



2018 SUSTAINABILITY REPORT



*Sky Ridge
Medical Office Building
Lone Tree, CO
LEED Certified (Silver)*



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ABOUT HCP

HCP, Inc. is a S&P 500 company, investing in real estate serving the healthcare industry in the United States. We are a Maryland corporation organized in 1985 and qualify as a self-administered real estate investment trust. We are headquartered in Irvine, California, with offices in Nashville, Tennessee, and San Francisco, California. Our large-scale portfolio is diversified across life science, medical office, and senior housing properties.

About This Report

Our 2018 Sustainability Report (this “Report”) was prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core). This is our **eighth annual Report** following the applicable GRI framework, including the GRI Construction and Real Estate Sector Supplement and other industry protocols.¹

Assurance for the calendar year ended December 31, 2018 on selected sustainability indicators was performed by Cventure LLC, an independent third party. The assurance statement is included on [page 24](#) of this Report.

¹ For additional information regarding our reporting standard and boundary, please refer to the GRI Content Index beginning on [page 25](#).

Cover and this image:
Sky Ridge
Medical Office Building
Lone Tree, CO
LEED Certified (Silver)

Building materials were selected with recycled and regional content, diverting 55 percent construction waste from the landfill. The building achieved 40 percent interior water use reduction with high efficiency plumbing fixtures.



CEO

Message

2018 ECONOMIC HIGHLIGHTS

In 2018, we substantially completed the execution of our business repositioning strategy. We believe we have one of the premier portfolios in the healthcare real estate sector and will continue to focus on improving value creation through operational excellence, proactive capital recycling, accretive acquisitions, development and redevelopment activity, and investments in sustainability initiatives. Please see our **Annual Report and Proxy Statement** for more information.

\$1.85b

Earned \$1.85 billion in total revenue

\$2.3b

Strengthened balance sheet with credit rating upgrades and \$2.3 billion of debt repayments

\$1.82

Achieved \$1.82 of diluted FFO per share, as adjusted

865,000ft²

Executed 865,000 square feet of leases for life science development projects

I am proud to present HCP's eighth annual Sustainability Report. 2018 was an important year for HCP, as we solidified our business repositioning efforts and expanded our sustainability initiatives. Our commitment to generating sustained value for our stakeholders extends beyond the economic realm to each dimension of sustainability: environmental, social, and governance (ESG) responsibility. Our environmental and social programs strive to provide a positive impact on our communities, while our governance initiatives incorporate sustainability as a critical component of achieving our business objectives and properly managing risk.

Our sustainability program continues to produce meaningful results, as well as esteemed industry and global recognition, and 2018 was no exception:

- Named to the North America Dow Jones Sustainability Index (DJSI) for the sixth consecutive year for outperforming our peers in sustainability metrics
- Named to The Sustainability Yearbook, a publication featuring the most sustainable companies in the world, for the fourth consecutive year
- Achieved Green Star designation by the Global Real Estate Sustainability Benchmark (GRESB) for the seventh consecutive year for leadership in approach to ESG disclosure in the real estate industry
- Named to the Leadership band by CDP (formerly Carbon Disclosure Project) for the sixth consecutive year, demonstrating leadership in best practices in environmental management, and achieving a score of "A–"

- Named to the FTSE4Good Index series for the seventh consecutive year for meeting globally recognized corporate responsibility standards and demonstrating strong ESG practices
- Expanded the Board's oversight to human capital management by formally amending the Compensation Committee charter
- Reinforced Board refreshment by appointing Brian Cartwright as Independent Chairman of the Board and Kent Griffin, Lydia Kennard, and Katherine Sandstrom as new independent directors
- Enhanced Board diversity with the addition of two women to the Board of Directors, one of whom is racially diverse
- Strengthened our balance sheet, resulting in ratings upgrades—S&P: BBB+ (Stable), Moody's: Baa1 (Stable), Fitch: BBB (Positive Outlook)—and repaid \$2.3 billion of debt

We are proud of our progress and will continue to pursue and invest in sustainability initiatives that improve our overall ESG performance and support our long-term goals.

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

Sincerely,

Thomas M. Herzog,
President and Chief Executive Officer

Sustainability

Strategy



*Sky Ridge
Medical Office Building
Lone Tree, CO
LEED Certified (Silver)*

HCP & SUSTAINABLE DEVELOPMENT GOALS

HCP acknowledges the importance of sustainable development goals and considers our business' contribution to the goals.

Good Health and Well-Being

As a healthcare REIT, we provide the infrastructure for our medical office, life science, and senior housing property tenants to deliver essential healthcare needs to the community. We also support health and wellness programs for our employees.

Diversity and Gender Equality

Gender diversity and equality are vital for our success and reflected throughout our organization.

Sustainable Cities and Communities

We develop and redevelop resilient buildings, engage in disaster preparedness initiatives, and support disaster relief efforts in our communities.

Responsible Consumption and Production

With our partners, we pursue sustainable consumption and production through recycling programs to reduce landfill waste.

Climate Action

For climate action, we work to increase the energy efficiency of our properties, and reduce harmful emissions and water consumption.

MATERIALITY & STAKEHOLDER ENGAGEMENT

Every year, we engage in formal and informal assessments to determine the material economic, environmental, social and governance areas of focus for our company. These assessments include regular stakeholder engagement and feedback, which we use to identify material topics and sustainability initiatives. This process allows us to identify and refine the issues that are most important to our stakeholders, which is critical to our success. The table that follows summarizes some of our key stakeholder engagement practices for each of our identified material stakeholder groups: employees; stockholders; tenants and operators (“partners”); and our local communities.

Engagement allows us to identify and refine the issues most important to our stakeholders.

STAKEHOLDER GROUP	ENGAGEMENT MECHANISM	DESCRIPTION
Employees	Annual Satisfaction Survey	Engagement tool for our employees to review performance, submit ideas, and relay concerns
	Quarterly Town Hall Meetings	Platform to engage directly with employees and provide a Q&A forum with our CEO and executive leadership
Stockholders	Ongoing Outreach	Mechanism to correspond with our investors to address environmental, social and/or governance matters
	Investor Conferences	Opportunity to engage directly with investors and industry peers at conferences and events
Partners	Annual Satisfaction Survey	Engagement tool for our tenants to review performance, submit ideas, and relay concerns
	HCP-Sponsored Sector Conferences	Forums to share operational and sustainability best practices with our partners across all business segments for implementation at our properties
Communities	Social Responsibility Committee	Committee comprised of employees from all levels and locations to partner with national and local charitable organizations and events to support advancing healthcare, senior communities, and emergency disaster relief, especially in the local communities in which our employees work and live
	Volunteering and Giving	Support local community needs through volunteering and charitable donations



*Old Mill
Medical Office Building
Salt Lake City, UT
Energy STAR Certified*

MATERIAL TOPICS

This Report presents the following material topics related to our environmental, social, and governance initiatives in 2018.

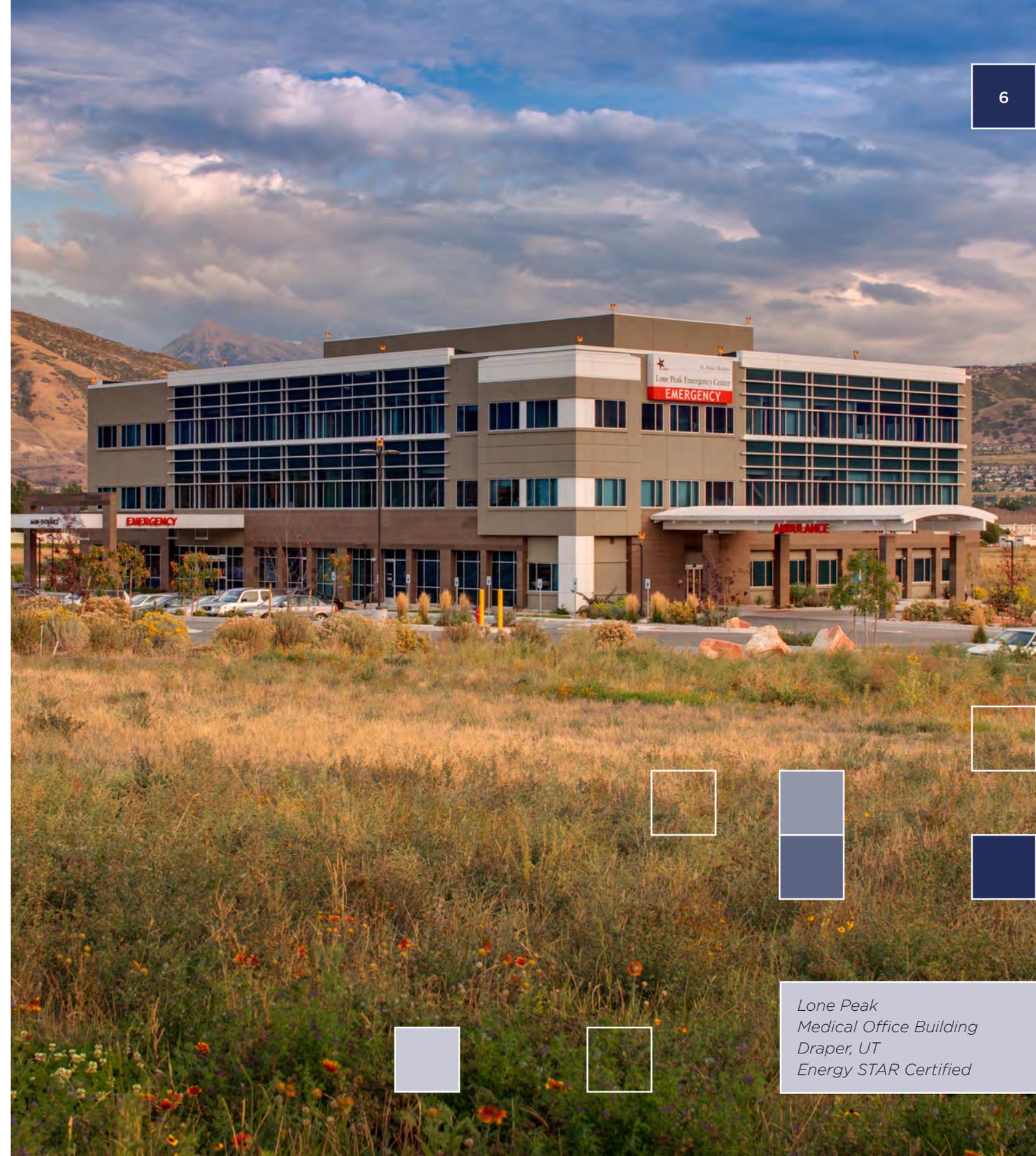
Environment	Social	Governance
<ul style="list-style-type: none"> Operational Eco-Efficiency Energy & Emissions Water Waste & Recycling Climate Risk 	<ul style="list-style-type: none"> Diversity, Inclusion & Equal Opportunity Talent Attraction, Engagement & Retention Partner Engagement Community Engagement 	<ul style="list-style-type: none"> Corporate Governance Ethics & Compliance

