	8	10%*	15	10%*
30-50	49	67%*	49	60%*	98	64%*
>50	17	23%*	24	30%*	41	26%*
<b>TOTAL</b>	<b>73</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>154</b>	<b>100%</b>

#### ETHNICITY GROUP BY GENDER

Category	Female		Male		Total	
	Count	%	Count	%	Count	%
Asian	22	30%*	17	21%*	39	25%*
Black/African American	2	3%*	1	1%*	3	2%*
Hispanic or Latino	10	14%*	5	6%*	15	10%*
Hawaiian/Pacific Island	0	0%*	1	1%*	1	1%*
White	39	53%*	57	71%*	96	62%*
<b>TOTAL</b>	<b>73</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>154</b>	<b>100%</b>

### EQUAL REMUNERATION FOR MEN AND WOMEN <sup>(1)</sup>

G4-LA13: Ratio of Basic Salary of Men to Women by Employee Category.

Category	Male/Female	
	Base Salary	Total Remuneration
EVP	118%*	168%*
SVP/VP	121%*	135%*
Non-Management	122%*	122%*

<sup>(1)</sup> We believe that our compensation practices are applied to each employee based on their position, experience and roles and responsibilities in the company, regardless of race, gender, sex and/or sexual orientation. We believe that by providing such compensation

in this type of simplified group fails to correctly compare the data because it does not consider position, experience and roles and responsibilities which vary greatly among employees of similar titles.



## Report of Independent Accountants

To the Board of Directors of HCP, Inc.

We have reviewed management's assertion, included in the accompanying "Appendix A, Management Assertion and Measurement Techniques", that the selected sustainability metrics identified below and denoted by an asterisk (\*) within HCP, Inc's 2013 Sustainability Report as of, and for the year ended December 31, 2013 are presented in conformity with the assessment criteria set forth in management's assertion (the "assessment criteria").

- Direct energy consumption
- Indirect energy consumption
- Direct and indirect greenhouse gas ("GHG") emissions
- Total water withdrawal
- Total weight of waste and percentage by disposal method
- Percentage of workforce by employment type
- New hire by age category and gender
- Terms by age category and gender
- Percentage of employees by age category and gender
- Percentage of ethnicity group by gender
- Ratio of salary and remuneration by category and gender

HCP, Inc. management is responsible for management's assertion and for the assessment criteria which it has identified as an objective basis against which it assesses and reports on the selected sustainability metrics. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of selected data that is free from material misstatement, whether due to fraud or error.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is designed to provide limited assurance, and as such is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Greenhouse gas ("GHG") quantification is subject to inherent uncertainty because of such things as emission factors that are used in mathematical models to calculate emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques may result in materially different measurements.

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

Based on our review, nothing came to our attention that caused us to believe that the selected sustainability metrics referred to above are not fairly stated, in all material respects, based on the corresponding assessment criteria set forth in Appendix A.

*PricewaterhouseCoopers LLP*

May 30, 2014

# Measurement Techniques

HCP, Inc. ("HCP") is responsible for the completeness, accuracy and validity of the sustainability metrics contained in this assertion and in the 2013 Sustainability Report as of, and for the year ended December 31, 2013. Unless otherwise stated in this Appendix, our sustainability boundary for the metric presented includes HCP's corporate and operational activities across all business units. Data was collected for properties where HCP determines having operational control, in alignment with the GHG protocol and based on the building (or portion of the building) that we maintained, provided service to and/

or had the authority to implement operating policies with respect to energy usage, water usage and/or waste disposal. With regard to external boundaries, unless otherwise stated we do not include data for entities outside the organization.

With respect to the sustainability metrics in the following table and in the 2013 Sustainability Report identified and denoted by an asterisk (\*), Management of HCP asserts that such sustainability metrics are presented in conformity with the assessment criteria set forth below.

