

# Sustainability Principles & Policies

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## Introduction

Healthcare Realty recognizes the importance of embedding sustainability and environmental, social and governance (ESG) best practices into its strategy, philosophy, and operating practices. Healthcare Realty's goal is to create long-term value for all stakeholders, including our employees and investors who expect responsible financial and environmental stewardship, and for our health system partners who rely on Healthcare Realty to provide outstanding service in well-operated facilities that allow them to effectively serve and care for their local communities. For these reasons, we have developed the following Sustainability Principles and Policies.

## Sustainability Principles

Healthcare Realty is in alignment with the UN Global Compact definition of sustainability that states, "Corporate sustainability is a company's delivery of long-term value in financial, environmental, social and ethical terms." We seek to achieve sustainability through financial, environmental and social performance for the benefit of all stakeholders, including our customers, investors, employees and the communities in which we live, work and invest. Our primary customers are hospitals, health systems, and physicians who provide clinical services that improve the health and wellbeing of individuals in their communities. The better we serve our customers, the more they can improve their communities.

The pathway to achieve sustainability is rooted in Healthcare Realty's Sustainability Principles, which are:

### Integration

Embed and integrate into Healthcare Realty's daily operations and business decisions leading environmental, social, and governance (ESG) practices designed to enhance portfolio performance.

### Impact

Drive positive impact across the Company while mitigating risk and creating long-term value for stakeholders, including our customers, investors, employees and the communities in which we live, work, and invest.

### Integrity

Conduct business with integrity, respect, and excellence, earning the right to be a preferred provider of medical office properties.

As we implement our sustainability practices and achieve our objectives, our actions will be guided by these Principles to ensure continuous improvement and long-term success.



# Sustainability Policies

The following Healthcare Realty Sustainability Policies have been developed in accordance with the Sustainability Principles, and serve as our guide to embed practices that support the overall business strategy and add value to our day-to-day business operations. These policies will be monitored and reviewed annually by the Healthcare Realty Sustainability Committee, which is comprised of employees in varying roles and offices throughout the Company. These policies will be shared with all Healthcare Realty employees and disclosed to investors and other stakeholders on our website.

## ENVIRONMENTAL POLICIES

Healthcare Realty's environmental policies aim to mitigate risk and reduce our use of natural resources. These policies are applicable to building operations, including daily management practices, utility monitoring and usage, tenant improvement and capital projects. These policies also apply to building acquisitions, development, and redevelopment along with all other corporate and support operations. They will be included as criteria when hiring suppliers and procuring materials.

### Energy

Healthcare Realty will work to reduce energy utilization and utility expenses for all managed buildings by monitoring consumption, utilizing energy efficient equipment where feasible, and incorporating energy management best practices into daily operations.

Best practices and initiatives may include, but not be limited to:

- Ongoing benchmarking of energy data in ENERGY STAR® Portfolio Manager<sup>® 1</sup>
- Real-time electric monitoring implemented where and when feasible
- Regular preventive maintenance of all HVAC equipment and building systems
- Nighttime temperature setbacks in common areas
- Design efficiencies in tenant improvements and capital expenditures
- Conducting regular technical assessments to identify opportunities to improve energy efficiency
- Review opportunities for both on and off-site renewable energy and incorporate where practical
- Track and comply with all energy efficiency and benchmarking legislation implemented across jurisdictions where Healthcare Realty operates

### Greenhouse Gas Management <sup>2</sup>

A significant portion of Healthcare Realty's GHG emissions are from the electricity usage in our buildings; therefore, usage will be tracked and managed in ENERGY STAR® Portfolio Manager® and, where possible, reduced in accordance with the energy efficiency measures implemented as part of Healthcare Realty's Energy Policy.

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<sup>1</sup> Common area and whole building (where available) electric, natural gas and district steam consumption will be tracked in ENERGY STAR® Portfolio Manager® for all Healthcare Realty managed properties

<sup>2</sup> GHG emissions are calculated based on the 100-year Global Warming Potential (GWP) values as provided by the Intergovernmental Panel on Climate Change (IPCC) and will generally cover Scope 1 & Scope 2 emissions as defined by the Greenhouse Gas Protocol.



