Fostering connections of sustainability.

Healing our planet, our patients, and our communities.

Dignity Health **FY 2017** Sustainability Report

Dignity Health®

Table of Contents

This report is designed to be read electronically to facilitate navigation, ease of readability, and to support ecological sustainability.

A Message from our CEO

At Dignity Health, we believe that humanity and kindness are at the heart of our healing mission, creating something that this world – not just this industry – needs. For this reason, Dignity Health has always felt a special responsibility toward the communities we serve and the environment we are called to protect. We understand that our health is inextricably connected to the health of our planet, and that the decisions we make as an industry can either harm or benefit the safety and well-being of the families in our care. How Dignity Health contributes to the surrounding environment and the quality of life of the whole will continue to be a key measure of our organization's success. During FY 2017 we experienced both successes and challenges in promoting sustainability. As a system, we:

- Advanced the Chemical Footprint Project by demonstrating how chemical footprinting can inform purchasing decisions in pediatrics.

- Established a Sustainability Council, a multidisciplinary team which serves to advance sustainability initiatives across all functional areas, engaging employees, business partners, and other stakeholders. The Council affirmed its charter, defined sustainability within Dignity Health, and prioritized the issues to be included in the next Sustainability Report.

- Partnered with Greenhealth Exchange to advocate for better, safer and more environmentally friendly products and integrate this purchasing concept into our sourcing strategy.

- Divested thermal coal from our portfolio and advocated for meaningful climate policy at COP21 in Paris, at the state and federal levels, and at annual shareholder meetings of companies in which we own stock.

- Made little progress in obtaining accurate data and measuring progress toward our commitment to purchasing green cleaning chemicals.

As we continue to further the humankindness movement both within Dignity Health and throughout our society, it is imperative that we measure, manage, and report our efforts on our interlocking environmental, social, and economic/governance (ESG) initiatives in a manner that allows all of us to see our true impacts on our world and our people. At a time of sweeping change and challenge for the health care industry as a whole, Dignity Health will continue modernizing our delivery system, making higher quality care easier to access at a lower cost, with a special focus on prevention and public health--all areas that we are uniquely talented to address. We will need to look out from our hospitals, care centers, and clinics to the communities we serve and consider the effects of the social and environmental determinants of health on the people we care for. Despite today's challenges I see this as a time of great hope and opportunity for the future of health care, our communities, and our planet. I want to acknowledge the vibrant, selfless women and men who have devoted their energy and passion to the initiatives described in this report, and look forward to working with all of you to advance our healing ministry in the year to come.

Lloyd H. Dean
President/CEO
Dignity Health
(102-14)

About Dignity Health

Dignity Health, one of the nation's largest non-profit health care systems, is a 22-state network of more than 9,600 physicians, 63,000 employees, and 400 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality and affordable patient-centered care with special attention to those who are poor and underserved. During FY 2017 we initiated and continue in negotiations with Catholic Health Initiatives to bring our ministries together in service of our communities.

Statistics: Fiscal Year 2017

Assets: $17 billion

Net Operating Revenue: $12.9 billion

General Acute Patient Care Days: 1.7 million

Community Benefit: $1.42 billion

Acute Care Beds: 8,400

Skilled Nursing Beds: 600

See **Dignity Health/Investor Relations** for our most recent audited financial statements, quarterly reports and bond ratings.