RISK MANAGEMENT

We proactively analyze the risks that may adversely affect our business, operations, or financial condition. Our Board of Directors (“Board”), through the Audit Committee, retains oversight over our enterprise risk management process. Our Internal Audit Department oversees our enterprise risk management and reports directly to the Audit Committee. A full discussion of our identified risks is outlined in our [Annual Report](#).

The following table summarizes a few of these risks that could potentially impact our business operations and sustainability initiatives.

RISK	POTENTIAL BUSINESS IMPACT	POTENTIAL SUSTAINABILITY IMPACT
Business and Joint Venture Structures	Impasse due to lack of sole decision-making authority	Limited control to implement efficient equipment and sustainability initiatives
Regional Climatic Events	Higher operational costs due to business disruption and property damage	Additional costs to implement fire-, earthquake-, or flood-resistant projects
Information Technology	Financial loss due to operational interruptions caused by system failures	Negative reputation perceived by stakeholders due to security breaches



Lone Peak Medical Office Building
 Draper, UT
 Energy STAR Certified

Environment

MANAGEMENT APPROACH

As a company driven by value creation, we strive to advance our building performance and resilience through efficient measures. Our Environmental Responsibility efforts drive value for all of our stakeholders by identifying projects that mitigate environmental impacts or enhance property resiliency and deliver return on investment or reduction in operating costs.

We collect environmental data for our properties through our integrated environmental management system in collaboration with our tenants, operators, property managers, and third-party environmental engineers. When climate mitigation projects are identified to enhance resilience and help achieve our reduction goals, we calculate financial metrics including return on investment, payback period, and net present value. Further, we assess dedicated green budget categories annually to account for environmentally efficient equipment. By increasing the energy, water, and waste efficiency at our properties, we not only reduce long-term operating costs but are able to retain and attract green-minded tenants.

2020 Goals

We set energy, greenhouse gas (GHG) emissions, water, and waste reduction goals of 15 percent by 2020 in our boundary (from our 2011 baseline), and 1-2 percent annually until then. Compared to 2011, our

- GHG emissions decreased 26.7%, **surpassing** our goal
- Waste disposal decreased 16.9%, **surpassing** our goal
- Energy consumption decreased 7.6%, progressing toward our goal
- Water consumption decreased 5.7%, progressing toward our goal



*The Shore at Sierra Point (rendering)
Life Science
South San Francisco, CA*

OPERATIONAL ECO-EFFICIENCY

High-performing, efficient buildings are integral to executing our business strategy, as they provide cost savings, attract tenants as well as investors, and minimize our contributions to climate risk. We strive to continually improve our property portfolio through the implementation of sustainability initiatives and projects tailored to each property's unique needs, including:

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

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

ENERGY STAR and the ENERGY STAR mark are registered trademarks owned by the U.S. Environmental Protection Agency. LEED®—an acronym for Leadership in Energy and Environmental Design™—and its related logo are trademarks owned by the U.S. Green Building Council®.



2.3m ft²

2.3 million ft²
LEED-certified
properties



44

44 properties with
Common Area LED
Lighting Retrofit



224

224 ENERGY STAR
Certifications



*The Cove at Oyster Point
Life Science
South San Francisco, CA
LEED Certified (Gold)*

↓ 6.6%

6.6% water reduction from 2017

↓ CO₂ 7.1%

7.1% CO₂ emissions reduction from 2017

100m

100 million gallons of water saved

Equivalent to 800 million water bottles

6,276MT

Savings of 6,276 metric tonnes CO₂ emissions

Equivalent to removing 18,615 cars from the road

The Shore at Sierra Point (rendering)
Life Science
South San Francisco, CA

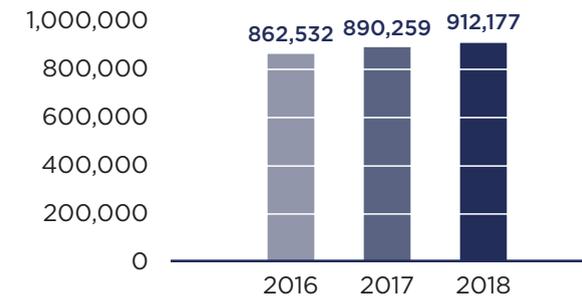
2018 ENVIRONMENTAL PERFORMANCE HIGHLIGHTS

Energy & Emissions

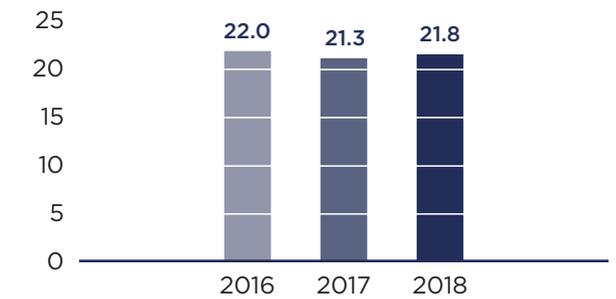
We continue to drive value financially and environmentally through expanded energy efficient upgrades at our properties. In 2018, we implemented 241 energy-saving projects, with estimated energy savings of 12,401 MWh, surpassing our 2017 performance of 227 projects with estimated energy savings of 7,267 MWh, and representing a 71 percent increase in savings compared to 2017. Also in 2018, we implemented 123 HVAC projects with estimated energy savings of 3,604 MWh, compared to 108 projects in 2017 with an estimated savings of 2,189 MWh, representing a 65 percent increase in savings compared to 2017.

Increasing the energy efficiency of our buildings decreases the direct and indirect emissions from our properties, reducing harmful CO₂ and other gases from entering the atmosphere. In 2018, we enacted 241 emissions reduction projects, which saved an estimated 6,276 metric tonnes of CO₂ emissions.

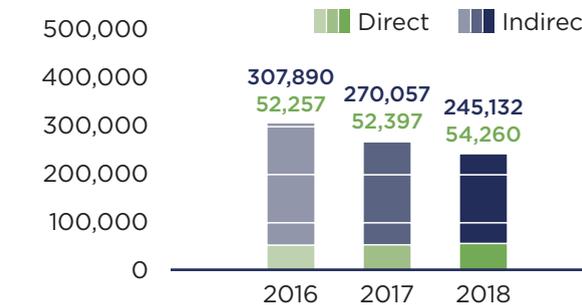
TOTAL ENERGY CONSUMPTION (MWH)



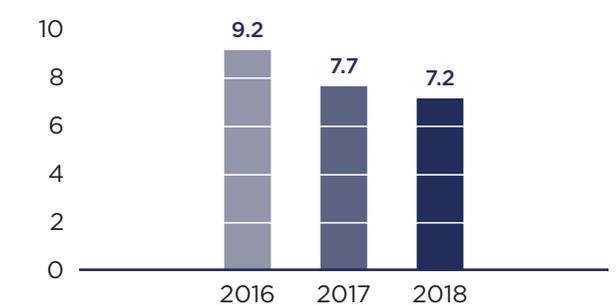
ENERGY INTENSITY (MWH/1,000FT²)



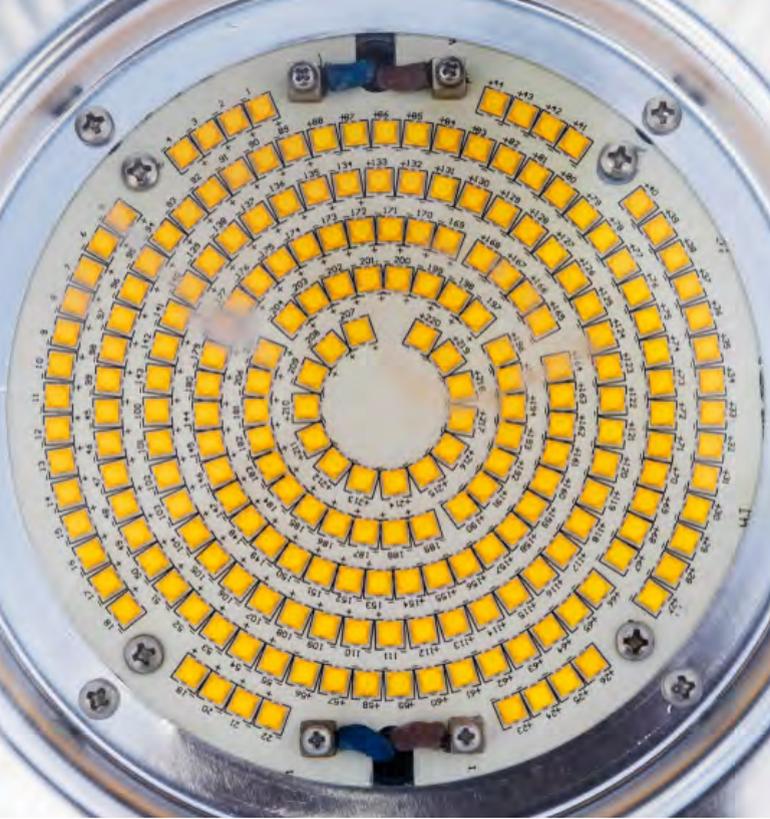
DIRECT & INDIRECT EMISSIONS (TCO₂E)