## Water

Healthcare Realty will work to reduce water consumption and associated expenses for all managed buildings through monitoring consumption, utilizing water efficient equipment where feasible, and incorporating water management best practices into daily operations.

Best practices and initiatives may include, but not be limited to:

- Ongoing benchmarking of water usage in ENERGY STAR® Portfolio Manager® where water data is accessible and under Healthcare Realty management<sup>1</sup>
- Using smart irrigation, low-water landscaping, and leak detection systems where practical
- Regular preventive maintenance of all applicable water-use systems, such as irrigation systems, toilets, chilled-water HVAC systems, and cooling towers

## Waste

Healthcare Realty will work to reduce landfill waste through tracking waste production and recycling rates, implementing waste management best practices, and purchasing recycled content or zero waste materials where applicable and feasible.

Best practices and initiatives may include, but not be limited to:

- Ongoing benchmarking of waste production and recycling rates in ENERGY STAR® Portfolio Manager®
- Recycling common area light bulbs where applicable
- Ensuring appropriate recycling containers are accessible, and signage is visible and easily understood by tenants and building visitors
- Purchasing consumable materials with recycled content, such as recycled or biodegradable paper products, copy paper, paper towels, and bathroom tissue
- Purchasing materials with recycled content for new development and building upgrades, such as recycled content carpet and ceiling tiles

## Building Materials

As Healthcare Realty strives to provide state-of-the-art facilities that enhance the health and wellness of patients and visitors who visit our properties, we will work to avoid use of materials that are known to be adverse to human health and the environment.

Best practices and initiatives may include, but not be limited to:

- Seeking to avoid any use of materials with known toxic ingredients, such as: asbestos, formaldehyde, volatile organic compounds, ash, cadmium, mercury, lead, arsenic, and phthalates
- Using sustainability-certified materials during new construction and redevelopment initiatives, whenever practical, based on the following standards: Forest Stewardship Council (FSC), Rainforest Alliance, Cradle to Cradle, Floorscore, Green Seal and Greenguard.
- Purchasing local materials and importing local fill where practical.

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<sup>1</sup> Common area and whole building (where available) water consumption will be tracked in ENERGY STAR® Portfolio Manager® for all Healthcare Realty managed properties



## Biodiversity & Habitat

With new construction, Healthcare Realty will assess environmental risks associated with the natural habitat of the applicable land, including risk mitigation and related costs related to:

- Identifying soil and water characteristics, including their contamination levels, restoration possibilities and mitigation needs, as well as related costs in order to avoid any community risks
- Analyzing land topography to avoid, where practical, removal of native material which could cause an environmental disturbance
- Understanding the biodiversity and natural habitat of the site in order to minimize disruption and maximize preservation opportunities, inclusive of endangered species evaluations

## SOCIAL POLICIES

### Human Rights

Healthcare Realty strives to respect and promote human rights in accordance with the United Nation's Guiding Principles on Business and Human Rights. We expect our employees, officers and directors to treat people with respect and dignity.

- **Slavery, Forced Labor, and Human Trafficking:** The Company does not tolerate slavery, forced labor, or human trafficking in any form. All employees, officers and directors are prohibited from engaging in such practices.
- **Child Labor:** The Company does not employ child labor and takes the necessary preventative measures to ensure they do not employ anyone under the applicable legal minimum age of employment.

### Diversity and Inclusion

Healthcare Realty is committed to fostering, cultivating, and preserving a culture of diversity and inclusion. Our human capital is the most valuable asset we have. We embrace employee differences in race, color, religion, sex, sexual orientation, national origin, age, disability, veteran status, and other characteristics that make our employees unique.

Healthcare Realty's diversity initiatives are applicable, but not limited to, our practices and policies on:

- Recruitment and selection
- Compensation and benefits
- Professional development and training
- Promotions, transfers, and professional growth
- Social and recreational programs

Our focus is on developing a work environment built on equity that encourages and enforces:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives



- Work/life balance through work schedules that seek to accommodate employees' varying needs
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity

All Healthcare Realty employees have a responsibility to treat others with dignity and respect at all times. Employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at company-sponsored events.