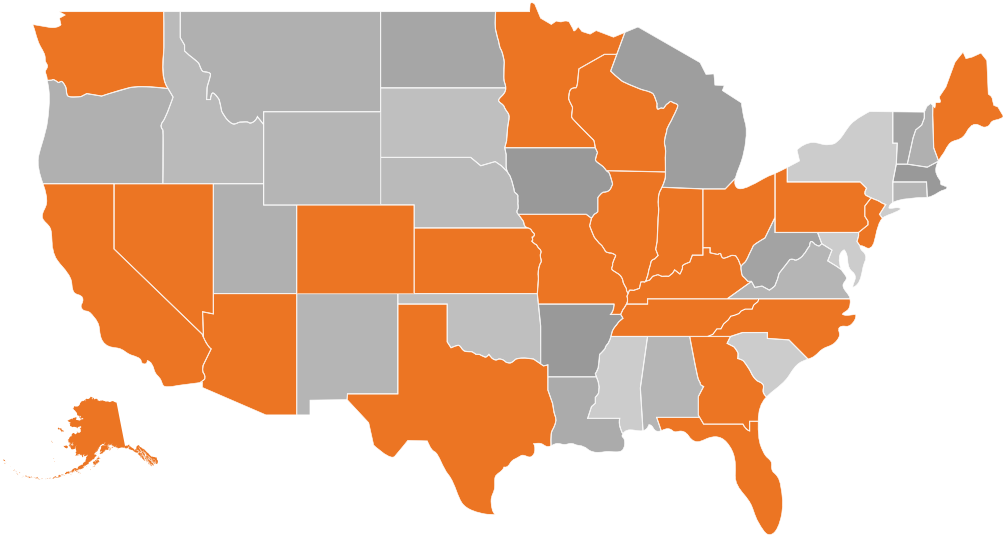See **Dignity Health/Our Locations** for our regions of care.

Our Mission

We are committed to furthering the healing ministry of Jesus. We dedicate our resources to:

- Delivering compassionate, high-quality, affordable health services;

- Serving and advocating for our sisters and brothers who are poor and disenfranchised; and

- Partnering with others in the community to improve the quality of life.

Our Values

Dignity: Respecting the inherent value and worth of each person.

Collaboration: Working together with people who support common values and vision to achieve shared goals.

Justice: Advocating for social change and acting in ways that promote respect for all persons and demonstrate compassion for our sisters and brothers who are powerless.

Stewardship: Cultivating the resources entrusted to us to promote healing and wholeness.

Excellence: Exceeding expectations through teamwork and innovation.

Our Vision

A vibrant, national health care system known for service, chosen for clinical excellence, standing in partnership with patients, employees and physicians to improve the health of all communities served.

Our Strategic Priorities

Since 2010 Dignity Health has been following Horizon 2020, a strategic roadmap that focuses on quality, growth, leadership, connectivity, integration, and cost. These strategic priorities align with Dignity Health's goals and guide us in bringing our mission, vision and values alive. Heightened acceleration in these strategic areas is imperative in light of the challenges and opportunities we are currently facing – as an industry and as an organization. We have the opportunity to define our future so that we ensure the long-term viability of the special ministry that has been entrusted to us.

Quality: Implement changes and initiatives necessary to raise Dignity Health's clinical quality, patient safety, and service measures to top quartile performance nationally.

Cost: Implement changes in Dignity Health's clinical and administrative processes that lower Dignity Health's costs below Medicare reimbursement levels.

Growth: Grow our healing ministry by expanding access and market share within existing service areas, entering new service areas, and significantly expanding our community based wellness, ambulatory, and non-acute services.

Integration: Offer patients the full spectrum of care, from prevention to post-acute, through the development of the health plan capacity, new partnerships, greater physician alignment, and Accountable Care Organizations. Through clinical integration, build new partnerships among physicians and our hospital systems, improve our outcomes on hospital pay for performance measures, and establish a competitive advantage across our service areas.

Connectivity: Develop industry-leading levels of electronic connectivity with and between our physicians, nurses and patients to achieve superior service experiences, higher quality outcomes, and more efficient care delivery and management.

Leadership: Strengthen Dignity Health as an organization through new investments in employees and physicians, a more active role in advocacy and public policy, continued development of a culture of innovation and collaboration, and a greater role for foundations in raising community funds to help build and maintain the programs, structures and systems necessary to maintain healthy communities.

Beyond Horizon 2020

We have begun planning beyond our roadmap to 2020 and will continue developing long term goals and strategies as our discussions with Catholic Health Initiatives advance.