EMISSIONS INTENSITY (TCO₂E/1,000FT²)



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



LED LIGHTING RETROFIT

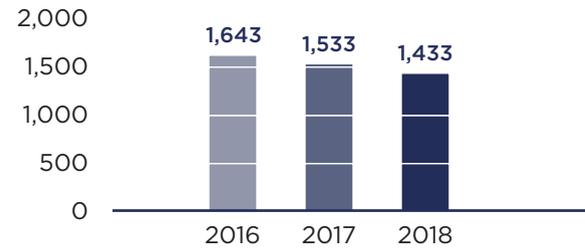
We selected 44 buildings with the best opportunity for our Common Area LED Lighting Retrofit Program in 2018. The annual savings are estimated at 2,519 MWh of energy and 1,256 metric tonnes of CO₂e GHG emissions.

Medical City Medical Office Building C in Dallas, Texas, was one of the largest medical office buildings selected for our Common Area LED Lighting Retrofit Program. This project provided better quality lighting to the tenants and patients in the common areas of the building, and saved 221 MWh of energy in 2018, providing a return on investment of 8.5 percent.

Water

Water conservation is important to us. Local municipal water systems supply all of the water consumed by our properties. Between 2016 and 2018, total water withdrawal decreased by almost 13 percent.

WATER WITHDRAWAL (M GAL)



Waste & Recycling

We work diligently with our partners to reduce landfill waste through the implementation of recycling programs. Our programs resulted in 4,951 metric tonnes of waste diverted from landfills.

TOTAL WASTE DISPOSED (METRIC TONNES)



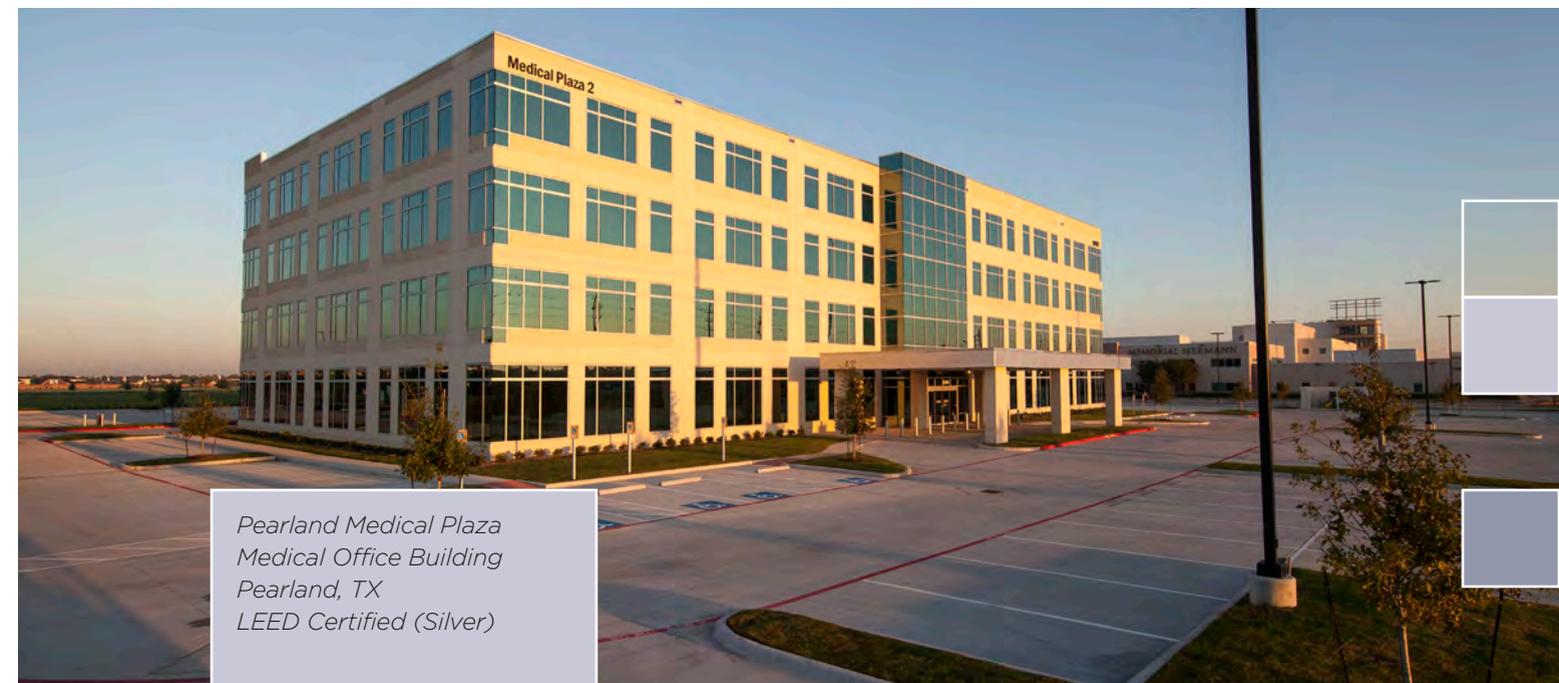
Please see the [data tables](#) herein for our complete environmental performance metrics and related data.

Company-Wide Efforts

HCP pursues a number of company-wide efforts to limit our employees' environmental impact. In 2018, we eliminated the use of plastic water bottles in our offices to minimize our environmental footprint, saving approximately 31,000 water bottles when compared with our use in 2017. To reduce waste, we installed water stations in our workspaces and provided reusable HCP water bottles and coffee mugs to all employees. We implemented a recycling program to encourage employees to recycle bottles, cans, and paper. We also provide our employees with paper products and utensils made from recycled materials and replaced plastic stir sticks with wooden stir sticks. To recycle e-waste, we provide employees with the opportunity to purchase older-model electronics at nominal cost. Since 2015, we have provided a stipend to employees who participate in our Rideshare Program in order to encourage carpooling. We also encourage employees to reduce vehicle emissions from commuting by cycling or using electronic vehicles or public transportation.

Climate Risk

We regularly review the risks and financial impacts to our business posed by climate change, including potential business disruption and regulatory requirements. We give consideration to disaster preparedness in developing resilient properties, including the impacts of hurricanes, flooding, and wildfires. Many state and local governments are implementing climate and energy-related ordinances with which we must comply, such as minimum energy performance requirements and water consumption limitations in California. We strive to comply with existing regulations and follow emerging issues in the regulatory landscape.



Pearland Medical Plaza
Medical Office Building
Pearland, TX
LEED Certified (Silver)

Social

MANAGEMENT APPROACH

Social Responsibility furthers our mission to be an upstanding corporate citizen, allowing employees and business partners to take pride in our relationships. This commitment is led by our Board, which formally renamed its Compensation Committee to the “Compensation and Human Capital Committee,” reflecting its oversight of all human capital management.

Our Social Responsibility goals include enhancing our commitment to diversity, health and wellness, improving satisfaction rates, and expanding our company-wide volunteering efforts.

*The Cove at Oyster Point
Life Science
South San Francisco, CA
LEED Certified (Gold)*

DIVERSITY, INCLUSION & EQUAL OPPORTUNITY

We believe we are a stronger organization when our workforce represents a diversity of ideas and experiences. HCP values and embraces diversity while promoting a work environment that emphasizes respect, fairness, inclusion, and dignity. In accordance with U.S. equal employment opportunity laws and the International Labour Organization (ILO) Discrimination Convention, we support the protection of human rights. We are committed to providing equal opportunity and fair treatment to all individuals based on merit, without discrimination based on race, color, religion, national origin, citizenship, marital status, gender (including pregnancy), gender identity, gender expression, sexual orientation, age, disability, veteran status, or other characteristics protected by law. We do not tolerate corruption, discrimination, or harassment.

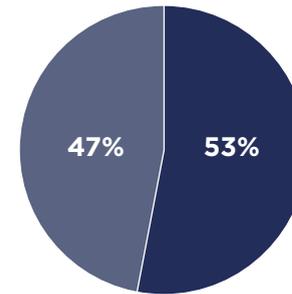
We strive to ensure that women and minorities are represented equitably in our workforce, our Board, and throughout our hiring and selection process. In 2018, we added two new female directors to our Board, for a total of three female directors, one of whom is racially diverse. We are proud to have a gender-balanced team with increasing racial and ethnic diversity. We provide mandatory bi-annual training to our employees on unconscious bias and harassment prevention, as well as professional development opportunities for all employees.

By properly appreciating diversity, we can maintain a workforce with a healthy mix of ages, perspectives, cultures, talents, genders, insights, and skills. As of December 31, 2018, women accounted for 47 percent of our workforce, 57 percent of which served in a leadership capacity, and represented 27 percent of our officers.



