# 2024 Corporate Responsibility Report

**ENVIRONMENTAL • SOCIAL • GOVERNANCE** 



ENVIRONMENTAL SOCIAL GOVERNANCE DISCLOSURES

### Letter from the CEO



I'm pleased to present Healthcare Realty's 2024 Corporate Responsibility Report - our sixth since the launch of our ESG initiatives.

One of the many advantages of Healthcare Realty's merger with HTA in 2022 was the opportunity to expand the impact of our ESG objectives across a larger portfolio. During 2023, our

first full calendar year following the merger, we made robust progress toward embedding our ESG practices portfolio-wide and improving our scores on key industry benchmarks.

We are particularly proud of the work we've done to integrate Healthcare Realty's utility data collection discipline across the legacy HTA properties and to improve our data integrity. One of our goals for 2023 was to increase whole-building utility data to 71% of the combined portfolio. We achieved that goal and are on track to reach our next goal of 90% by year-end 2024. Independent third-party assessments confirm that our ESG program is headed in the right direction in 2023, we earned GRESB's 3-star rating, with a score of 75, ranking second in a group of ten peer companies and receiving an "A" rating on GRESB's Public Disclosure scorecard.

This year, we established new, ambitious ESG goals. These include a 15% reduction in energy usage, a 30% reduction in greenhouse gas emissions, and a 20% reduction in water use, all by 2032. Another goal, in the short term, is to obtain green building certifications for at least 11% of the portfolio by 2025.

Our ESG program is a key component of our strong corporate culture, built around Healthcare Realty's purpose, vision, and values. Employees are the heart of everything we do, and we have established new goals for employee benefits, compensation, safety, and training. In 2023, we launched new employee engagement initiatives to unify our expanded employee base. One of these initiatives is a quarterly employee recognition program called the Values in Action Awards, which celebrates team members whose work is particularly emblematic of Healthcare Realty's values - respect, camaraderie, entrepreneurship, and excellence.

By setting high corporate responsibility standards and striving to improve our performance, we ensure that our actions benefit not only our shareholders and our physician tenants but also our employees who drive our success and contribute to the communities where we are proud to operate.

Sincerely,

President and Chief Executive Officer



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## Who We Are

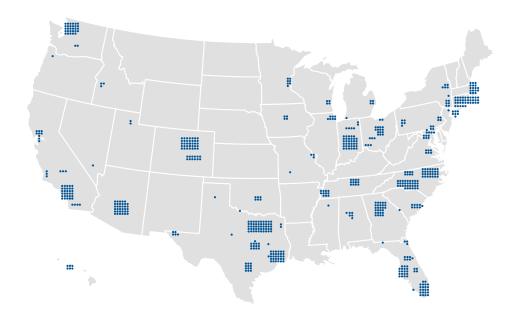
Healthcare Realty (NYSE: HR) is a real estate investment trust (REIT) that owns and operates medical outpatient buildings (MOBs) primarily located around market-leading hospital campuses. The Company selectively grows its portfolio through property acquisition and development. As the first and largest REIT to specialize in medical outpatient buildings, Healthcare Realty's portfolio includes nearly 700 properties totaling over 40 million square feet concentrated primarily in 15 growth markets.

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### Company Overview

Since its formation over 30 years ago, Healthcare Realty has distinguished itself as the first REIT to specialize in medical outpatient buildings (MOBs), creating a superior real estate portfolio aligned with market-leading health systems.

The majority of Healthcare Realty's properties are on the campus of, or adjacent to, these health systems, where they house essential outpatient services such as surgery, cancer treatment, imaging, and key physician groups who are crucial to the hospital's long-term mission. Our properties are well-diversified by geography, tenant size, and physician specialty.



**COMPANY SNAPSHOT** AS OF 12/31/2023(1)

688 Properties

40.3M Square Feet

93% Medical Outpatient Buildings (MOBs)

93% Managed Internally

69 Markets in 35 States

72% On/Adjacent to Hospital Campuses

60% of NOI in Top 15 Markets

56 relationships with Top 100 Health Systems<sup>(2)</sup>

\$11.9B Enterprise Value

BBB/Baa2 S&P/Moody's



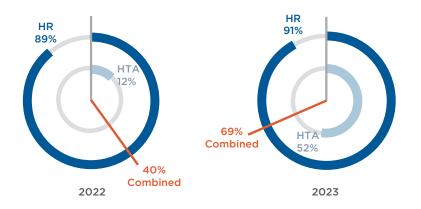
### ESG Management

In July 2022, Healthcare Realty completed a transformational merger with Healthcare Trust of America. The merger more than doubled our portfolio of medical outpatient buildings and expanded our footprint in top growth markets around the country. It also provided opportunities to advance our environmental, social and governance objectives across a broader portfolio.

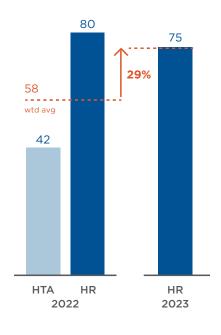
Prior to the merger, Healthcare Realty had an enviable track record of data collection and data integrity, as evidenced by our past GRESB scores and portfolio coverage. Healthcare Realty's 2022 GRESB score was 80 with 89% utility coverage while HTA's was 42 with 12% utility coverage. In 2023, we achieved a GRESB score of 75 with 69% utility coverage for the combined portfolio.

We have established ambitious ESG goals in pursuit of greater efficiency and long term value. Our continued success with utility data coverage and performance is supported by our progress on achieved stated goals and GRESB scores.

GRESB DATA COVERAGE(1)



GRESB SCORES(2)





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### **ESG Strategy**

Since 2019, Healthcare Realty has embedded ESG practices in our culture and has incorporated ESG principles in our investments and operations activities. Our commitment to corporate responsibility is integral in everything we do – as financial stewards of shareholder capital, in the services provided to our tenants, and as contributing citizens in the communities where we live and work.

Healthcare Realty has a dedicated ESG team engaged with employees around the country in support of our environmental, social, and governance goals. Our ESG efforts are governed by the Company's Sustainability Principles and Policies.

### Integration

Embed and integrate leading ESG practices in daily operations.

#### **Impact**

Create long-term value for stakeholders, including our tenants, investors, employees, and the communities in which we live, work, and invest.

### Integrity

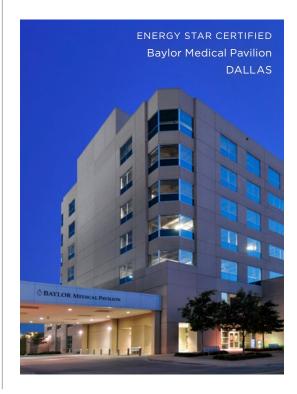
Conduct business with integrity, respect, and excellence.