Dignity Health Sustainability Dashboard

Dignity Health has established several bold sustainability goals. This Sustainability Dashboard displays six priority metrics, showing how we are doing and how much further we have to go in each area.

Greenhouse Gas Emissions

GOAL: 40% decrease in emissions from base year 2010 levels by 2020.

ACHIEVEMENT: As of calendar year 2016, we have achieved a 19% reduction.

Water Consumption and Efficiency

GOAL: Decrease water use by 20% from base year 2013 levels by 2020.

ACHIEVEMENT: Currently, Dignity Health has reduced its water use by 2% from the 2013 baseline.

Energy Efficiency

GOAL: 20% decrease in energy use from base year 2010 levels by 2020.

ACHIEVEMENT: As of calendar year 2016, energy use has dropped by 16%.

Waste Diversion

GOAL: Divert 40% of our waste from the landfill by 2018.

ACHIEVEMENT: Dignity Health's waste diversion rate is 34%. This means that we recycled 34% of our waste.

Renewable Energy Sources

GOAL: Increase renewable energy sources to 35% of energy consumed by 2020.

ACHIEVEMENT: Currently, we are using 27% renewables for our electricity needs and 13% for our overall energy usage (electricity and natural gas.)

Supply and Services Resource Management

GOAL: Purchase 60% of office supplies by 2019 by accessing Greenhealth Exchange contracts.

ACHIEVEMENT: Currently, we are purchasing 43% of our office supplies through Greenhealth Exchange contracts.

Reporting and Materiality

Dignity Health has been reporting on its environmental, social, and economic/governance (ESG) performance for two decades, using the format developed by the Global Reporting Initiative (GRI). We have prepared this report in accordance with the core GRI Sustainability Reporting Standards. At Dignity Health sustainability encompasses all elements of our operations. This report highlights the sustainability initiatives of our 39 acute care facilities serving communities in California, Arizona, and Nevada for the period of July 1, 2016 to June 30, 2017. With the exception of the audited financial statements, we have not submitted the report for external assurance.

We regularly review the universe of issues we could report on in order to focus on those most important to our organization, our stakeholders, and society at large. We strive to report on those issues that are material from a sustainability perspective and over which we have a reasonable level of influence or control. In our sustainability reporting, we define materiality by the degree to which an issue is significant to our organization, our industry, society, and our interested stakeholders, and the degree to which it is relevant to our scope of operations and ethical commitments. The topics covered in this report represent our ESG priorities identified through our most recent ESG assessment.

For questions and/or comments about this report contact Mary Ellen Leciejewski, OP, VP Corporate Responsibility at **MaryEllen.Leciejewski@DignityHealth.org**

ESG Materiality Assessment

In 2014, Dignity Health engaged an independent third party (BrownFlynn) to conduct an environmental/social/governance (ESG) materiality assessment. The assessment:

- Systematically engaged Dignity Health's cross-functional leaders to identify the organization's most significant environmental, social, and economic opportunities, with specificity around:

  WHAT the issue, risk and/or opportunity is

  WHERE the issue, risk or opportunity exists in the value chain

  HOW actionable the issue is

- Developed a value chain map through a sustainability lens that:

  Highlighted topics that may impact Dignity Health that may have been overlooked due to a focus on our own operations

  Clarified each topic to a greater level of specificity

  Validated existing strategies, suggested changes when they were needed, and identified areas of opportunity or risk that had not been previously identified.

- Identified 7 competitors and/or industry peers and 3 aspirational peers against which to benchmark the organizations' material topics to judge our performance and reveal any gaps.

- Identified, prioritized and surveyed/interviewed key stakeholders (both internally and externally) to unveil the issues most material to these groups as well as potential opportunities and risks.

- Enabled Dignity Health to determine how actionable each of the material topics is in the short term and how to use the findings to inform Dignity Health's strategy and commitments for the next sustainability strategic planning and GRI reporting period.