Metric Description	Definition of Metric	Metric Quantity
<b>Direct energy consumption</b>	Total gigajoules ("GJ") and Megawatt hours ("MWh") of direct energy purchased, including natural gas, diesel, gasoline and liquid propane for year ended December 31, 2013, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See Estimation methodology for direct and indirect energy consumption section below for additional information	507,606 GJ 141,002 MWh
<b>Indirect energy consumption</b>	Total GJ and MWh of indirect energy purchased, including electricity, steam and chilled water for the year ended December 31, 2013, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See Estimation methodology for direct and indirect energy consumption section below for additional information.	1,485,616 GJ 412,671 MWh
<b>Direct and indirect greenhouse gas ("GHG") emissions</b>	The quantity of greenhouse gas ("GHG") emissions in metric tonnes of carbon dioxide equivalent ("CO2e") for the year ended December 31, 2013, based on direct (Scope 1) and indirect (Scope 2) energy consumption. Scope 1 emissions are based on direct energy consumption multiplied by their associated emission factor as well as refrigerants emissions. Scope 2 emissions are based on indirect energy consumption multiplied by their associated emission factor. See Uncertainty, GHG Emission Factors and Estimation Methodology for Refrigerant Emissions sections below for additional information on GHG emission factors and estimates.	Scope 1 – 29,325 metric tonnes CO2e Scope 2 – 223,136 metric tonnes CO2e
<b>Total water withdrawal</b>	The quantity in gallons of potable water withdrawal by HCP related operations for the year ended December 31, 2013 as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See Estimation Methodology for Water Withdrawal section below for additional information.	747,878,876 gallons
<b>Total weight of waste and percentage by disposal method</b>	Waste disposed of in metric tonnes as well as the percentage of waste going to landfill or being recycled, for the year ended December 31, 2013, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology. See Estimation Methodology for Waste section below for additional information.	Total: 17,757 metric tonnes Percent of waste sent to landfill: 94% Percent of waste sent to recycling: 6%
<b>Percentage of workforce by employment type</b>	Diversity of HCP employees according to gender and employment type as recorded in ADP based on employees file as of December 31, 2013.	Total employees Number: 154 Salary: 71% Hourly: 29% Men Number: 81 Salary: 88% Hourly: 12% Women Number: 73 Salary: 53% Hourly: 47%

Metric Description	Definition of Metric	Metric Quantity
<b>New hire by age category and gender</b>	Diversity of 2013 new hires according to gender and date of birth as recorded in ADP based on employees file as of December 31, 2013.	Total new hires Below 30: 7 30-50: 14 Above 50: 4 Men new hires Below 30: 4 30-50: 6 Above 50: 2 Women new hires Below 30: 3 30-50: 8 Above 50: 2
<b>Terms by age category and gender</b>	Diversity of 2013 turnover, including voluntary and involuntary departures, according to gender and age as recorded in ADP based on employees file as of December 31, 2013.	Total turnover Below 30: 1 30-50: 12 Above 50: 9 Men turnover Below 30: 0 30-50: 7 Above 50: 4 Women turnover Below 30: 1 30-50: 5 Above 50: 5
<b>Percentage of employees by age category and gender</b>	Diversity, in percentage, of employees according to gender and age as recorded in ADP based on employees file as of December 31, 2013.	Total employees Below 30: 10% 30-50: 64% Above 50: 26% Men employees Below 30: 10% 30-50: 60% Above 50: 30% Women employees Below 30: 10% 30-50: 67% Above 50: 23%
<b>Percentage of ethnicity group by gender</b>	Diversity, in percentage, of employees according to gender and ethnicity as recorded in ADP based on employees file as of December 31, 2013.	Total employees White: 62% Hawaiian/Pacific Island: 1% Hispanic or Latino: 10% Black/African American: 2% Asian: 25% Men White: 71% Hawaiian/Pacific Island: 1% Hispanic or Latino: 6% Black/African American: 1% Asian: 21% Women White: 53% Hawaiian/Pacific Island: 0% Hispanic or Latino: 14% Black/African American: 3% Asian: 30%
<b>Ratio of salary and remuneration by category and gender</b>	Ratio of base salary and total remuneration, including base, bonus and equity, of employees according to category and gender as recorded in ADP based on employees file for the year ended December 31, 2013.	Executive Vice Presidents: Ratio of base salary men/women: 118% Ratio of total remuneration men/women: 168% Management: Ratio of base salary men/women: 121% Ratio of total remuneration men/women: 135% Non-Management: Ratio of base salary men/women: 122% Ratio of total remuneration men/women: 122%

## ORGANIZATIONAL BOUNDARY

HCP is using the operational control approach, in conformance with the GHG protocol, to report its direct and indirect energy consumption as well as its GHG emissions. HCP's complete portfolio was analyzed to determine whether HCP has operational control. As a result, 339 properties out of the 1,153 properties in HCP portfolio (assets under management) were identified as being controlled by HCP. For those properties where HCP retains operational control but only over a limited space of the property, the proportion of the consumption controlled by HCP has been reported. See estimation methodology section below for more details.