#### SUSTAINABILITY MANAGEMENT



We have implemented a Sustainability Management System (SMS) to reduce risk,

improve performance, and establish meaningful benchmarks guided by industry frameworks. Our SMS is aligned with the Internal Organization for Standardization ("ISO") 14001 and 5001 standards plus ENERGY STAR\*
Guidelines for Energy Management.





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### Stakeholder Engagement

We regularly engage with stakeholders and solicit feedback from employees, tenants, investors and our Board of Directors. This dialogue influences our business decisions and strategy, particularly around our ESG efforts.



### **Employees**

- HR@Work Healthcare Realty's intranet
- LinkedIn
- Employee surveys
- Engagement activities including book clubs, virtual exercise classes, lunch-andlearn sessions, and Company-wide wellness challenges



#### Communities

- Company-organized volunteer opportunities
- Paid volunteer hours
- Employee charitable donation matching program
- Company donations to non-profit organizations



#### 

- One-on-one meetings
- Participation in industry conferences
- Investor tours
- Earnings calls, SEC filings, quarterly supplemental reports, and investor presentations that disclose financial performance information



#### **Tenants**

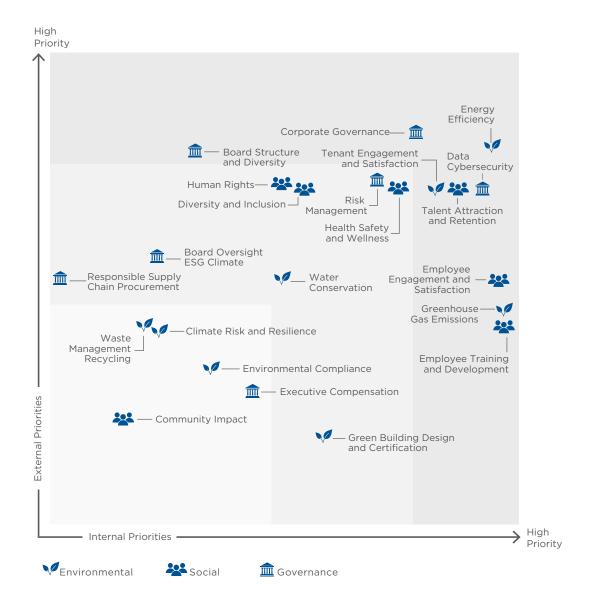
- Kingsley tenant satisfaction surveys
- Building-specific online tenant centers
- Tenant appreciation events and holiday celebrations



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### Materiality Assessment

In 2023, we performed a materiality assessment, utilizing a formal survey to collect data from 450 internal and external stakeholders, including employees, the Board of Directors, tenants, and vendors. Our ESG priorities and strategic planning reflect their feedback.





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### ESG Disclosure and Frameworks

Healthcare Realty discloses comparable ESG data through globally recognized frameworks and standards aimed at transparency and consistency with industry peers. We continued our practice of engaging a third party to review energy, water, greenhouse gas emissions, and waste performance data. In addition, all 2023 environmental performance data was vetted through third-party assurance, a heightened level of review over prior years.



#### **GRESB**

Healthcare Realty earned GRESB's 3-star rating in 2023, earning a score of 75. We earned a score of 85 on our portfolio of properties under development, up from 81 in 2022. Ranking second out of a peer group of 10 real estate companies, we received a rating of "A" on GRESB's Public Disclosure score, showcasing our transparency on sustainability practices.



### Task Force on Climate-Related Financial Disclosures (TCFD)

Healthcare Realty's climate-related disclosures are in alignment with TCFD recommendations. Our physical climate disclosure includes multiple scenario analysis. These disclosures can be found on pages 25-27.



### Sustainability Accounting Standards Board (SASB)

Information in this report aligns with the SASB framework for real estate. Our SASB disclosure table can be found on pages 50-51.



#### Sustainable Development Goals (SDGs)

Our ESG key performance indicators align with the United Nations SDGs. Our goals and progress can be found on pages 11-13.



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### **Environmental Goals**











Goal	Status	Performance
15% reduction in energy use by 2032 over a 2022 baseline		
30% reduction in Scope 1 and 2 emissions by 2032 over a 2022 baseline	New! 2032 Target	In 2023, our energy consumption, GHG emissions, and water consumption decreased compared to 2022 performance.  As we continue implementing Healthcare Realty standards into legacy HTA properties, we anticipate our environmental performance reductions to steadily improve.
20% reduction in water use by 2032 over a 2022 baseline		
Increase utility coverage to 90% by year-end 2024	New! 2024 Target On Track	In 2023, we achieved our 2022 utility data target, increasing whole-building portfolio coverage to 71%.
Obtain green building certifications, including Leadership in Energy and Environmental Design (LEED), ENERGY STAR, Institute of Real Estate Management Certified Sustainable Property (IREM CSP), or other similarly recognized third-party certification) for at least 11% of the portfolio by 2025	2025 Target  On Track	We had 57 green building certifications totaling 5.5 million square feet representing 8.3% of properties at year-end 2023: 10 LEED certifications, 42 ENERGY STAR certifications, 5 IREM CSPs.



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### Social Goals







Goal	Status	Performance
Evaluate employee benefits package annually to ensure it is competitive and meets the needs of employees	Ongoing Target  Achieved	Healthcare Realty's benefits are reviewed annually by an employee-led committee and are benchmarked against companies of similar size.
Offer at least \$19 per hour wages to all full-time employees	Ongoing Target  Achieved	All full-time employees were paid \$19 per hour or more in 2023.
Conduct annual employee engagement survey	New! Target	
100% participation in workplace safety training for the engineering department	New! Target	In 2023, engineering personnel participated in over 200 hours of training.
Conduct annual training on environmental, social, and governance topics	New! Target	



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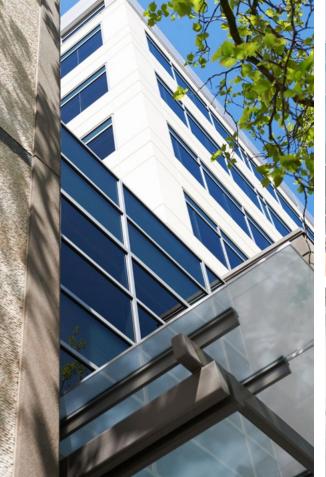
### Governance Goals





Goal	Status	Performance
Maintain board diversity by having women and/or racially diverse representation for at least a third of the Board of Directors	Ongoing Target  Achieved	Women and racially diverse representation on our board of directors increased from 38% at year-end 2023 to 42% in June 2024.
100% employee participation in annual review of Code of Business Conduct	New! Target  Achieved	All employees are required to read the Code of Business Conduct and Personnel Manual annually.
100% company participation in cybersecurity training	New! Target  Achieved	All employees are required to participate in semiannual cybersecurity training. More information on cybersecurity can be found on page 46.
Maintain Institutional Shareholder Services (ISS) Prime status	New! Target  Achieved	We monitor investor and shareholder reports to ensure that our disclosures are current and accurate.