ESG Materiality Process

BrownFlynn collects and analyzes the information needed to conduct a materiality assessment aligned with the GRI G4 guidelines. Steps include identification (of possible topics), prioritization (of material topics), senior leader validation, and adoption.

IDENTIFICATION	PRIORITIZATION		VALIDATION		ADOPTION
Research & Benchmarking	Impact Mapping	Stakeholder Engagement	Synthesis & Analysis	Workshop	Strategic Integration
Analyze possible topics using: • Peer benchmarking • Industry Standards • CR Standards • Research conducted by Dignity Health • Research gathered through third party resources	Create a high-level value chain map used to identify sustainability: • Impacts • Risks • Opportunities • Boundary	Gather internal and external perceptions of Dignity Health sustainability practices and future opportunities via interviews and surveys	Create a materiality matrix reflecting: • Feedback from stakeholders • Peer benchmarking • Relevant industry standards and studies (e.g. SASB)	Validate the materiality matrix through discussion with key leaders about prioritized material topics, associated boundaries, and opportunities	Align organizational goals with material topics, and action plan to engage employees

ESG Materiality Matrix

This matrix plots the relative priority of the issues identified from the perspective of both internal and external stakeholders.

RELATIVE PRIORITY OF SUSTAINABILITY TOPICS

SIGNIFICANCE TO STAKEHOLDERS

SIGNIFICANCE TO DIGNITY HEALTH

Waste Management & Reduction
Healthy Food
Materials Stewardship
Community Health
Energy Consumption & Efficiency
Ethics & Compliance
Environmentally Preferable Purchasing
Access for Low-income Patients
Emissions Reduction
Innovation
Employment Recruitment, Development, & Retention
Public Policy
Workplace Health & Safety
Patient Experience & Safety
Supplier Environmental Practices
Eco-friendly Products & Services
Water Consumption & Efficiency
Patient Privacy
Diversity & Inclusion
Shareholder Advocacy
Economic Performance
Human Rights/Supplier Labor Practices
Market Presence
Physician/Partner Integration
Labor Relations & Collective Bargaining

TOPICS TO MANAGE & SET GOALS

TOPICS TO MANAGE, SET GOALS, & PROVIDE ROBUST DISCUSSION IN REPORTING

TOPICS TO MANAGE

● Environmental ■ Governance/Economic ▲ Social

ESG Materiality Priorities and Boundaries

After reviewing the ESG Matrix, our Sustainability Council identified the following priorities for Dignity Health's sustainability initiatives and reporting. The impact(s) of each is considered within the control of the organization and/or the result of our business relationships. This report highlights our progress in each of these priorities with the exception of physician/partner alignment. Currently we do not have capacity to gather data on its ESG impacts. We hope to address this issue in future reports.

Environmental	Social	Governance/Economic
Climate Resilience • Energy efficiency • GHG emissions reductions • Renewable energy sources • Water consumption and efficiency **Materials Stewardship** • Safer chemical alternatives • Healthy food • Environmentally preferable purchasing • Waste reduction and management	**Access to Health Care** • Quality of Care • Patient experience and safety • Patient Privacy • Innovation **Healthy Communities** • Assessment of community health needs • Access for vulnerable and underserved populations • Grants and investments • Human trafficking **Employees** • Recruitment, development and retention • Employee experience and engagement • Diversity and inclusion • Wage equity • Workplace health, safety and wellness • Labor relations	**Governance** • Ethics and compliance • Advocacy • Physician/partner integration **Economic** • Market presence/growth • Economic impact • Vendor diversity and inclusion

Governance and Leadership Structure

The governance and leadership of Dignity Health is provided by our board of directors, executive leadership team, and sponsorship council. The board of directors is responsible for approving major decisions affecting our health care ministry, including long-range strategic plans, the allocation of capital, joint ventures, and major acquisitions and sales. The executive leadership team is charged by the board of directors to provide leadership and organizational management in the areas of operations, mission integration, finance and support services, as well as leadership in the strategic direction of the organization. The sponsorship council oversees and acts upon issues of Catholic identity for our Catholic-sponsored health facilities including mission integration, ministry leadership education and formation, and preservation of the sponsors' legacy.