In order to promote consistency, the same boundaries have been applied to all environmental metrics. For labor related metrics, HCP is reporting on persons employed by HCP, excluding contractors.

## UNCERTAINTY AND INHERENT LIMITATIONS OF GHG EMISSIONS CALCULATIONS

GHG quantification is subject to inherent uncertainty because of such things as emissions factors that are used in mathematical models to calculate emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques may result in materially different measurements.

Emission Source	Emission Source Type	Emission Factor Employed
Scope 1	Natural gas	GHG emissions for natural gas are calculated using the <i>GHG Protocol -GHG from Stationary Combustion Tool (version 4.0, October 2010)</i> .
Scope 1	Diesel, gasoline, liquid propane	GHG emissions for diesel, gasoline and liquid propane are calculated using factors from <i>WRI Emission Factors Compilation from Cross-Sector Tools (August 2012)</i> .
Scope 1	Refrigerants	Global warming potentials used to convert refrigerant emissions into CO2e are from <i>IPCC Second Assessment Report (1995)</i> .
Scope 2	Electricity	US EPA eGRID sub-regional emission factors are used for electricity purchased. Electricity emission factors are updated annually based on current year data. HCP used the most up-to-date sets of factors available as of December 31, 2013.
Scope 2	Steam	GHG emissions from purchased steam are calculating using the US EPA emission factors from <i>Energy Information Administration (2010); Voluntary Reporting of Greenhouse Gases, 1605(b) Program</i> .
Scope 2	Chilled water	GHG emissions for chilled water are calculated using the US EPA emission factor from <i>ENERGY STAR Portfolio Manager -Methodology for Greenhouse Gas Inventory and Tracking Calculations (November 2011)</i> .

## BASE DATA FOR 2013

Base data utilized in the calculation of consolidated energy purchased, Scope 1 and Scope 2 GHG emissions, water withdrawal and waste disposal is obtained from third-party invoices or estimates. HCP estimates are used where measurement data is not readily available

## ESTIMATION METHODOLOGY FOR DIRECT AND INDIRECT ENERGY CONSUMPTION

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

For properties where there is a vehicle fleet but no fuel tracking system in place, diesel and gasoline consumption was estimated based on the type of vehicle and the annual mileage. Averages of 20 miles/gallons for cars and 10 miles/gallons for buses and trucks were used.

Approximately less than 5% of the direct energy consumption and approximately less than 5% of indirect energy consumption have been estimated by HCP for the year ended December 31, 2013.

## ESTIMATION METHODOLOGY FOR REFRIGERANT EMISSIONS

For the properties where HVAC units are controlled by HCP, emissions were estimated based on each unit capacity of refrigerant and a common percentage of loss. The percentage of loss used by HCP is 5%, as per US EPA guidance, consistent with *IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas inventories*.

## ESTIMATION METHODOLOGY FOR WATER WITHDRAWAL

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

Approximately less than 1% of the water withdrawal has been estimated by HCP for the calendar year 2013.

## ESTIMATION METHODOLOGY FOR WASTE

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

For containers/bins: The (1) number of containers/bins, (2) size of the container/bin (in yards), (3) number of pick-ups per week and (4) an average weight per yard for trash and for recycled.

For almost all properties, the number of containers/bins, size (in yards) of the container/bin and number of pick-ups per week were provided by the waste management company, provided on waste invoices or provided on service contracts.

For compactors: The (1) number of compactors, (2) size of compactors (in yards), (3) the number of pick-ups per week, (4) a 3:1 compaction ratio and (5) an average weight per yard for trash and for recycled.

For totes: The (1) number of totes, (2) size of the tote in US gallons (dry) converted to cubic yards, (3) number of pick-ups per week and (4) an average weight per yard for trash and for recycled.

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

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

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

Approximately 75% of the waste disposal reported by HCP for the calendar year 2013 included the use of the weight estimation methodology described above.