Any employee found to have exhibited any inappropriate conduct or behavior towards others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the Company's diversity standards should report the incident either to their supervisor or to Human Resources. All complaints of this conduct will be investigated promptly.

### Employee Safety

Healthcare Realty is committed to providing a safe workplace for all of its workers.

We recognize that all employees have the right to work in a safe and healthy environment, consistent with the Occupational Safety and Health Act (OSHA) and any other applicable legislation.

Our Company is committed to take every reasonable effort to eliminate the hazards that cause accidents and injuries.

Disregard or willful violations of this Policy by employees at any level may be considered cause for disciplinary action in accordance with Company policies.

### Employee Performance and Career Development

The long-term success of Healthcare Realty is contingent upon the talent and commitment of our employees. Healthcare Realty is committed to supporting the performance and career development of our employees, striving to provide a culture of learning, growth, and performance excellence.

Healthcare Realty will foster this culture through establishing clear performance objectives and may support employee performance and career development through the following ways:

- Encouraging employees to engage in relevant training opportunities, including formal training sessions, and participation in conferences
- Funding the cost of training materials and professional certification for personnel where applicable, including accountants, maintenance engineers, property managers, and IT professionals
- Providing a tuition reimbursement program for any employee pursuing higher education
- Encouraging community service through implementation of an employee charitable contribution matching program



## Employee, Tenant, and Community Health and Wellbeing

Just as Healthcare Realty strives to create desirable environments for its tenants and their patients, it is also the Company's responsibility to create work environments that encourage positive health and wellness for our employees and local communities.

Healthcare Realty recognizes the importance of good nutrition, regular physical activity, and reduced sedentary time in the prevention of chronic disease and the maintenance of health and wellbeing. As such, we are committed to creating a workplace culture that supports and encourages regular physical activity and facilitating active participation of workers in a range of initiatives that promote increased physical activity, reduced sitting time, and healthy eating options.

Strategies and initiatives for employee health and wellness may include, but not be limited to:

- Ensuring stairwells are easily accessible and inviting to use (well-lit, adequately ventilated, etc.)
- Supporting reduced sitting time through available standing height tables/desks or workstations and removing waste bins from individual desks to a central location to encourage movement
- Encouraging participation in sports teams, group fitness activities, and fitness challenges
- Supporting walking meetings when feasible
- Providing relevant wellness information materials, such as posters or brochures
- Providing healthy food and drink options where applicable
- Ensuring catering and onsite food outlets have healthy food and drink choices
- Installing water purification, if necessary
- Installing water bottle filling stations where feasible

Best practices for the operations and management of facilities to ensure employee, tenant, and community health and wellness related to indoor air and water quality may include:

- Using only low/no VOC paints and finishes
- Instituting a green cleaning policy
- Using high efficiency filter vacuums
- Conducting regular IAQ testing
- Ensuring separate ventilation for chemical storage areas
- Utilizing an integrated pest management plan
- Meeting fire safety and carbon monoxide monitoring standards
- Instituting a safety and security policy, including emergency procedures, regular drills and communicate regularly with employees
- Testing water quality regularly
- Preventing water stagnation in pipes
- Addressing occupant noise complaints
- Meeting or exceeding ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals and carbon dioxide
- Instituting a smoke-free building policy
- Incorporating tobacco-free signage as appropriate





## Stakeholder Engagement

Healthcare Realty understands the impact that stakeholders have on our business and operations. Therefore, we are committed to engagement with our key stakeholders to facilitate two-way interaction and provide transparency of our programs and progress, particularly around our environmental, social and governance (ESG) efforts and, in turn, drive performance as a result of our strengthened relationships.

Stakeholder engagement best practices and initiatives may include but not be limited to:

- Engaging stakeholder groups to develop and maintain positive and productive relationships
- Involving stakeholders in identifying issues that are material to our business
- Providing transparency to our stakeholders through annual corporate and ESG reporting