# Environmental

Healthcare Realty is committed to reducing our environmental impact by prioritizing operational efficiencies, strategic capital planning, and reducing utility usage.

### **Environmental Performance Highlights**

In 2022, Healthcare Realty merged with HTA substantially increasing our portfolio of medical outpatient buildings. In 2023, our teams worked to implement our data quality standards and data collection strategy across the portfolio, improving our data coverage to 71%.

The following table highlights our environmental performance towards our newly established, ambitious energy, GHG emissions, and water goals. This data includes properties owned by Healthcare Realty over which the Company holds operational control and where whole-building utility data was available for 2022 and 2023.

GHG
Emissions <sup>(1)</sup>

Year	MTCO <sub>2</sub> e Scope 1	MTCO <sub>2</sub> e Scope 2	MTCO <sub>2</sub> e Total	Carbon Intensity (MTCO <sub>2</sub> e/1K SF)
2023	21,152	227,672	248,824	8.5
2022 baseline	21,401	227,558	248,959	8.5

Change	2032 Goals
<b>▼</b> 0.1%	<b>▼</b> 30%

### Energy<sup>(1)</sup>

Year	КВТИ	Energy Intensity (KBTU/SF)
2023	2,541,732,047	86.9
2022 baseline	2,550,879,958	87.2

Change	2032 Goals
▼ 0.4%	<b>▼</b> 15%

### Water<sup>(1)</sup>

Year	US Gallon	Water Intensity (US Gal/SF)
2023	760,562,337	24.1
2022 baseline	766,051,297	24.3

Change	2032 Goals
<b>▼</b> 0.7%	<b>▼</b> 20%



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### Industry Partnerships



#### **ENERGY STAR**

Healthcare Realty has been an ENERGY STAR partner since 2004 and consistently tracked utility information each year. In 2023, 86% of the portfolio was benchmarked in ENERGY STAR® Portfolio Manager®.



#### Measurabl

Healthcare Realty has partnered with Measurabl since 2020, utilizing its sustainability platform to assist in collecting, reporting, and benchmarking of environmental data, efficiency projects, and building certifications.



### **Tradition Energy**

We have utilized Tradition Energy since 2011 to assist with energy procurement in deregulated markets and assessing energy rates in changing utility markets.



### U.S. Department of Energy Better Buildings Alliance

Healthcare Realty is part of the U.S. Department of Energy (DOE) Better Buildings Alliance and Water Savings Network, partnering with DOE technical experts and industry peers to accelerate building efficiency.



### Nareit Real Estate Sustainability Council

We joined Nareit's Real Estate Sustainability Council (RESC) in 2021. This group includes ESG professionals from peer companies who advise Nareit about industry trends.



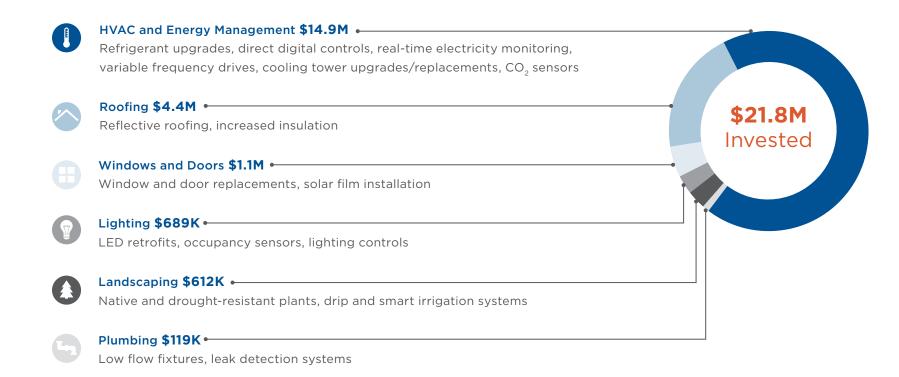
#### **ENGIE**

In 2022, Healthcare Realty engaged ENGIE to provide utility bill management services. ENGIE automates utility consumption data for improved accuracy and timeliness of environmental data collection.



### Reduction Strategies

Healthcare Realty strategically deploys capital investments to reduce utility usage and improve building efficiency. In 2023, Healthcare Realty invested \$21.8 million in 437 efficiency projects up from \$20.8 million in 2022.





### Energy Management

### **Building Automation**

Implementing and updating building automation and energy management systems is critical to controlling HVAC, lighting, and energy-consuming systems. We pursue strategies that allow our teams control of energy consumption to balance resource use with tenant and building needs.

### **Electricity Monitoring**

Real-time electricity monitoring allows us to monitor and adjust building equipment in real-time, optimizing electricity utilization and reducing grid demand.

Adjusting utility delivery to meet peak and off-peak hours drives meaningful cost savings and reduces consumption.

### **Lighting Enhancements**

Prioritizing lighting retrofits and automated lighting controls has a direct impact on energy efficiency. Lighting enhancements reduce a building's energy load, improve occupancy comfort, increase tenant and patient safety, and provide better-quality lighting.

### **Roof Replacements**

Increasing insulation when replacing roofing systems and strategically implementing reflective roofing reduces heating and cooling needs.



LED Lighting RALEIGH



Cooling Tower Replacement NASHVILLE

### **HVAC Efficiency**

Replacing heating, ventilation, and air conditioning systems at the end of their useful life provides opportunities to install high-efficiency equipment. Before replacing equipment, we routinely upgrade compressors, variable frequency drives, heat pumps, coils, and heat exchangers with energy-efficient replacements to improve the efficiency of equipment and prolong its useful life. These practices allow us to derive energy efficiency from aging equipment before replacement.



### Renewable Energy

### **On-site Solar Energy**

Healthcare Realty pursues on-site solar energy projects where utility savings are attractive. On-site solar panels in San Diego supplement nearly 30% of total building electricity usage. Five covered-parking solar panel projects are planned in California in 2024. Energy generated by one project will be utilized through the Los Angeles Department of Water and Powers's Feed-In-Tariff program. Energy from the other four projects will be utilized on-site through net energy metering power purchasing agreements. Our tenants will benefit from reduced utility expenses at the properties, and patients will benefit from shaded parking areas.

### **Energy Procurement**

As utility costs continue to increase, energy procurement plays a critical role in managing electricity and natural gas prices in deregulated markets. We partner with Tradition Energy, an energy management consultant, to ensure we benefit from competitive energy prices. In 2024, 19 Texas properties totaling two million square feet - about 22% of our Texas portfolio - will be powered by Green-e renewable energy sources.







**DISCLOSURES** 

### Water Efficiency

Physician practices and high-intensity outpatient services like dialysis, oncology infusion, and outpatient surgery centers are heavy water users. Healthcare Realty is committed to reducing building water consumption by 20% over a 2032 baseline. At year-end 2023, 83% of the portfolio was benchmarked for water usage in ENERGY STAR Portfolio Manager.