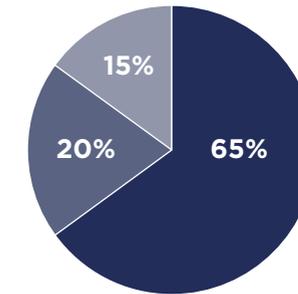
2018 EMPLOYEE DEMOGRAPHICS

GENDER



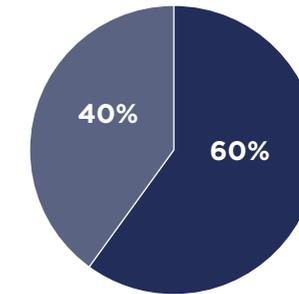
■ Male ■ Female

AGE



■ 30-50 ■ >50 ■ <30

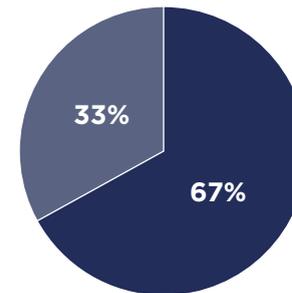
ETHNICITY



■ White ■ Ethnic Minority

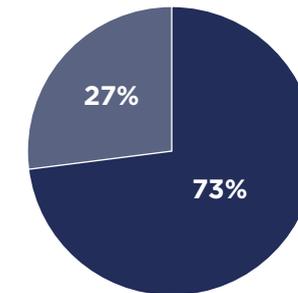
GENDER BREAKDOWN BY LEVEL

BOARD OF DIRECTORS



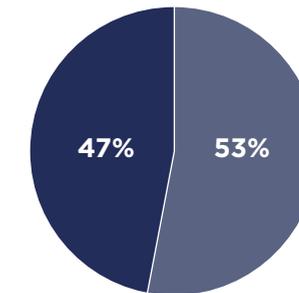
■ Male ■ Female

OFFICERS (VP AND ABOVE)



■ Male ■ Female

NON-OFFICERS



■ Male ■ Female

Data as of December 31, 2018. Please see the [data tables](#) herein for our complete social performance metrics and related data.

SPOTLIGHT ON DIVERSITY

HCP is strongly committed to diversity and equal opportunity, with the tone set at the top. Our Board has three female directors, one of whom is racially-diverse. Our Nominating and Corporate Governance Committee formally considers diversity as an important factor when recruiting new directors. Our Compensation and Human Capital Committee retains direct oversight over all human capital management, including culture, diversity, inclusion, talent acquisition, retention, employee satisfaction, and engagement. Our Board and workforce are gender-balanced, with women making up 33 percent of the Board and 47 percent of the employee population.

Our culture and diversity objectives include:

- 1 Attract top talent with consideration given to recruiting underrepresented groups
- 2 Reduce unconscious bias by providing training and enabling conversations at the leadership level
- 3 Foster a culture of fairness and tolerance with an engaged and collaborative work environment
- 4 Develop all employees through training and education while fostering upward mobility of our best-in-class talent
- 5 Create an organization that delivers top results while maintaining a healthy work-life balance

EMPLOYEE ENGAGEMENT & SATISFACTION

High employee engagement and satisfaction are both critical to attracting and retaining top talent, and benefit the business in many areas. An independent third-party service provider conducts our annual employee satisfaction survey, which measures our progress on important employee issues, identifies areas for growth and improvement, and detects areas warranting additional resources or investments. Our survey includes several topics, such as overall employee satisfaction, training and development, commitment to our vision and corporate goals, engagement by leadership, work environment, responsibility delineation, and performance recognition.

Results of the survey are shared with our employees, driving meaningful dialogue as we continue to take steps to engage, retain and develop employees. Our ongoing efforts at improving employee satisfaction have been reflected in improved satisfaction scores each of the last two years.

Talent Attraction & Retention

Our employees represent our greatest asset and, as such, talent attraction and retention are paramount. We strive to attract and retain top talent by providing competitive compensation and benefits, and a positive, safe, and progressive work environment. We seek individuals who are competent leaders, experienced in our industry, and dedicated to our mission and vision. We also partner with several minority- or women-owned recruiting firms to help ensure that we attract talent from a diverse pool of candidates. Among employees hired in 2018, 40 percent were women and 47 percent were ethnically or racially diverse.

Training & Development

Training and education help ensure that we are providing our employees with the tools to achieve success and add to our long-term value. We offer training programs on a variety of topics including leadership skills, ethics and compliance, harassment prevention, and non-discrimination training as well as professional development through our “HCP University” program. To foster professional development, we also offer reimbursements of up to \$5,000 annually per employee for higher education related to our business, industry, or individual professional development. Additionally, we encourage employees to seek professional development through industry conferences and seminars, as appropriate.



Compensation & Benefits

We aim to ensure merit-based, equitable compensation practices. We provide competitive compensation and benefit packages to all permanent, full-time employees and extend portions of our benefit plan to immediate family members and domestic partners.

Effective January 2019, we implemented a generous paid parental and family care leave policy, which provides paid time off to employees welcoming new children or caring for a seriously ill family member. We also provide a fully subsidized Health Maintenance Organization (HMO) plan and substantially subsidized secondary HMO and High Deductible Health Plan.

We also offer the following compensation and benefit programs to employees (additional information is available [on our website](#)):

- Medical, dental, and vision plans
- Life, accidental death, disability, and employee assistance programs
- Flexible spending accounts (FSA)
- Health savings account (HSA) with generous employer match
- 401(k) Plan with generous employer match
- Paid time off
- Leave policies
- Tuition reimbursement
- Annual cash incentive (bonus) program
- Equity incentive awards

As described in our [2019 Proxy Statement](#), our executive compensation program pays for performance by incentivizing long-term value creation for our stockholders. Under this program, the substantial majority of executive remuneration is at-risk as short- and long- term cash and equity incentive awards are based on rigorous, objective performance metrics.

Health & Wellness

The health and wellness of our employees are vital to our success. As a healthcare REIT, we encourage employees and their families to live active and healthy lifestyles. In 2018, we sponsored a weight loss challenge in our Irvine, California office; almost one-third of employees in that office participated. We host monthly wellness gatherings for our employees and publish a monthly wellness newsletter discussing health and wellness topics. We also provide fresh organic fruit and healthy snacks daily to employees at no cost. Effective January 2019, we implemented the HCP Get Fit Program, a monthly allowance provided to encourage employees to achieve and maintain a healthy lifestyle through physical fitness.

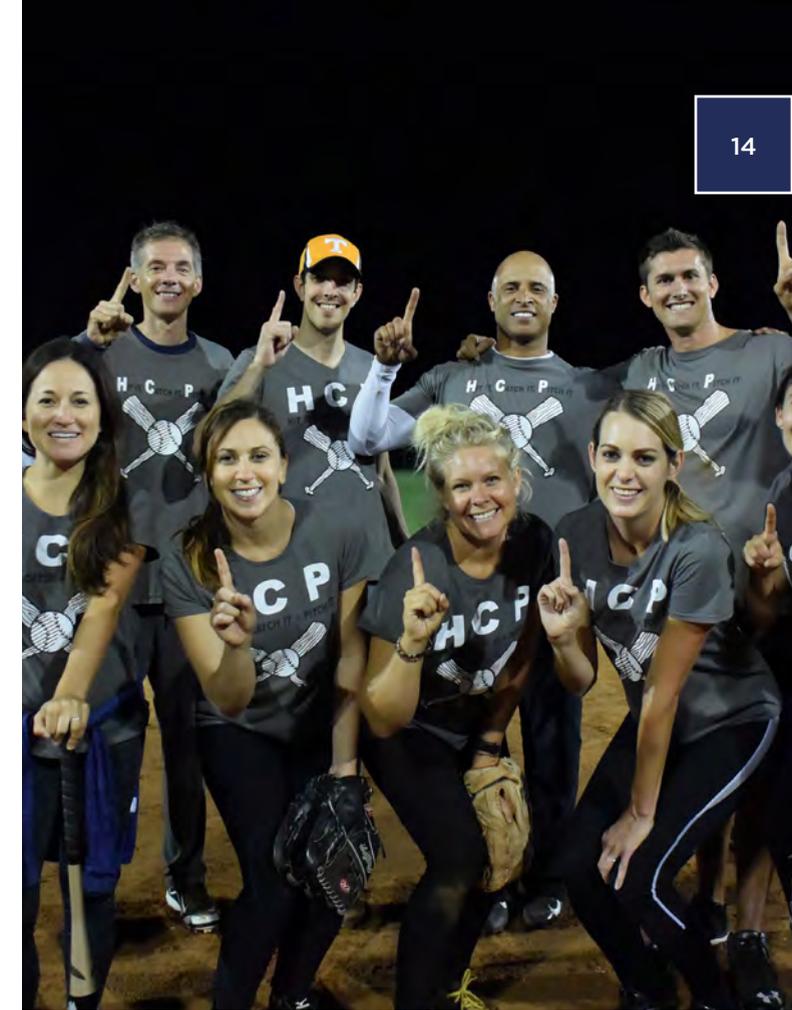
Safety

HCP is committed to protecting the safety of over 200 employees through special training and other measures. Specially-trained staff provide our employees with ergonomic evaluations and recommendations for individual workspaces. We also supply employees with necessary ergonomic furniture to avoid long-term injury.

In addition, we strive to ensure the safety of our properties' operators and tenants. HCP has adopted a life safety policy, which allows HCP staff to work with operators and tenants to quickly identify and escalate any potential safety issues. We conduct property safety inspections to identify potential hazards and then make recommendations to minimize identified risks. Our Vendor Code of Business Conduct and Ethics also outlines health, safety and other regulations for our vendors and contractors.

We track our employee lost time incident rate and strive to achieve zero lost time due to accident or injury. In 2018, we achieved a 0 percent lost time incident rate.