# Content Index

## GENERAL STANDARD DISCLOSURES 'In accordance' – Core

### STRATEGY AND ANALYSIS

		Page Number	Supplemental Information and/or Omission	External Assurance
G4-1	CEO Statement	1		

### ORGANIZATIONAL PROFILE

		Page Number	Supplemental Information and/or Omission	External Assurance
G4-3	Name of the organization	2	HCP, Inc. (NYSE:HCP)	
G4-4	Primary brands, products, services	2		
G4-5	Location of headquarters	2	Irvine, California	
G4-6	Number and name of countries where the organization operates	2	HCP operates solely in the U.S.A. from its headquarters in Irvine, California and offices in Nashville, Tennessee and San Francisco, California.	
G4-7	Nature of ownership and legal form	2	Incorporation	
G4-8	Nature of markets served (including geographic breakdown, sectors served, and types of beneficiaries)	2	Full integrated real estate investment trust (REIT) serving the healthcare industry.	
G4-9	Scale of the reporting organization (employees, operations, net sales, capitalization, quantity of products/services)	7, 37		
G4-10	Total workforce by employment type, employment contract, and region, broken down by gender	38, 40-44		X
G4-11	Percentage of employees covered by collective bargaining agreements	Content Index	HCP complies with the National Labor Relations Act, which makes discrimination, harassment, unlawful termination and/or retaliation, illegal.	
G4-12	Describe supply chain	Content Index	Our reporting boundary is determined through the value chain approach, which allows HCP to better understand how we can manage our impacts and maximize results by working with our business partners. As a real estate investment trust, we have environmental, social and economic impacts at each stage of our properties' lifecycle - from acquisition, new construction and re-development, through leasing and sales, and property management. In particular, we have direct control over our own occupied offices, our voluntary community giving and the services that we provide to our tenants at our managed assets. Additionally we exercise significant influence over our development, through procurement standards - our supply base is almost entirely local to each specific state in the U.S. We have limited or no influence over the behavior of our visitors to our healthcare real estate assets.	
G4-13	Significant changes from previous report regarding size, structure, and ownership	5 (Partial)		
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	11		
G4-15	External charters, principles, initiatives	42		
G4-16	Memberships in associations	42		

## IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

		Page Number	Supplemental Information and/or Omission	External Assurance
G4-17	Entities included in financial statements, and specify which are included/excluded from this report.	5, 42, 43		
G4-18	Process for defining report content and aspect boundaries	5, 11	All financial performance can be found within the 2013 Annual Report	
G4-19	List all material Aspects identified in the process for defining report content	11		
G4-20	Boundary of the report within the organization	5, 20, 26		
G4-21	Boundary of the report outside the organization	5, 20, 26		
G4-22	Explanation of the effect of an re-statements of information provided in earlier reports	5, 42, 43		
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	23, 42, 43		

## STAKEHOLDER ENGAGEMENT

		Page Number	Supplemental Information and/or Omission	External Assurance
G4-24	List of stakeholder groups engaged by the organization	9		
G4-25	Basis for identification and selection of stakeholders with whom to engage	9		
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	9, 10		
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	9, 11		

## REPORT PROFILE

		Page Number	Supplemental Information and/or Omission	External Assurance
G4-28	Reporting Period	5	2013 Calendar Year	
G4-29	Date of most recent previous report	5	2012 Calendar Year	
G4-30	Reporting Cycle	5	Calendar Year	
G4-31	Contact information		sustainability@hcpi.com	
G4-32	"In accordance" option and location of the GRI content index	5	Core "in accordance"	
G4-33	Assurance	5, 39		

## ETHICS AND INTEGRITY

	Page Number	Supplemental Information and/or Omission	External Assurance
G4-56	Internally developed statements of mission or values, codes of conduct, and principles relevant to sustainable development	17	

## SPECIFIC STANDARD DISCLOSURES: ENVIRONMENTAL DMA

	Page Number	Supplemental Information and/or Omission	External Assurance
<b>Environmental DMA</b>			
20			
<b>Energy</b>			
G4-EN3	Energy consumption within the organization	23, 34, 40-44	Significant amounts of renewable fuel is not used nor is energy sold by HCP. Though energy mix purchased from providers may contain renewables, HCP does not track separately.
G4-EN5	Energy intensity	23, 35	
G4-EN6	Reduction of energy consumption	23	
G4-EN7	Reductions in energy requirements of products and services	23, 25	
<b>Water</b>			
G4-EN8		24, 36, 40-44	All water is purchased directly from local utilities, therefore detail for sources of water throughout our portfolio is unknown. Alternative applications and associated savings are highlighted. As we scale water savings models, we will continue to build out our data tracking mechanisms.
<b>Emissions</b>			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	23, 35, 40-44	X
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	23, 35, 40-44	X
G4-EN18	Greenhouse gas (GHG) emissions intensity	23, 36	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	23	
<b>Effluents &amp; Waste</b>			
G4-EN23	Total weight of waste by type and disposal method	24, 37, 40-44	X
<b>Supplier Environmental Assessment</b>			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	30	