### Water reduction and savings efforts include:

- Replacing existing fixtures with low-flow and touchless fixtures in common areas and tenant spaces
- Installing 0.5 gallon aerators in tenant and common area sinks
- Utilizing leak detection systems
- Implementing regular inspections and preventive maintenance of water-use systems including irrigation systems, toilets, chilled-water HVAC systems, and cooling towers
- Installing high-efficiency drip irrigation systems across the portfolio
- · Replacing water-intensive landscaping with drought-tolerant and native vegetation



#### WATER CONSERVATION IN AUSTIN

We installed native and drought-tolerant plants to reduce water consumption and lower landscaping expenses. The new plants are suited to the region's extreme weather. This project improved the property's curb appeal and promoted biodiversity.



**DISCLOSURES** 

### Waste Diversion

We monitor and benchmark waste produced at our properties. In 2023, we modified our waste data collection strategy to include waste billing automation. By year-end 2023, 60% of the portfolio was benchmarked for waste in ENERGY STAR Portfolio Manager.

### Efforts to reduce building waste:

- Recycling containers with supporting signage throughout our properties
- Encouraging the purchase of consumable materials with recycled content
- Installing water bottle filling stations to discourage single-use plastics
- Right-sizing waste streams for efficient and cost-effective management
- Utilizing e-waste services to discard electronics
- Recycling light bulbs and batteries
- Reusing or donating furniture and construction materials from renovation projects







#### RECYCLING FOR A CAUSE

We encourage our teams to donate surplus building materials and furniture to not-for-profit organizations to divert waste from landfills. In 2023, our Detroit team donated flooring and ceiling tiles to Habitat for Humanity, while our Scottsdale team donated gym equipment to the local Air Force base.



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### Green Building Certifications

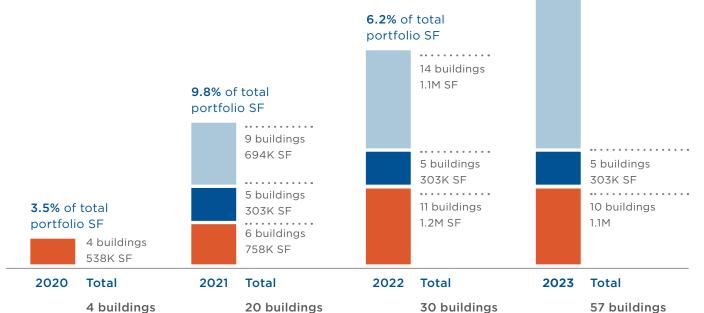
Healthcare Realty continues to increase green buildings in our portfolio, targeting 11% portfolio coverage by 2025. In 2023, we obtained 57 green building certifications bringing our portfolio coverage to 8.3%. Obtaining these certifications ensures sustainability best practices are embedded at our properties.



42 buildings 4.1M SF

5.5M SF





2.6M SF

1.8M SF







538K SF

#### **ENVIRONMENTAL**

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### Sustainable Buildings

### **Green Financing**

The Company's \$3 billion revolving credit and term loan agreements include a sustainability-linked interest rate discount tied to increasing the number of properties with green building certifications. Our \$150 million term loan expiring in June 2026 has an interest rate discount for achieving green building certifications (LEED, ENERGY STAR, IREM CSP, and other similarly recognized certifications). In 2023, we exceeded the minimum threshold of 7.8% portfolio coverage outlined in our credit agreements.

### **Building Materials**

Materials in tenant improvement and capital projects incorporate sustainable components. We routinely include LED lighting, low-flow plumbing fixtures, and efficient HVAC equipment.

- Low-emitting VOC materials we avoid materials with known toxic ingredients such as asbestos, formaldehyde, volatile organic compounds, ash, cadmium, mercury, lead, arsenic, and phthalates
- Sustainable construction materials certified by Forest Stewardship Council (FSC), Rainforest Alliance, Cradle to Cradle, Floorscore, Green Seal, Red List Free, and Greengard
- Locally manufactured materials that contain pre-consumer and post-consumer recycled content
- Pre-selected finishes that meet our minimum sustainability standards



#### **HEALTHY BUILDINGS**

We utilize the American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) standards throughout the portfolio to maintain high-quality indoor air environments.

We also incorporate sustainable amenities like bike facilities, electric vehicle charging stations, and preferred parking for carpools and fuelefficient vehicles.



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### Sustainable Buildings

### **Investments in Green Buildings**

We design and construct medical outpatient properties that reflect our commitment to sustainable building practices. We have a long-standing goal to achieve LEED or other green building certifications for 80% of our development projects.

In 2023, we completed a 151,000 square foot medical outpatient building on the Ascension St. Thomas Midtown campus in Nashville that is finalizing LEED certification.

#### ACQUISITION DUE DILIGENCE

We perform detailed due diligence before acquiring a building or portfolio, including utility data collection, physical climate risk assessments, and assessing compliance requirements. Building acquisitions provide an opportunity to underwrite ESG-focused capital improvements at the beginning of our ownership period.







### Climate Risk and Resilience



Healthcare Realty evaluates physical and transitional risks on an annual basis. We have aligned our disclosures with the Task Force on Climate-related Financial Disclosures (TCFD).

#### Governance

Healthcare Realty's Board of Directors provides oversight for our ESG strategy, policies, and performance. Each quarter, the Executive Vice President of Operations provides ESG updates to the entire board. In 2022, the Nominating and Corporate Governance Committee assumed responsibility for ESG supervision. The Audit Committee regularly conducts reviews of key financial risks, including exposure to physical and climate transition risks. The senior management team is actively engaged in assessing and managing risks, including natural disasters, regulatory and market shifts, and environmental compliance.

### Strategy

Climate-related risks and opportunities are considered throughout the lifecycle of our assets. We perform detailed building evaluations during underwriting and due diligence for building acquisitions and developments. Industry best practices for property operations, including emergency response plans, are incorporated into property inspections, budgeting, insurance, and capital planning processes. We utilize physical climate risk assessments to identify assets in areas susceptible to weather events and environmental stressors.

### **Climate-related Risk Management**

Our sustainability, insurance, operations, development, and acquisitions teams assess and manage climate-related risks. We carry comprehensive property insurance to mitigate our exposure to flood, wind, earthquakes, and named storms.

To manage potential transition risks stemming from the cost of transitioning to a low-carbon economy, our Corporate Responsibility team actively monitors environmental regulations and public policy. We also track state and local benchmarking and building performance standards.

### **Metrics and Targets**

Healthcare Realty remains committed to conserving natural resources and minimizing our environmental impact. In 2023, we established a new baseline for the merger-combined portfolio and set ambitious long-term targets for energy, water, and GHG Scope 1 and 2 emissions. Performance against these targets is found on page 15.

The Company's revolving credit and term loan agreements include a sustainability-linked interest rate discount for increasing green building certifications over a 2020 baseline. Details related to this agreement can be found on page 23.