No incidents of lost time



EMPLOYEE HEALTH & WELLNESS

We encourage our employees to achieve a healthy lifestyle while also having fun. Our HCP softball team is comprised of employees across all levels and fosters camaraderie inside and outside the office. The team has competed in a local coed softball league in Orange County, California since 2015 and has won two championships!



2018 WALK TO END ALZHEIMER'S

This was our sixth consecutive year sponsoring and participating in the Walk to End Alzheimer's in our local communities, Orange County, California, and Nashville, Tennessee. Held in over 600 communities nationwide, the annual Walk to End Alzheimer's is the world's largest event raising awareness and funds for Alzheimer's care, support, and research. Supporting the Alzheimer's Association is especially important to us as many of our constituents are senior citizens and one in three seniors is affected by Alzheimer's or other dementia-related diseases. **In 2018, HCP was named a Community Partner Honoree by Alzheimer's Orange County.**

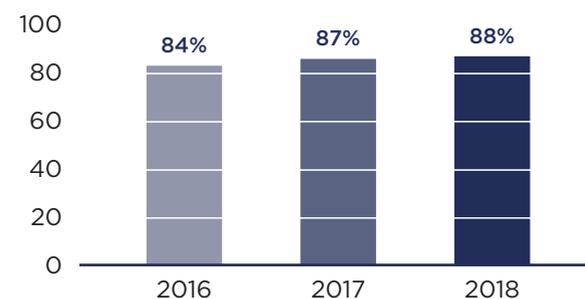
PARTNER ENGAGEMENT

We believe that communication and partnership are essential for successful asset management. We partner with our tenants and operators to help influence their efforts to reduce their environmental impacts, even if we do not have operational control of the properties. Partner engagement represents a cost-effective and efficient tool to mitigate resource consumption at our properties while driving sustainability goals. Further, proactive engagement with our tenants positively impacts tenant retention.

Partner satisfaction affects our brand and reputation. To engage our tenants, we conduct an annual independent, third-party facilitated survey to assess satisfaction. We use the results of our satisfaction survey to measure our progress, identify opportunities for growth, and find areas where additional business investments are warranted.

Our 2018 tenant satisfaction rate was 88 percent, up from 87 percent in 2017. Our 2018 response rate was 86 percent.

TENANT SATISFACTION RATE



COMMUNITY ENGAGEMENT

Our Social Responsibility Committee is responsible for oversight of our charitable and volunteer activities. The Committee partners with organizations that share our desire to support research, education, and other activities related to healthcare. It also aims to support local community initiatives in the areas where our employees work and live by partnering with and donating to local organizations.

In 2018, HCP donated nearly a half million dollars to entities aligned with the Committee's mission to support the advancement of healthcare, senior communities, and emergency disaster relief.

Additionally, the Committee oversees our gift matching program: HCP matches employee gifts annually up to \$2,500 for charitable organizations and \$1,000 for educational institutions.

To promote and support volunteerism, we offers employees up to eight hours of paid time off per year to engage in the community service activities of their choice. We also pay employees for time spent on company-sponsored volunteering efforts during business hours. Our employees are dedicated to engaging in fundraising and volunteering opportunities to support healthcare and, especially, seniors.



RONALD MCDONALD HOUSE PARTNERSHIP

In 2018, HCP partnered with the Ronald McDonald Houses in Orange County, California, and Nashville, Tennessee to assist families experiencing the turmoil of a seriously ill child. **In 2018, HCP sponsored rooms within the Nashville Ronald McDonald House as well as the Family Rooms of CHOC Hospital and Mission Hospital in Orange County.** Holiday food and toy drives, as well as Meals of Love onsite meal preparation, supported the needs of the Orange County and Nashville Houses.

Governance

HCP Corporate Governance Best Practices

16

MANAGEMENT APPROACH

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

We review corporate governance best practices and trends on an ongoing basis and look to proactively improve our governance framework. Our governance policies and charters are available on our website. Notably, our [Code of Business Conduct and Ethics](#) (“Code”) applies to all of our directors, officers, and employees, and our [Vendor Code of Business Conduct and Ethics](#) (“Vendor Code”) is applicable to our vendors and business partners (collectively, “Codes of Conduct”).

- Every non-executive member of our Board of Directors is independent
- Independent Chairman separate from CEO role
- Annual election of directors with majority voting standard
- Annual Board and Committee self-evaluations
- Board refreshment with a director retirement age policy
- Increased Board diversity, with three female directors and one racially-diverse director
- Oversight of human capital management
- Systematic Board oversight over ethics, compliance and risk management
- Anti-hedging, anti-pledging, and compensation clawback policies
- Robust Executive and Director stock ownership guidelines
- Enhanced proxy access
- Opted out of provisions of the Maryland Unsolicited Takeovers Act (MUTA) that would allow a staggered board without stockholder approval
- Adopted majority voting standard for stockholder bylaw amendments

We encourage you to review our [2019 Proxy Statement](#), which provides additional detail on our corporate governance and executive compensation best practices.

75 Hayden (rendering)
Life Science Research Campus
Boston, MA

CORPORATE GOVERNANCE

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

Our Corporate Governance Guidelines provide our executives and directors with consistent, upstanding performance expectations. The Nominating and Corporate Governance, Audit, Compensation and Human Capital, and Investment and Finance Committees are comprised entirely of independent directors. Our committee charters are available [on our website](#).

The Board views diversity as a critical component of effectiveness and, as such, incorporates a diversity assessment into its annual self-evaluation. In addition, when reviewing potential director candidates, our Board considers diversity in gender, age, ethnicity, national origin, and professional and personal experience, and strives to create diversity in perspective within the Board as a whole. In 2018, we:

- Added two female directors and one racially-diverse director to the Board
- Renamed the Compensation Committee as the “Compensation and Human Capital Committee” and amended its charter to expand the Committee’s direct oversight to human capital management

We are committed to corporate governance practices that promote long-term value creation, transparency, and accountability to our stakeholders.

Sustainability Committee

Underscoring the importance of sustainability to our company and our partners and stakeholders, our Executive Vice President, Chief Operating Officer and Chief Development Officer leads our Sustainability Committee. He provides regular updates regarding the strategic development of our environmental, social, and governance goals, initiatives, and progress directly to the Board. The Sustainability Committee is also comprised of individuals across all professional levels, including our Executive Vice President, General Counsel and Corporate Secretary. The Committee guides and implements our sustainability strategy pursuant to its Charter.

Our segment leaders support the Sustainability Committee by relaying business segment input and providing feedback on best practices, impact monitoring, and implementation of our annual strategic agenda. This process, in conjunction with stakeholder engagement, shapes our overall climate change and risk assessment strategy.

Additionally, our Sustainability Committee is accountable for meeting our environmental responsibility targets. Our sustainability performance factors into financial compensation for committee members responsible for HCP’s sustainability initiatives.

ETHICS & COMPLIANCE

Companies are increasingly held to the highest standards of ethical behavior. Our Codes of Conduct apply to all of our directors, officers, employees, and vendors. These include, without limitation, laws concerning bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust and anti-competition prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information, and misuse of corporate assets.

HCP provides a Whistleblower Hotline where employees can anonymously report any issue including code violations, safety concerns, and instances of discrimination or harassment. Mandatory annual training on our Code outlines individual obligations to comply with all relevant laws, rules, and regulations. We also require annual training on insider trading compliance and the Foreign Corrupt Practices Act of 1977, as amended. Additionally, each of our employees receives mandatory harassment prevention training.

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

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

Incidents

Zero Incidents of Non-Compliance with Code of Conduct, Regulations, or Voluntary Codes Concerning the Health and Safety of Our Employees

100%

All Employees Completed Code of Conduct and Harassment Prevention Training

Fines

Zero Fines or Non-Monetary Sanctions

Reporting Initiatives & Awards

We use reporting initiatives such as GRI, CDP, and GRESB to communicate the results of our sustainability initiatives to our collective stakeholders. Through regular communication of our progress in a publicly available forum, we endeavor to affirm long-term value for our stakeholders while improving our sustainability-related business practices and motivating our partners to do the same. Additional information regarding our sustainability reporting initiatives, including links to our latest reports, is available [on our website](#).

Our 2018 achievements include:



North America DJSI
(Sixth Consecutive Year)



Sustainability Yearbook Member
(Fourth Consecutive Year)



Green Star Designation
(Seventh Consecutive Year)



Leadership Band
(Sixth Consecutive Year)



Index Member
(Seventh Consecutive Year)

As a public company listed on the New York Stock Exchange, we are subject to reporting requirements of the Securities and Exchange Commission to communicate the financial aspects of our business to our stockholders and the public.

Madison Medical Tower
Medical Office Building
Seattle, WA
LEED Certified (Silver)

Data Tables



Lone Peak
Medical Office Building
Draper, UT
Energy STAR Certified

Boundary Building Area

CATEGORY	DISCLOSURE	KPI	2016	2017 ¹	2018
Boundary Building Area ft ² (1,000s)	GRI 102-7	Life Sciences	1,257.2	2,456.4	2,456.4
		Medical Offices	13,479.2	13,394.8	13,394.8
		Senior Housing	24,491.6	26,030.2	26,030.2
		Total	39,228	41,881.4	41,881.4
Boundary Building Area m ² (1,000s)	GRI 102-7	Life Sciences	116.8	228.2	228.2
		Medical Offices	1,252.3	1,244.4	1,244.4
		Senior Housing	2,275.3	2,418.3	2,418.3
		Total	3,644.4	3,890.9	3,890.9

Environmental Boundary: HCP includes properties where the company has operational control—i.e., buildings that we maintain, provide service to, and/or have the authority to implement operating policies with respect to energy usage, water usage and/or waste disposal. Where HCP retains operational control over a limited space of the property, the proportion of the consumption controlled by HCP has been reported. For 2018, 467 properties, out of the 744 properties in HCP’s portfolio (assets under management), were controlled by HCP. 2017 data has been revised to provide a like-comparison to the 2018 boundary.