The board has chartered the following standing committees:

Audit and Compliance, Executive, Finance, Human Resources and Compensation, Innovation, Mission Integrity, Quality, and Technology.
- The board is 46.1% female and 30.7% diverse.
- The executive leadership team is 30% female and 50% diverse.
- Members of Dignity Health's governance and management make conflict of interest declarations on an annual basis.

Governance and Management Practice

The board, in consultation with the executive leadership team, determines the critical issues facing the organization and sets annual, mid-term and longer-term goals for patient care, employee engagement, social and financial performance. Achievement of those goals informs management's incentive compensation. Horizon 2020 established the long term goals and strategies considered fundamental to the organization's continued viability. The board and management adjust annual targets based on the previous year's performance. Annually the board reviews long-term goals for patient care and safety as well as financial performance and sets targets for measuring progress. The appropriate functional departments set short and long term goals related to sustainability priorities.

The Sustainability Council, which was established by the Executive Leadership Team in FY 2015, ensures the integration of sustainability [environmental, social, and governance/economic (ESG) performance] across the organization. The Council, which is chaired by the EVP of Sponsorship and Mission Integration, is comprised of a multidisciplinary team that meets regularly to guide and promote the development, implementation, and reporting of goals, strategies, and metrics for advancing sustainability initiatives across all functional areas and for engaging employees, business partners, and other stakeholders. The Sustainability Council is accountable to the Mission Integrity Committee of the Board.

Precautionary Principle

Dignity Health has applied the precautionary principle (seeking alternatives when reasonable scientific studies indicate an ingredient or product could pose significant human health or environmental risks) in many of our actions. Dignity Health has proactively moved to eliminate mercury, phase out PVC in medical supplies, reduce energy use and greenhouse gases, reduce the volume and the toxicity of our waste, and improve the sustainability of our buildings and food supply.

Dignity Health Definition of Sustainability

At Dignity Health sustainability means managing our social, environmental and governance/economic impacts to promote health and the common good by consciously using resources efficiently and in ways that meet current needs without compromising the ability of future generations to meet their needs.

Our commitment to sustainability is

- Guided by our mission and our commitment to deliver care in a way that demonstrates humankindness and ensures a financially stable organization;

- Reflective of our core values especially that of stewardship – the protective care we give our treasures in order to pass them on to the next generation; and

- Rooted in the inextricable link between the health of the person, the community and the planet.

Ethics and Integrity

Highlights

- Improved processes and procedures which continue to help Dignity Health fulfill its fundamental care-giving mission to our patients and the community.

- Created a standardized procedure for managing large privacy/data security breaches in partnership with Data Security, Legal, and others.

- Created a compliance infrastructure for Dignity Health Medical Foundation to include local compliance professionals, leadership accountability, and recurring compliance oversight meetings consistent with the program established throughout other Dignity Health entities.

- Expanded Electronic Medical Record (EMR) Compliance Program in partnership with Clinical Informatics and IT to improve physician efficiency and improved clinical documentation.

The Dignity Health compliance function promotes the prevention, detection, and resolution of actions that do not conform to ethical, legal, policy, or Dignity Health standards. This responsibility includes the obligation to develop policies and procedures that provide employees guidance, the creation of incentives to promote employee compliance, the development of plans to improve or sustain compliance, the development of metrics to measure execution (particularly by management) of the programs, the implementation of corrective actions, and the development of reports and dashboards that help management and the Board evaluate the effectiveness of the program.

Dignity Health has successfully met and exceeded these important obligations and, over the last year, improved processes and procedures which continue to help Dignity Health fulfill its fundamental care-giving mission to our patients and the community.