DISCLOSURES

### TCFD Climate Risks and Opportunities

	Risk	Opportunity
Economic	Initial operating and capital costs to improve efficiency	Cost savings from reduced utility consumption and renewable energy
	Costs to adopt emissions technologies	Tenant and investor demand for green- certified buildings
	Change in asset valuation	Access to green financing including sustainability-linked term loans and green bonds which may reduce borrowing costs
Property	Property damage and business interruption	Savings on insurance premiums from improved risk mitigation and emergency response plans
Regulatory	Heightened federal, state and local environmental reporting obligations  Attracting investors, tenants and employees through expanded ESG initiatives	
Reputational	Perception about ESG policies and activities	Stakeholder communication about benchmarks and achievements







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### Physical Climate Risk

In 2023, we utilized S&P Trucost and Climanomics in partnership with our property insurance to identify and assess weather and climate-related risk exposures, including risks from acute hazards and chronic stressors. S&P Climanomics measures multiple systemic climate scenarios and short-, medium- and long-term time horizons from 0-50 years.<sup>(1)</sup>

### **Mitigation Strategies**

Healthcare Realty mitigates physical risk at the portfolio level with comprehensive insurance coverage, strategic capital planning, and sound operation practices. We work with our insurance provider to expand mitigation measures for wildfire, flood, wind, and named stores. Engineering teams routinely perform preventive maintenance and monitor building equipment. Our local management teams have implemented emergency preparation plans and work with local partners to minimize the impact of business interruptions during inclement weather.

Climate Risk	Portfolio Risk <sup>(2)</sup>
Fluvial Basin Flooding	Low to No Risk: 98% Medium Risk: 0% Higher Risk: 2%
Coastal Flooding	Low to No Risk: 100% Medium Risk: 0% Higher Risk: 0%
Tropical Cyclone	Low to No Risk: 92% Medium Risk: 5% Higher Risk: 3%
Extreme Cold	Low to No Risk: 38%  Medium Risk: 62%  Higher Risk: 0%
Wildfire	Low to No Risk: 87% Medium Risk: 9% Higher Risk: 4%
Water Stress	Low to No Risk: 59% Medium Risk: 11% Higher Risk: 30%
Extreme Heat	Low to No Risk: 93% Medium Risk: 5% Higher Risk: 2%















# Social

Supporting and engaging employees, tenants, health system partners, and communities is an important part of our culture.

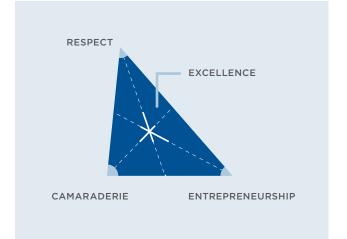
### Employee Engagement

Our employees are the heart of Healthcare Realty's success, representing the best of our values to one another, our tenants and their patients, vendors, and partners. By supporting, recognizing, and investing in our team, our employees thrive professionally and personally.



Fostering a sense of connectedness is a priority. Our company intranet, HR@Work, is an important connector for engaging colleagues who work in 69 markets in 35 states. HR@Work is a central hub for employee resources, company news, and important announcements.

We are proud of employee-led recognition programs, including the Leasing Spotlight and Engineering Impact Awards. In 2024, we launched the Values in Action Award, which honors employees who exemplify our company values in their work.



#### **OUR VALUES**

Our values are Respect, Camaraderie, Entrepreneurship, and Excellence. These aren't just slogans; these principles are the foundation of our culture, guideposts for the work we do, and key components of the company's DNA. They are reflected in our logo – three connected lines, based on a centuries-old principle describing the physics of a sail, where three bisecting lines of a triangular sail meet at the Center of Effort – the point where the propelling force of the wind is the strongest.



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### **Employee Retention**

Healthcare Realty aims to attract, retain, and promote top talent. Just as our employees are committed to advancing our mission, we are committed to their success and well-being.

We accomplish this by offering competitive compensation and benefits, investing in employee professional development, and promoting an inclusive and exceptional work environment. At year-end 2023, employee tenure for the Company was 4.3 years and 78 employees had tenure for 10 or more years.

We are proud of our paid internship program for college students. The program includes rotations through different departments and allows participants to gain valuable working experience. The Company has hired several interns and views the intern program as a valuable way to grow our talent pool.

#### **PROMOTIONS**

We have promoted more than 130 employees over the past three years. On average, 69% of the employees promoted were women or racially diverse. In 2023, we promoted 60 employees, of which 70% were women or racially diverse.



Allison Iulianello, Assistant Property Manager



Rav JaigoPaul, Lead Engineer



Tony Souyavong, Staff Accountant II



### **Employee Benefits**

We offer a competitive and equitable benefits program for employees and their families.

#### **Health and Wellness**

- · Health, dental, and vision insurance on first day of employment
- Health Savings Account annual funding in January
- 100% of long-term disability and life insurance premiums paid
- Claims resolution specialist serving as employee advocate
- Enhanced coverage for mental health through our Employee
   Assistance Program (EAP) providing free counseling and well being coaching for all employees, regardless of benefit selection
- Employee wellness program

#### **Financial Wellness**

- Auto-enrollment in 401(k) with Company match on first day of employment
- Dollar-for-dollar match on 401(k) contributions up to \$2,800 annually
- Flexible spending accounts, dependent care accounts, and health savings accounts
- Annual cash incentive (bonus) program
- Financial education training through the Company's 401(k) provider

### **Professional Development**

- Tuition reimbursement up to \$3,000 annually
- Reimbursement for professional certifications, including Certified Public Accountant, and property management and leasing designations, including Certified Property Manager (CPM), Real Property Administrator (RPA), and Certified Charter Investment Member (CCIM)
- Education reimbursement up to \$1,500 annually for Building Owner and Manager (BOMA), CCIM, or Institute of Real Estate Management (IREM) courses
- Encourage participation in industry events

### **Family and Personal**

- College savings program
- Work/life balance through flexible, hybrid, and remote work schedules
- Eight hours of paid time off to complete volunteer activities
- Charitable donation matching program
- Minimum of 29 days/232 hours of Paid Time Off and Holidays, increasing with tenure



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### Employee Training and Development

Healthcare Realty is committed to supporting the career development of our team members. We encourage employees to pursue educational opportunities, offering a program that pays for the cost of training materials and enrollment fees for professional certification programs, as well as tuition reimbursement toward college and advanced degrees.

#### Break to Educate

We frequently host lunch-and-learn sessions called "Break to Educate." Department managers teach a skill or lead a discussion on a job-specific topic. Past sessions have included tenant retention strategies, professional etiquette, safety training, new project management technologies, and improving energy efficiency.

### **Property Management Conference**

We regularly bring employees together for department-specific team building. In 2023, we held regional conferences to build camaraderie after the merger. The theme for those conferences was "The Power of One." In addition to fun outings, the group received training, met with executive leaders, and brainstormed on improving tenant service around the country.