Labor Metric Boundary: HCP reports on persons it employed as of December 31, 2018, excluding contractors.

¹2017 boundary building area adjusted for 2017 rolling base year building area for comparison to 2018.

Energy Data

CATEGORY	DISCLOSURE	KPI	2016	2017	2018
Direct Energy Consumption by Primary Source (MWh)	GRI 302-1	Natural Gas: Metered	226,822	243,600	258,740
		Motor Gasoline: Non-Metered	10,242	9,702	10,340
		Diesel/Gas Oil: Non-Metered	146	701	132
		Propane: Non-Metered	4,954	3,444	5,211
		Total	242,164	257,447	274,423
Direct Energy Consumption by Primary Source (GJ)	GRI 302-1	Natural Gas: Metered	816,561	876,961	931,466
		Motor Gasoline: Non-Metered	36,871	34,927	37,222
		Diesel/Gas Oil: Non-Metered	524	2,525	477
		Propane: Non-Metered	17,835	12,397	18,759
		Total	871,791	926,810	987,924
Indirect Energy Consumption by Primary Source (MWh)	GRI 302-2	Electricity Consumption	610,002	623,650	566,401
		Steam Consumption	5,039	4,834	4,723
		Cooling Consumption	5,327	4,328	4,358
		Renewable: Electricity	Not Significant	Not Significant	62,272
		Total	620,368	632,812	637,754
Indirect Energy Consumption by Primary Source (GJ)	GRI 302-2	Electricity Consumption	2,196,007	2,245,142	2,039,043
		Steam Consumption	18,138	17,401	17,002
		Cooling Consumption	19,178	15,581	15,691
		Renewable: Electricity	Not Significant	Not Significant	224,179
		Total	2,233,323	2,278,124	2,295,915

CATEGORY	DISCLOSURE	KPI	2016	2017	2018
Energy Consumption by Building Type (MWh)	GRI 302-2	Life Science	68,530	139,292	142,995
		Medical Office Buildings (MOB)	404,264	408,711	410,761
		Senior Housing	389,738	342,256	358,421
Energy Consumption by Building Type (GJ)	GRI 302-2	Life Science	246,707	501,452	514,782
		Medical Office Buildings (MOB)	1,455,349	1,471,360	1,478,740
		Senior Housing	1,403,058	1,232,121	1,290,318
Energy Intensity by Building Type (GJ/1000m ²)	GRI 302-3	Life Science	2,112	2,197.4	2,255.8
		Medical Office Buildings (MOB)	1,162	1,182.3	1,188.3
		Senior Housing	616.6	509.5	533.6
Energy Intensity by Building Type (MWh/1000ft ²)	GRI 302-3	Life Science	54.5	56.7	58.2
		Medical Office Buildings (MOB)	30.0	30.5	30.7
		Senior Housing	15.9	13.2	13.8

The total direct energy consumption previously calculated in 2017 was 249,605 MWh, which covered our portfolio boundary of 475 properties. As such, our 2017 amounts were adjusted downward by 8 properties to reflect a rolling baseline year.

The total indirect energy consumption previously calculated in 2017 was 611,665 MWh, which covered our portfolio boundary of 475 properties. As such, our 2017 amounts were adjusted downward by 8 properties to reflect a rolling baseline year.

Base data utilized in the calculation of direct and indirect energy consumption is obtained from third-party invoices or estimates. HCP estimates are used where measurement data is not readily available. For the properties where HCP retains operational control over a limited amount of space and where there are no dedicated meters to obtain actual consumption, estimation of area based upon square footage controlled as a percentage of total square feet was determined based on occupancy. This estimated percentage was then used to determine HCP's portion of consumption against total property consumption. Approximately 18% of the direct and indirect energy consumption have been estimated by HCP for the year ended December 31, 2018.



*Brookdale Shavano Park
Senior Housing
San Antonio, TX
Energy STAR Certified*

Emissions Data

CATEGORY	DISCLOSURE	KPI	2016	2017	2018
Direct & Indirect GHG Emissions by Type (t CO₂e)	GRI 305-1 GRI 305-2	Direct GHG emissions (Scope 1)	52,257	52,397	54,260
		Indirect GHG emissions (Scope 2)	307,890	270,057	245,132
		Total	360,147	322,454	299,392
Direct & Indirect GHG Emissions by Building Type (t CO₂e)	GRI 305-1 GRI 305-2	Life Sciences	16,800	31,926	31,452
		Medical Offices	180,270	160,990	134,143
		Senior Housing	163,077	129,538	133,797
Building Emissions Intensity (t CO₂e/ft²)	GRI 305-4	Life Sciences	13.4	13.0	12.8
		Medical Offices	13.4	12.0	10.0
		Senior Housing	6.6	5.0	5.1
Building Emissions Intensity (t CO₂e/m²)	GRI 305-4	Life Sciences	143.8	139.9	137.8
		Medical Offices	144.0	129.4	107.8
		Senior Housing	71.7	53.6	55.3

The total GHG emissions previously calculated for Scope 1 and Scope 2 emissions in 2017 was 317,742 tonnes CO₂e, which covered our portfolio boundary of 475 properties. As such, our 2017 amounts were adjusted downward by 8 properties to reflect a rolling baseline year.

Base data utilized in the calculation of Scope 1 and Scope 2 GHG emissions is obtained from third-party invoices or estimates. For properties where there is a vehicle fleet but no fuel tracking system in place, diesel and gasoline consumption was estimated based on the type of vehicle and the reported annual mileage.

Water Data

CATEGORY	DISCLOSURE	KPI	2016	2017	2018
Total Water Withdrawal by Source (Gallons)	GRI 303-1	Municipal water withdrawal for shared landlord	1,643,032,743	1,533,228,318	1,432,749,969
		Other	0	0	0

The total water withdrawal previously calculated in 2017 was 1,636,210,018 gallons, which covered our portfolio boundary of 475 properties. As such, our 2017 amounts were adjusted downward by 8 properties to reflect a rolling baseline year.

Waste Data

CATEGORY	DISCLOSURE	KPI	2016	2017	2018
Total Waste Disposed (metric tonnes)	GRI 306-2	Non-Hazardous	42,021	32,314	32,013
		Hazardous	0	0	0
Waste Disposal (%)	GRI 306-2	% Recycled	15.4	15.1	15.5
		% Landfill	84.6	84.9	84.5

The total weight of non-hazardous waste previously calculated in 2017 was 56,094 metric tonnes, which covered our portfolio boundaries of 475 properties. As such, our 2017 amounts were adjusted downward by 8 properties to reflect a rolling baseline year.

Employment Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Total Number of Employees by Employment Contract & Gender	GRI 405-1	Hourly				
		Male	11	13	10	12
		Female	33	29	35	34
		Total	44	42	45	46
		Salaried				
		Male	88	89	90	95
		Female	55	57	55	60
		Total	143	146	145	155
		All Employees				
		Male	99	102	100	107
		Female	88	86	90	94
		Total	187	188	190	201

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Number of Employees by Age Group	GRI 405-1	<30	21	18	20	30
		30-50	118	118	122	131
		>50	48	52	48	40
		Total	187	188	190	201
Number of New Hires by Age Group	GRI 401-1	<30	11	6	10	17
		30-50	22	14	25	26
		>50	3	4	1	2
		Total	36	24	36	45
Number of New Hires by Gender	GRI 401-1	Male	17	16	18	27
		Female	19	8	18	18
		Total	36	24	36	45
Turnover by Age Group (Number of Employees & Rate)	GRI 401-1	<30	1 (4.8%)	3 (16.7%)	4 (20.0%)	2 (6.7%)
		30-50	12 (10.2%)	15 (12.7%)	22 (18.0%)	22 (16.8%)
		>50	6 (12.5%)	5 (9.6%)	8 (16.7%)	10 (25.0%)
		Total	19 (10.2%)	23 (12.2%)	34 (17.9%)	34 (16.92%)
Turnover by Gender (Number of Employees & Rate)	GRI 401-1	Male	9 (9.1%)	13 (12.7%)	14 (15.6%)	20 (18.69%)
		Female	10 (11.4%)	10 (11.6%)	20 (20.0%)	14 (14.9%)
		Total	19 (10.2%)	23 (12.2%)	34 (17.9%)	34 (16.92%)

Diversity Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Ethnicity (# Employees)	GRI 405-1	American Indian or Alaska Native	1	1	1	1
		Asian	45	46	45	53
		Black/African American	3	3	3	4
		Hispanic or Latino	17	16	16	17
		Hawaiian/Pacific Islander	1	1	1	0
		White	111	113	118	120
		2 or more races	7	6	6	6
		Not Disclosed	2	2	0	0
		Total	187	188	190	201
Pay Ratio by Employee Category (Base Salary Men/Women)	GRI 405-2	Executive Vice Presidents	N/A	N/A	N/A	N/A
		Management (Senior VPs)	127%	117%	113%	113%
		Non-Management	117%	112%	117%	114%
Pay Ratio by Employee Category (Total Remuneration Men/Women)	GRI 405-2	Executive Vice Presidents	N/A	N/A	N/A	N/A
		Management (Senior VPs)	146%	126%	118%	128%
		Non-Management	120%	108%	116%	113%

Ethics Data

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Values, Principles, Standards & Norms of Behavior	GRI 205-2	% of Employees trained annually on our Code of Business Conduct and Ethics	100	100	100	100

Satisfaction Measures

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Tenant Satisfaction	GRI 102-44	Rate of Satisfaction Among MOB Tenants (%)	84	85	87	88

Occupational Health & Safety

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Lost Time Injury Frequency Rate	GRI 403-2	Employees	0	0	0	0

Local Communities

CATEGORY	DISCLOSURE	KPI	2015	2016	2017	2018
Local Communities	GRI 413	Charitable Contributions	\$326,502	\$521,429	\$458,304	\$493,763



Statement of Verification

March 8, 2019

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

Scope

HCP, Inc. (also referred to as “Responsible Party”) engaged Cventure LLC (also referred to as “Verifier”) to review HCP’s 2018 Corporate Greenhouse Gas (GHG) emissions inventory, energy consumption, water withdrawal, waste disposal, various social indicators, and supporting evidence, detailing the GHG emissions and other environmental and social indicators in associated source documents, over the period January 1, 2018 to December 31, 2018 inclusive. These elements are collectively referred to as the “Assertion” for the purposes of this statement.