**SPECIFIC STANDARD DISCLOSURES: LABOR PRACTICES & DECENT WORK DMA**

	Page Number	Supplemental Information and/or Omission	External Assurance
<b>Labor Practice &amp; Decent Work DMA</b>			
		26, 28	
<b>Employment</b>			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	38, 40-44	X
<b>Training &amp; Education</b>			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	28	Breakdown by gender is not included as annual training requirements apply to all personnel regardless of gender or employment category.
G4-10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	28	Career endings programs have not been instituted at HCP.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	28	
<b>Diversity &amp; Equal Opportunity</b>			
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	39, 40-44	X
<b>Equal Remuneration for Women &amp; Men</b>			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	39, 40-44	X

**SPECIFIC STANDARD DISCLOSURES: PRODUCT RESPONSIBILITY DMA**

	Page Number	Supplemental Information and/or Omission	External Assurance
<b>Product Responsibility DMA</b>			
		33	
<b>Product &amp; Service Labeling</b>			
G4-PR5	Results of surveys measuring customer satisfaction	33	

**SPECIFIC STANDARD DISCLOSURES: SOCIETY DMA**

	Page Number	Supplemental Information and/or Omission	External Assurance
<b>Society DMA</b>			
		29, 33	
<b>Local Communities</b>			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	29, 30, 33	Our Social Responsibility Committee, established in 2012, has been working to establish protocols, outreach strategies and methods for evaluating effectiveness. Though still voluntary, we have seen significant uptake in the employee involvement and we intend to provide much more detail in future years.

\*\* From page 14: We present reconciliations of certain non-GAAP financial measures to their most directly comparable GAAP measures as presented

in our 2013 Annual Report on Form 10-K and the accompanying Earnings Release.

## BOARD OF Directors

<b>Michael D. McKee</b>	Chairman of the Board, HCP, Inc. and Chief Executive Officer, Bentall Kennedy U.S., L.P.
<b>Lauralee E. Martin</b>	President and Chief Executive Officer, HCP, Inc.
<b>Brian G. Cartwright</b>	Senior Advisor at Patomak Global Partners LLC and Scholar In Residence at the USC Marshall School of Business
<b>Christine N. Garvey</b>	Former Global Head of Corporate Real Estate Services, Deutsche Bank AG
<b>James Hoffmann</b> <sup>(1)</sup>	Former Partner and Senior Vice President, Wellington Management Company
<b>David B. Henry</b>	Vice Chairman, President and Chief Executive Officer, Kimco Realty Corporation
<b>Peter L. Rhein</b>	General Partner, Sarlot & Rhein
<b>Joseph P. Sullivan</b>	Chairman Emeritus of the Board of Advisors, RAND Health

## SENIOR Management

<b>Lauralee E. Martin</b>	President and Chief Executive Officer
<b>Jonathan M. Bergschneider</b>	Executive Vice President — Life Science Estates
<b>Paul F. Gallagher</b>	Executive Vice President and Chief Investment Officer
<b>Thomas D. Kirby</b>	Executive Vice President — Acquisitions and Valuations
<b>Thomas M. Klaritch</b>	Executive Vice President — Medical Office Properties
<b>James W. Mercer</b>	Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary
<b>Timothy M. Schoen</b>	Executive Vice President and Chief Financial Officer
<b>Susan M. Tate</b>	Executive Vice President
<b>Kendall K. Young</b>	Executive Vice President — Senior Housing

<sup>(1)</sup>Appointed by the Board of Directors in 2014

# our commitment



**STRATEGY**



**EXECUTION**



**RESULTS**

HCP

**Corporate Headquarters**  
1920 Main Street  
Suite 1200  
Irvine, CA 92614  
(949) 407-0700

**Nashville Office**  
3000 Meridian Boulevard,  
Suite 200  
Franklin, TN 37067-6388

**San Francisco Office**  
400 Oyster Point Boulevard,  
Suite 409  
South San Francisco, CA 94080-1920

**Los Angeles Office**  
11150 Santa Monica Boulevard,  
Suite 1600  
Los Angeles, CA 90025