### **Engineering Conference**

Our engineering teams meet regularly to discuss challenges and successes in their department. Topics include fire safety strategies, building maintenance standards, reducing utility costs, capital expenditure planning, improving indoor air quality, and managing building automation systems.

#### **New! MENTORING PROGRAM**

In 2024, The Company will launch a peer mentoring program. Every new hire will have a peer mentor to assist with training and provide regular communication about the onboarding process. A number of employees have expressed interest in serving as mentors.



### Employee Diversity and Inclusion<sup>(1)</sup>

Healthcare Realty is committed to a diverse and inclusive culture. We embrace employee differences in race, color, religion, gender, sexual orientation, national origin, age, disability, veteran status, and other characteristics that make our employees unique. We recognize and appreciate the worth of every individual and support the protection of human rights.





**DISCLOSURES** 

### Employee Health and Safety

We are committed to providing a safe workplace for all employees. The Company makes efforts to eliminate hazards that cause accidents and injuries. Healthcare Realty follows Occupational Safety and Health Act Administration (OSHA) standards and other applicable legislation.

Our Code of Business Conduct and Ethics, which every employee must review and acknowledge each year, includes a section on health and safety. We expect each employee to maintain a safe and healthy workplace and follow safety and health rules and practices, including reporting accidents, injuries, and unsafe conditions.

Employee training is an important component of maintaining a safe workplace. We provide access to hundreds of safety courses through Vector Solutions on topics including eye and face protection, workshop safety, and alert driving. Some courses are mandatory based on job responsibilities.

We have implemented several initiatives to improve the mental and physical well-being of our employees:

- Company-wide wellness initiatives including monthly wellness challenges, walking lunch breaks, and weekly chair yoga classes
- Ergonomic workstations and standing desks
- An option to work remotely or on a hybrid basis in some positions
- Gym membership discounts
- Enhanced coverage for mental health through our Employee Assistance
   Program (EAP), providing free counseling and coaching



2023 INJURIES AND LOST DAYS		
0.05%	Lost Day Rate	
1.7%	Injury Rate	
0	Work-related Fatalities	
200+	Hours of Safety Training	



### Employee Wellness

Healthcare Realty CARES focuses on supporting the mental and physical well-being of our employees. It includes wellness challenges, community service events, employee engagement activities, and wellness support services.

A highlight of the program is company-wide wellness challenges, which are offered every other month, focused on goals like hydration, sleep, nutrition, mindfulness, and physical activity. Participants track their progress through the MoveSpring app, which also provides educational resources and health and wellness tips. Employees can earn prizes for meeting the goals set for each challenge.



### **Wellness Challenges**

The winning team in our mid-2023 "Stepping Up for a Good Cause" challenge opted to direct a \$5,000 company donation to the American Cancer Society. A local representative of the American Cancer Society visited our office to express appreciation for the donation.



### The Running MOB

In 2023, our Nashville Running MOB team took second place in the Corporate Challenge category of Nashville's Oktoberfest 5K Run.



#### **Annual Blood Drive**

Since 2021, Healthcare Realty has partnered with the American Red Cross to host a blood drive during National Blood Donor Month. We invite employees around the country to give blood at a donation center near them.



### Tenant Satisfaction

Physician tenants are the center of our business. Every employee plays a role in attracting and retaining tenants. The importance of physicians is embedded in our Company's Purpose and Vision statement.

### **Kingsley Survey**

Healthcare Realty uses Kingsley Associates, a nationally recognized independent surveyor, to regularly conduct tenant satisfaction surveys. Kingsley Surveys help us better understand the opinions and needs of our tenants, so we can continue providing high-quality service and identify areas to improve service.

A Kingsley Survey includes about 50 questions around five key performance indicators:

- Overall satisfaction
- Property management metrics
- Building maintenance service and team service performance
- Leasing process
- Lease renewal intentions

The survey also includes sustainability-related questions, offering an opportunity to learn about tenants' ESG priorities.



Survey Scale 1-5

Prior to the merger with HTA, Healthcare Realty historically achieved above-average Kingsley survey scores. In HTA's last pre-merger survey conducted in early 2022, its scores were meaningfully lower than Healthcare Realty. After the merger, our operations team devoted significant effort into improving services at legacy HTA properties before conducting a post-merger Kingsley survey. As evidenced in the graph above, we made good progress improving Kingsley scores at legacy HTA properties while maintaining high scores at legacy Healthcare Realty properties.



# Tenant Engagement

#### Communication

We value regular, direct, and professional communication with our tenants. Our teams use a portfolio-wide tenant communication system to ensure tenants receive timely information about routine building maintenance, large-scale property renovations, safety and security protocols, weather emergencies, and other building-specific news.

#### Service

Tenants use our service portal to quickly submit service requests, track the progress of work completion, and offer feedback about the service provided. The service portal is a one-stop resource for tenants to access building policies and procedures, emergency information, management office contacts, and to pay rent online.









#### **Tenant Events**

Our property management teams regularly host tenant appreciation events for our building tenants. We have hosted coffee carts, free lunches, afternoon snacks, lunchtime cornhole games, and raffles.



WHO WE ARE

# Community Engagement

Giving back to our local communities where our physician tenants provide care is important to us. Our employees are generous with their volunteer hours, and we are proud to provide financial support to organizations that are important to our employees and health system partners.

#### **Corporate Charitable Giving**

Healthcare Realty is proud to support charitable organizations that our physician tenants value and where our employees volunteer their time. This includes: Alive Hospice, Faith Family Medical Center, Black Girls Run, Special Olympics, The Martha O'Bryan Center, Greenways Nashville, the American Cancer Society, and the American Red Cross.

#### **Employee Donation Matching**

We proudly help our employees double the impact of their personal giving. Our charitable donation matching program will match up to \$200 per employee, per year, toward their favorite qualified nonprofit organizations. Our employees also receive up to eight paid hours per year when for volunteering.

# \$350,757 Total charitable giving over the past three years

24 hospital systems, 22 non-profit and community organizations, and employee-directed matches to 170 charities











































# Community Service

Healthcare Realty employees regularly share their time, working together at our properties and in our communities. We sponsor litter removal programs, holiday toy drives, blood drives, and canned food drives. Our teams have also assisted community efforts to clear away debris in the aftermath of tornadoes and hurricanes.



#### **Holiday Toy Drive**

For the fifth year in a row, our Nashville team members took part in a toy drive to benefit Youth Encouragement Services (YES). After collecting toy donations, a team of ten Healthcare Realty volunteers spent a morning at YES, sorting donations and hosting a holiday gift selection event for low-income families, making the holidays a little brighter for over 600 children.



#### **Food Pantry Volunteering**

Several members of Healthcare Realty's Scottsdale team used their company-supported paid time off to volunteer together at the Banner Olive Branch Senior Center in Sun City. The team unloaded delivery trucks, sorted food donations, stocked shelves, and assembled bags of grocery items for senior citizens.