The Responsible Party is responsible for the preparation and presentation of the information within the Assertion, the results of which are summarized in the Data Tables section of the HCP 2018 Sustainability Report (March 2019). The Verifier’s responsibility is to express a conclusion as to whether anything has come to our attention that the Assertion is not presented fairly in accordance with generally accepted GHG accounting (e.g., *The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, WRI/WBCSD, March 2004*) and sustainability reporting (e.g., Global Reporting Initiative [GRI]) standards.

Independence

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

Methodology

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

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

- Total water withdrawal
- Total waste disposed and recycled

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

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

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

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

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

Conclusion

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

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

GRI Content Index



Standard Disclosures

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
Strategy and Analysis				
GRI 102	102-14	Statement from senior decision-maker	3	
GRI 102	102-15	Key impacts, risks, and opportunities	Annual Report	A full discussion of our identified risks is outlined in our Annual Report
Organizational Profile				
GRI 102	102-1	Name of the organization	2	HCP, Inc.
GRI 102	102-2	Activities, brands, products, and services	2	HCP, a self-administered REIT, invests primarily in real estate serving the healthcare industry in the United States. Our portfolio is comprised of investments in the following healthcare segments: (I) Senior Housing Triple-Net, (II) Senior Housing Operating Portfolio, (III) Life Science and (IV) Medical Office (MOB).
GRI 102	102-3	Location of headquarters	2	Irvine, California -U.S.A.
GRI 102	102-4	Location of operations		HCP operates in the United States and England.
GRI 102	102-5	Ownership and legal form	2	Incorporation (NYSE: HCP), an S&P Company.
GRI 102	102-6	Markets served	2	Full integrated real estate investment trust (REIT) serving the healthcare industry.
GRI 102	102-7	Scale of the organization	2018 Annual Report, 10-K	
GRI 102	102-8	Information on employees and other workers	12	
GRI 102	102-35	Remuneration policies	HCP Corporate Governance Webpage	Our executive compensation program is designed to incentivize long-term value creation for our stockholders. Short- and long- term incentive awards are based on rigorous objective, at-risk performance metrics. Further, we provide competitive compensation and benefit packages to all permanent full-time employees and extend portions of our benefit plan to immediate families and domestic partners. We also offer a 401(k) plan with generous Company matching for retirement planning.



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
GRI 102	102-41	Collective bargaining agreements		HCP complies with the National Labor Relations Act, which makes discrimination, harassment, unlawful termination and/or retaliation of collective bargaining illegal. As of December 31, 2018, we had 201 full-time employees, none of whom were subject to a collective bargaining agreement.
GRI 102	102-9	Supply chain		As a real estate investment trust, we have environmental, social, and economic impacts at each stage of our properties' lifecycle- from acquisition, new construction and re-development, through leasing and sales, and property management. In particular, we directly control our own occupied offices, our voluntary community giving and the services that we provide to our tenants at our managed assets. We exercise significant influence over our development - through procurement standards our supply base is almost entirely local to each property. We have limited or no influence over the behavior of our visitors to our healthcare real estate assets.
GRI 102	102-10	Significant changes to the organization and its supply chain	2018 Annual Report	
GRI 102	102-11	Precautionary Principle or approach		The Precautionary Principle is integrated into our vision for sustainability.
GRI 102	102-12	External initiatives		Sustainability based initiatives include GRI, CDP, GRESB, Dow Jones Sustainability Index, National Association of Real Estate Investment Trusts, FTSE4Good Index
GRI 102	102-13	Membership of associations	18	

Identified Material Topics and Boundaries

GRI 102	102-45	Entities included in the consolidated financial statements	2018 Annual Report, 10-K	The information found within this Sustainability Report relates to activities within our full operational control as well as within our partial operational control, which flows through to our partners, suppliers, vendors, and communities where we operate. Accordingly, various levels of control and influence are essential for understanding how we manage our impacts. Our 2018 boundary comprises 467 properties. 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. The 2018 total direct and indirect energy consumption, total GHG emissions, total water withdrawal, and total weight of waste metrics were adjusted to a rolling 2018 baseline year reflecting acquisitions, dispositions and boundary changes where buildings were removed or added. Since we do not maintain full operational control over all buildings in our portfolio, we make a dedicated effort to influence properties outside of our boundary to join our sustainability initiatives and to be more conscientious of people and the planet.
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GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
GRI 102	102-46	Defining report content and topic Boundaries	5, 16	There are various levels at which we perform our materiality assessments. We assess risks, including those related to sustainability on an annual basis. Our report content draws from stakeholder input. A formal materiality process for the purpose of our sustainability reporting process was first performed in 2011 and then again for our 2014 report. Additionally, preliminary steps have been taken to incorporate Integrated Reporting Principles when applying value to intangibles during our recent materiality process. We draw sustainability context through this diligence and verify completeness through the data tracked internally via subject matter experts and the systems instituted for managing our sustainability program.
GRI 102	102-47	List of material topics	6	
GRI 102	103-1	Explanation of the material topic and its Boundary		See the explanation provided per 102-46.
GRI 102	102-48	Restatements of information		We restated environmental metrics for the previous year to reflect the changed boundary and provide comparable year over year data. Data beyond prior year is not comparable on a ft/m ² basis.
GRI 102	102-49	Changes in reporting		We expanded the scope of our boundary this year to include existing and acquired properties in our Senior Housing, Life Science, and Medical Office segments. As such, our 2011 base year was adjusted by 42 properties in 2012, by 16 properties in 2013, by 72 properties in 2014, by 127 properties in 2015, by 29 in 2016, 41 in 2017, and by 8 in 2018 to reflect a rolling baseline year and our growth.
Stakeholder Engagement				
GRI 102	102-40	List of stakeholder groups	5	
GRI 102	102-42	Identifying and selecting stakeholders	5	
GRI 102	102-43	Approach to stakeholder engagement	5	



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
GRI 102	102-44	Key topics and concerns raised	6	<p>Issues raised during our stakeholder engagement will be further explored and addressed as we commit to taking corrective action or igniting new strategic directives.</p> <p>Notably, employee and tenant satisfaction are material to HCP.</p> <p>For the tenant satisfaction metric, the survey was distributed to HCP's medical office building tenants, except as follows:</p> <p>1. Buildings owned by HCP less than five months. 2. Buildings where the tenant is responsible for maintaining and operating the building. 3. Leased space vacated by the tenant (despite contractual obligations and continued rental payments) during the survey period from January 1, 2018 through April 30, 2018. 4. HCP was engaged in active litigation with the tenant. 5. HCP had submitted the tenant to a collections service. 6. Tenant had not physically moved into the space, despite the commencement of the lease and rental payments. 7. The lease was for storage or rooftop (i.e., an antenna or communication installation).</p> <p>There are five possible answers to the question 'Please rate your overall satisfaction as a tenant': 1 - Poor, 2 - Fair, 3 - Average, 4 - Good, 5 - Excellent. A score of (4) Good or (5) Excellent is considered 'satisfactory'.</p>
Report Profile				
GRI 102	102-50	Reporting period		2018 Calendar Year
GRI 102	102-51	Date of most recent report		2017 Calendar Year - Annual + Sustainability Report
GRI 102	102-52	Reporting cycle		Calendar Year
GRI 102	102-53	Contact point for questions regarding the report		sustainability@hcpi.com
GRI 102	102-54	Claims of reporting in accordance with the GRI Standards	2	This marks our eighth annual Sustainability Report (this "Report") published to date. Each report has been developed in accordance with the relevant Global Reporting Initiative standard the Core-In Accordance level.
GRI 102	102-55	GRI content index		
GRI 102	102-56	External assurance	2	A selection of the data in this Report has been independently assured by cVenture. A Management Assertion is also included.