#### **Recycling Oyster Shells**

Our Charleston team organized a day of volunteering with the South Carolina Department of Natural Resources, helping to return oyster shells to local waterways. Planting shells discarded from restaurants back into the inter tidal environment produces new, self-sustaining oyster reefs, which provide an anchoring location for new communities of oysters to grow. Oysters filter water, absorb stormwater runoff, reduce erosion, and reinforce shorelines, helping protect the coast from storm surges and damage from hurricanes.















# Governance

Healthcare Realty is committed to strong corporate governance led by our Board of Directors and senior leadership.

**DISCLOSURES** 

# **ESG** Oversight

#### **Board of Directors**

Our Board of Directors believes integrating leading environmental, social, and governance practices into our culture, strategy, and operations is fundamental to the Company's long-term growth. The Nominating and Corporate Governance Committee provides direct oversight of ESG initiatives, and the board receives quarterly updates on ESG matters.

#### **Corporate Responsibility Team**

Healthcare Realty's ESG efforts are managed by our Executive Vice President, Operations, overseen by our Director of Corporate Responsibility, and supported by our Sustainability Analyst. The ESG team works with all departments to monitor progress on our ESG priorities.



Julie Wilson Executive VP, Operations



Baker Thomas
Director,
Corporate
Responsibility



**Hannah Aldrich** Sustainability Analyst

#### **ESG-RELATED COMPENSATION**

Healthcare Realty's Executive Incentive Plan for named executive officers, which includes the Chief Executive Officer and four Executive Vice Presidents, includes a performance incentive based upon annual ESG objectives.

ESG goals and initiatives for 2023 included:(1)

- Monitoring, benchmarking, and reducing environmental resource use, including energy, water, solid waste, and greenhouse gas emissions
- Expansion and progress on social initiatives, including culture, employee engagement, turnover management, health and wellness, minority representation, tenant satisfaction, and charitable giving
- Enhancement and promotion of stakeholder engagement around ESG efforts



**DISCLOSURES** 

# Board of Directors (1)

A diverse and independent Board of Directors with different perspectives, backgrounds, and experience contributes to the Company's success.

In 2019, we set a goal to have at least one-third of our board members include women and/or people with racially diverse backgrounds by 2022. We achieved this goal in May 2021.

#### OUR BOARD MEMBERS HAVE A BROAD RANGE OF SKILLS AND EXPERIENCE:

- Executive Leadership
- Human Capital
- Corporate Governance Financial Expert

- Healthcare
- Capital Markets
- Real Estate
- Investment Management
- Capital Allocation





### Board of Directors (1)



John Knox Singleton Chairman of the Board, Retired CEO, Inova Health System



**Todd J. Meredith**President and CEO,
Healthcare Realty



John V. Abbott Retired CEO, Aviation Asset Management Group, General Electric



Nancy H. Agee President and CEO, Carilion Clinic



Thomas N. Bohjalian Retired Executive VP, Senior Portfolio Manager and Head of US Real Estate and Trading, Cohen & Steers



Vicki U. Booth
President and Board
Chair, Ueberroth
Family Foundation



Ajay Gupta CEO, Physical Rehabilitation Network



James J. Kilroy President and Portfolio Manager, Willis Investment Counsel



Jay P. Leupp Managing Partner and Senior Portfolio Manager, Terra Firma Asset Management



Peter F. Lyle Executive VP, Medical Management Associates



Constance B. Moore
Retired President and
CEO, BRE Properties



Christann M. Vasquez Retired Healthcare Executive, Ascension Texas

#### **COMMITTEES**

AUDIT

Ajay Gupta\* Nancy H. Agee Jay P. Leupp COMPENSATION AND HUMAN CAPITAL

John Knox Singleton\* John V. Abbott Peter F. Lyle Constance B. Moore NOMINATING AND CORPORATE GOVERNANCE

Christann M. Vasquez\* Vicki U. Booth James J. Kilroy



(1) As of June 25, 2024 HEALTHCARE REALTY | 43

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## Corporate Governance

Healthcare Realty is committed to implementing shareholder-centric policies and procedures. A full list of those policies is found in our 2024 Proxy statement.

#### **Shareholder Rights**

- Annual board elections and director resignation policy if lacking a majority of votes
- Opted out of MUTA, preventing the Company from staggering the board without shareholder approval
- Implemented "proxy access," allowing eligible stockholders to include their own nominees for director in the Company's proxy materials

#### Compliance

- Robust director nominee evaluation process, with a focus on board refreshment and enhancing diversity (reduced average director tenure from 17 years in 2016 to six years as of May 2024)
- Director education program encourages all directors to pursue ongoing education
- Stock ownership guidelines align the interests of the board, executive management and shareholders
- Anti-hedging policy applicable to all Company employees and directors
- No contributions to political campaigns or lobbying activities using Company funds

#### **Independent Oversight**

- · Independent Board Chair
- Audit, Compensation, and Nominating and Corporate Governance Committees are 100% independent
- All directors except our CEO are independent of the Company
- Independent directors meet regularly in executive session

#### Compensation

- Annual "say on pay" vote by shareholders on the compensation of named executive officers
- Executive officer incentive compensation includes ESG performance component
- Compensation clawback policy applies to all current and former executive officers



# Risk Management

The Board of Directors and senior leadership are actively engaged in assessing and managing entity-level risks. They perform ongoing reviews of significant changes in the Company's risk profile, including emerging risks, and evaluating the impact of these changes on the Company's strategy, objectives, brand, reputation, and long-term sustainability. The board monitors entity-level policies, procedures, monitoring mechanisms, and communication mechanisms to ensure that major financial risks are effectively managed. The following table summarizes board committee responsibilities. A complete list is found in our 2024 Proxy statement.

### Nominating and Corporate Governance Committee

Major risk management responsibility: Ethical behavior

- Provide oversight of the Company's sustainability programs, including environmental, social, and governance initiatives
- Develop and implement policies and practices related to corporate governance
- Evaluate the independence and performance of the board
- Develop criteria for the selection of members of the board

#### Compensation and Human Capital Committee

Major risk management responsibilities: Talent management, compensation, asset management

- Reviews corporate performance relevant to the compensation of the Company's executive officers and key employees
- Provides oversight on behalf of the full board of the Company's human capital development and talent management
- Administers Company's incentive stock plans
- Reviews the development and succession plans of the Named Executive Officers

#### Audit Committee

Major risk management responsibilities: Market, compliance, asset management, fraud, cybersecurity

- Reviews the adequacy and effectiveness of the Company's internal control over financial reporting with management, internal audit and compliance, and independent auditors
- Reviews and discusses with management the Company's major financial risk exposures and steps taken by management to monitor and mitigate such exposure
- Assists the board in its risk management function regarding cybersecurity oversight



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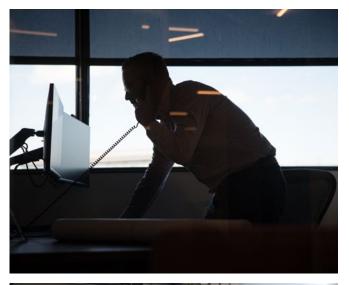
**DISCLOSURES** 

# Cybersecurity

Healthcare Realty takes a vigorous approach to our cybersecurity program. Our information security standards are audited externally and align with the National Institute of Standards and Technology (NIST) and MITRE ATT&CK® frameworks. We have a documented Incident Response and Vulnerability Remediation plan, and a cybersecurity risk insurance policy.

We conduct annual internal and external vulnerability analysis through third-party penetration testing. All employees are required to complete cybersecurity awareness training two times per year. In addition, the Company's Technology Services team administers random phishing exercises to ensure a high level of vigilance.

The Board of Directors receives quarterly updates on information security matters, and our Chief Technology Officer meets with the Audit Committee at least once per year.







# Policies, Principles, and Procedures

Our commitment to transparency and strong corporate governance is guided and governed by our principles and policies. Important topics—including human rights, diversity and inclusion, and confidential reporting of violations—are embedded in these policies.

Corporate governance documents are publicly available on <u>our website</u>. Our proxy report includes additional information on corporate governance, corporate conduct, business ethics, and compensation.

#### **Code of Business Conduct and Ethics**

The code outlines principles to guide our employees, officers, and directors, addressing a range of business practices and procedures. This includes compliance with laws, rules, and regulations; conflicts of interest; discrimination and harassment; health and safety; human rights; political contributions; and reporting violations and compliance procedures.

Healthcare Realty requires annual certification from each employee indicating review and acknowledgment of this code.

#### **Vendor and Supplier Code of Conduct**

The code highlights our Company's expectations for our vendors and suppliers to ensure they adhere to the high standards we have set for ourselves. These include ethical business and employment practices, environmental practices, and preservation of human rights.

#### **Sustainability Principles and Policies**

These principles and policies support the oversight of our ESG program, providing a foundation for our strategy, philosophy, and operating practices. These include environmental and social policies ranging from building materials and energy management to stakeholder engagement and human rights.















# Forward-looking Statement and Other Disclaimers

Statements contained in this Corporate Responsibility Report that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among other things, statements regarding our intent, belief or expectation as identified by the use of words such as "may," "will," "project," "expect," "believe," "intend," "anticipate," "seek," "target," "forecast," "plan," "potential," "estimate," "could," "would," "should" and other comparable and derivative terms or the negatives thereof.

Examples of forward-looking statements include, among other things, statements related to our ESG initiatives, programs, goals, strategies, and key performance indicators. You should not place undue reliance on these forward-looking statements. Forward-looking statements reflect our current expectations and views about future events and are subject to risks and uncertainties that could significantly affect our future financial condition and results of operations, as well as our ability to achieve our ESG goals. While forward-looking statements reflect our good faith belief and assumptions that we believe to be reasonable based upon current information, we can give no assurance that our expectations, goals or initiatives will be attained. Further, we cannot guarantee the accuracy of any such forward-looking statement contained in this Corporate Responsibility Report, as such forwardlooking statements are subject to known and unknown risks and uncertainties that are difficult to predict. These risks and uncertainties include the risks and uncertainties described from time to time in our filings with the U.S. Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and under the heading "Risk Factors" in our Quarterly Reports on Form 10-Q filed thereafter. Except as required by law, we do not undertake, and hereby disclaim, any obligation to update any forward-looking statements, which speak only as of the date on which they are made. The metrics

and quantitative data contained in this Corporate Responsibility Report are not based on generally accepted accounting principles and have not been audited. Such data and metrics are 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.

This Corporate Responsibility Report also includes certain information regarding ESG practices that is obtained from published sources or third parties. The accuracy and completeness of such information are not guaranteed. Although we believe such information is reliable, such information is subject to assumptions, estimates and other uncertainties, and we have not independently verified this information. We depend on such information to evaluate and implement ESG practices.

The inclusion of information and data in this Corporate Responsibility Report is not an indication that such information or data or the subject matter of such information or data is material to Healthcare Realty for purposes of applicable securities laws. The principles used to determine whether to include information or data in this Corporate Responsibility Report do not correspond to the principles of materiality contained in federal securities laws, the concept of materiality used to determine whether disclosures are required to be made in filings with the SEC or otherwise disclosed, or principles applicable to the inclusion of information in financial statements.

Healthcare Realty makes no representation or warranty regarding the information set forth in this Corporate Responsibility Report. This Corporate Responsibility Report and the information contained herein are not incorporated by reference into any filing of Healthcare Realty with the SEC.



# SASB Standards

Activity Metrics as of 12/31/2023	Unit of Measure	Total	Code
Number of assets	Number	688	IF-RE-000.A
Leasable floor area	Square feet (ft2)	40,310,681	IF-RE-000.B
Percentage of indirectly managed assets	Percentage (%) by floor area	18%	IF-RE-000.C
Occupancy as of 12/31/2023	Percentage (%)	87.50%	IF-RE-000.D
Energy Management			
Energy consumption data coverage as a percentage of total area, by property subsector	Percentage (%) by floor area	73%	IF-RE-130a.1
<ol> <li>Total energy consumed by portfolio area with data coverage</li> <li>Percentage of grid electricity</li> <li>Percentage renewable, by property subsector</li> </ol>	Gigajoules (GJ)	(1) Page 15 (2) 100% (3) 0%	IF-RE-130a.2
Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Percentage (%)	-0.40%	IF-RE-130a.3
Percentage of eligible portfolio that  (1) Has an energy rating  (2) Is certified to ENERGY STAR	Percentage (%) by floor area	(1) 71% (2) 10%	IF-RE-130a.4
Description of how building energy management considerations are integrated into property investment analysis and operational strategy	N/A	Page 18	IF-RE-130a.5



# SASB Standards

Water Management	Unit of Measure	Total	Code
Water withdrawal data coverage as a percentage of			
(1) Total floor area	Percentage (%) by floor area	(1) 78% (2) 38%	IF-RE-140a.1
(2) Floor area in regions with High or Extremely High Baseline Water Stress			
(1) Total water withdrawn by portfolio area with data coverage	Thousand Cubic Meters (m³)	(1) <u>Page 15</u> (2) 41%	IF-RE-140a.2
(2) Percentage in regions with High or Extremely High Baseline Water Stress			
Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Percentage (%)	-0.70%	IF-RE-140a.3
Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	Page 20	IF-RE-140a.4
Management of Tenant Sustainability Impacts			
Discussion of approach to measuring, incentivizing, and improving sustainability	N/A	Pages 14-27	IF-RE-410a.3
Climate Change Adaptation			
Area of properties located in 100-year flood zones, by property subsector	Square feet (ft²)	726,359	IF-RE-450a.1
Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	N/A	Pages 25-27	IF-RE-450a.2



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