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
Governance				
GRI 102	102-18	Governance structure	12-13, 10-K	
GRI 102	102-26	Role of highest governance body in setting purpose, values, and strategy	12-13	
GRI 102	102-27	Collective knowledge of highest governance body	12-13, 10-K	
GRI 102	102-29	Identifying and managing economic, environmental, and social impacts	13	Our integrated risk assessment and management process includes climate change and social responsibility-related impacts. Strategic engagement efforts undertaken throughout the year including to help shape our sustainability program take into account peer-based research, investor input, the ongoing work of our industry associations and other external working groups.
GRI 102	102-30	Effectiveness of risk management processes	13	Risk management process, including supporting policies, are reviewed annually and updated accordingly to ensure that our activities that influence policy are consistent with our climate change and social responsibility strategies. Our Company and our Codes of Conduct support efforts that encourage greater responsibility and efficiencies alike. We have an internal Sustainability committee that evaluates, improves and reports on the Company's approach to environmental initiatives. These direct and indirect activities help to ensure that our policy directives are consistent with actions to mitigate negative impacts and advance overall performance.
GRI 102	102-31	Review of economic, environmental, and social topics	13	We review corporate governance best practices and trends on an ongoing basis. This review includes risks and opportunities identified at the enterprise level and through ongoing detection at the site level.
GRI 102	102-16	Values, principles, standards, and norms of behavior		Our Code of Business Conduct and norms of behavior and Ethics applies to all of our directors, officers and employees, and our Vendor Code of Business Conduct and Ethics ("Vendor Code") is applicable to our vendors and business partners (collectively "Codes of Conduct"). We also uphold a Sustainability Committee Charter. These policies, along with our other pertinent policies, are available on our website, www.hcpi.com , at the following link: http://www.hcpi.com/sustainability/corporate-governance-responsibility



Specific Standard Disclosures

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE NUMBER	SUPPLEMENTS & OMISSIONS
Economic				
Anti-Corruption				
GRI 205	205-2	Communication and training about anti-corruption policies and procedures	17	We provide annual training to all of our employees on both codes of conduct, and one hundred percent (100%) of our employees completed the training in 2018. We also provide and require annual training on insider trading and the Foreign Corrupt Practices Act, and each of our employees receives harassment prevention training every other year.
Environmental				
Energy				
GRI 302	302-1	Energy consumption within the organization	9, 20	Total gigajoules (“GJ”) and Megawatt hours (“MWh”) of direct energy purchased (natural gas, diesel, gasoline and liquid propane) and total GJ and MWh of indirect energy purchased (electricity, steam, hot water and chilled water) for year ended December 31, 2018, is reported as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon the estimation methodology. Significant amounts of renewable fuel are not used nor is energy sold by HCP. Though the energy mix purchased from providers may contain renewable energy, HCP does not track this energy separately.
GRI 302	302-3	Energy intensity	9, 20	Our energy intensity ratio is calculated per thousand square feet of space in all our properties under our operational control. It includes all fuel, electricity, heating, cooling, and steam as indicated in our total energy consumption.
GRI 302	302-4	Reduction of energy consumption	9, 20	Intensity targets of 1-2% are based on metric tonnes per square foot which we feel is a relevant measurement for real estate properties - using a 2018 rolling baseline year.
GRI 302	302-5	Reductions in energy requirements of products and services	8, 9, 20	
Water				
GRI 303	303-1	Water withdrawal by source	9, 21	All water is purchased directly from local utilities. The quantity in gallons of potable water withdrawal by HCP-related operations for the year ended December 31, 2018 as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology where we maintain operational control.



				For the properties where HCP retains operational control over a limited amount of space and where there are no dedicated meters to obtain actual consumption, estimation of area based upon square footage controlled as a percentage of total square feet was determined based on occupancy. This estimated percentage was then used to determine HCP's portion of consumption against total property consumption.
GRI 303	303-3	Water recycled and reused		We implement many types of water efficient installations at our properties, including smart water systems, motion sensor and aerator faucets, low-flow toilets, retention ponds, rain sensors, turf block, and drought resistant landscaping.
Emissions				
GRI 305	305-1	Direct (Scope 1) GHG emissions	9, 21	<p>The GHG emissions associated with the activities noted above have been determined on the basis of measured or estimated energy and fuel use, multiplied by publicly available carbon emission factors outlined in the table below. Global warming potentials were obtained from The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2014).</p> <p>Non-financial information is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.</p> <p>Scope 1 emissions are based on direct energy consumption multiplied by their associated emission factor as well as refrigerants emissions. Gas at several facilities is allocated between property under our operational control (e.g., MOB) and property not under our control (e.g., the associated hospital) based on estimates of usage.</p> <p>Scope 1 emissions source type and emission factors employed:</p> <p>Diesel and gasoline (vehicles)</p> <ul style="list-style-type: none"> • Intergovernmental Panel on Climate Change's (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion. • Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model, version 1. 2013. Input Fuel Specifications. Argonne National Laboratory. • U.S. Energy Information Administration Energy Units and Calculators Explained: Energy Conversion Calculators updated January 2016. <p>Diesel fuel and liquid propane (onsite fuel)</p> <ul style="list-style-type: none"> • EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2) <p>Natural gas</p> <ul style="list-style-type: none"> • EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2)



				<p>Refrigerants</p> <ul style="list-style-type: none"> IPCC Fifth Assessment Report (2014) American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) - Standard 34 (released 2013). <p>For properties where HVAC units are controlled by HCP, emissions were estimated based on each unit capacity of refrigerant and an average percentage of loss based on the equipment type. The percentage of loss is based on either value provided by property teams, or an average of the percentage loss range for each equipment type, consistent with guidance outlined for the "Screening Method" in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition by the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) HFC Tool Guidelines Developed by ICF Inc.</p>
GRI 305	305-2	Energy indirect (Scope 2) GHG emissions	21	<p>[See 305-1]</p> <p>Scope 2 emissions are based on indirect energy consumption multiplied by their associated emission factor. Electricity at several facilities is allocated between property under our operational control and property not under our control based on estimates of usage.</p> <p>Scope 2 emissions source type and emission factors employed:</p> <p>Electricity</p> <ul style="list-style-type: none"> U.S. EPA Emissions and Generation Resource Integrated Database (eGrid) Year 2016 Data (February 2018). <p>District steam and hot water</p> <ul style="list-style-type: none"> EPA Emission Factors for Greenhouse Gas Inventories (November 2015, v2) <p>District chilled water</p> <ul style="list-style-type: none"> EPA ENERGY STAR Portfolio Manager GHG Technical Reference (August 2017).
GRI 305	305-4	GHG emissions intensity	21	<p>[See 305-1]</p> <p>Our intensity ratio is calculated per thousand square feet of space in all our properties under our operational control.</p>
GRI 305	305-5	Reduction of GHG emissions	9, 21	<p>[See 305-1]</p> <p>Intensity targets of 1-2% are based on metric tonnes per square foot which we feel is a relevant measurement for real estate properties - using a 2018 rolling baseline year. Trends correlate with revenue from acquisitions and/or divestitures, headcount, and other operational changes.</p>



Effluents and Waste

<p>GRI 306</p>	<p>306-2</p>	<p>Waste by type and disposal method</p>	<p>17</p>	<p>Waste disposed in metric tonnes as well as the percentage of waste going to landfill or being recycled, as either (1) third-party invoices recorded in environmental/utilities management systems or (2) based upon estimation methodology.</p> <p>Waste Estimation methodology: For the properties where no actual or estimated weight is provided by the waste management company, HCP estimated waste weight based on,</p> <ul style="list-style-type: none"> • 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) compaction weight per yard factors and (5) weight per yard factors 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) weight per yard factors for trash and for recycled. <p>Waste factors used are located at the following sources:</p> <ul style="list-style-type: none"> • EPA Standard volume-to-weight conversion factors • Recyclemaniac Volume-to-weight Conversion Chart <p>Some cases required factors from the two sources to be used to calculate average waste.</p> <p>In addition, lb/square foot factors for trash and recycling waste are used to estimate the annual average usage. HCP recognizes that the level of estimation uncertainty for the waste metric is higher than for the other environmental metrics, primarily because of the estimation methodology that is based on an average weight per yard of waste that does not account for waste density or the measurement technique that assumes waste containers are fully loaded for each pick up. Data related to the waste metrics inherently limited given the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements.</p> <p>Approximately 50% of the waste disposal reported has been estimated by HCP for year ended December 31, 2018 including the use of the weight estimation methodology described above.</p>
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Social

Employment

GRI 401	401-1	New employee hires and employee turnover	22	
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Occupational Health and Safety

GRI 403	403-9	Work-related injuries	14, 23	
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Training and Education

GRI 404	404-2	Programs for upgrading employee skills and transition assistance programs	13	Additionally, we provide reimbursements of up to \$5,000 annually per employee for higher education that is related to our business, industry, and individual professional development. Helping our employees to develop in meaningful ways creates long-term value for the individual as well as for us. Please visit www.hcpi.com/sustainability/social-responsibility.html for additional information regarding the benefits we offer.
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Diversity and Equal Opportunity

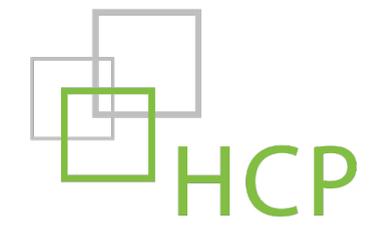
GRI 405	405-1	Diversity of governance bodies and employees	12, 13	Diversity of 2018 new hires according to gender and date of birth as recorded in ADP based on the employee's file as of December 31, 2018.
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Equal Remuneration for Women and Men

GRI 405	405-2	Ratio of basic salary and remuneration of women to men	23	
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Local Communities

GRI 413	413-1	Operations with local community engagement, impact assessments, and development programs	14, 15, 23	Our Social Responsibility Committee has been working since 2012 to establish protocols, outreach strategies, and methods for evaluating programmatic effectiveness. Though still voluntary, we have seen significant uptake in the employee involvement and we intend to provide much more detail in future years. This year, HCP gave over half million dollars in charitable donations. Additionally, the committee oversees our gift matching program, in which HCP matches employee gifts annually of up to \$2,500 for charitable organizations and \$1,000 for educational institutions. Our employees are dedicated to engaging in fundraising and volunteering opportunities to support our senior citizens. To further promote and support volunteerism, HCP offers employees up to eight hours of paid time-off per year to engage in community service activities of their choice. Employees are also paid while participating in company-sponsored volunteering efforts occurring during business hours.
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