Foundational Principles and Documents

At Dignity Health, our **Statement of Common Values** is the foundation for all our ethics and compliance programs. Respect for the dignity of the person shapes all we do for patients and our interactions with their families. As an organization founded by Catholic religious women, we bring our values to all the work we do, whether it is at the bedside or in the business office. The Catholic tradition of using the gift of reason to think our way through our ethical obligations is strong at Dignity Health. We take our responsibility to ask the right questions and to promote integrity both in patient care and business practices very seriously. **Our Standards for Mission Integration** make that responsibility clear.

Ethics Committees at each hospital meet regularly to educate and provide consultation services to caregivers, and patients or families who identify an ethical conflict in their care.

Because the health care environment is complex and changing, sometimes there are situations requiring resolution that seem to (or actually) place Dignity Health's core values in conflict—the closing of a program or the anticipated use of a new technology, for example. At those times, we use a **structured, reflective process** for deliberating that allows time to consider the various options in light of our values, and make a decision that supports them.

Dignity Health is committed to making all of our business decisions based upon ethical principles, values, and integrity. This careful attention to business ethics, in turn, supports the quality of our patient care by providing the right mechanisms for investigating any concerns employees or patients may have, and for identifying potential weaknesses in internal systems and management. Dignity Health has created a pioneer compliance program which continues to be recognized as best practice within the health care industry. Furthermore, Dignity Health increasingly utilizes the Values Based Discernment Process for evaluating the right course of action when a business decision is difficult. This process ensures that our values explicitly guide decisions when a large number of employees, our financial integrity, or our reputation may be affected.

Compliance FY 2017 Goals

Our Compliance Department helps Dignity Health fulfill its fundamental care-giving mission to patients and the community. Our program is designed to identify weaknesses in our systems, processes and management and to correct those weaknesses once identified. Importantly, the compliance function helps employees understand their roles and responsibility, encourages employees and others to report potential problems, and demonstrates to employees and the community Dignity Health's commitment to honest and ethical conduct in the workplace. We have a defined procedure that encourages employees to come forward with issues without being concerned that the organization would retaliate against them for doing so. Moreover, the program includes monitoring and auditing processes designed to measure our compliance, a commitment to promptly remediate non-compliance and regular reports to senior management and the Audit & Compliance Committee of Dignity Health's board on our progress in executing the programs.

Compliance Hotline

Dignity Health has established a Compliance Hotline for use by employees to ask questions or report potential or suspected violations of the Standards, Dignity Health policy, or applicable laws and regulations when employees are not comfortable communicating these matters within their usual organizational structures. The hotline is accessible 24 hours per day, seven days a week. All reports will be taken seriously, reviewed and investigated promptly, result in appropriate corrective action and, to the extent possible, be treated in a confidential manner. An employee has the option to make a hotline report anonymously. In that event, employees should understand that in a follow-up review or investigation, the reporter's identity may be learned as a natural consequence of the review or investigation. Retaliation against any employee who, in good faith, reports potential or suspected violations is unlawful and will not be tolerated.

Reviews and investigations of potential or suspected violations of the Standards, Dignity Health policy or applicable laws and regulations will be conducted under the direction of the Dignity Health Compliance department, Human Resources department, or Dignity Health Legal Counsel.

It is Dignity Health's policy to cooperate in all governmental audits and investigations and for employees to do so as well, subject to guidelines set forth in the Standards of Conduct and Dignity Health policies.

All employees of Dignity Health receive training at the time of hire and annually thereafter regarding our compliance program, including how to report concerns through the Dignity Health hotline.

During FY 2017 (7/1/16 – 6/30/17) a total of 898 hotline calls were received compared to a total of 922 during FY 2016.

Compliance Hotline continued

The following table shows hotline calls by allegation class:

TOTAL CALLS

922 — FY 2016

898 — FY 2017

Allegation Class	FY 2016	%	FY 2017	%
Americans with Disabilities	3	0%	5	1%
Compliance Ethics	240	26%	241	27%
EEO/Diversity	71	8%	51	6%
Human Resources	555	60%	526	59%
Misuse or Misappropriation of Assets	53	6%	75	8%
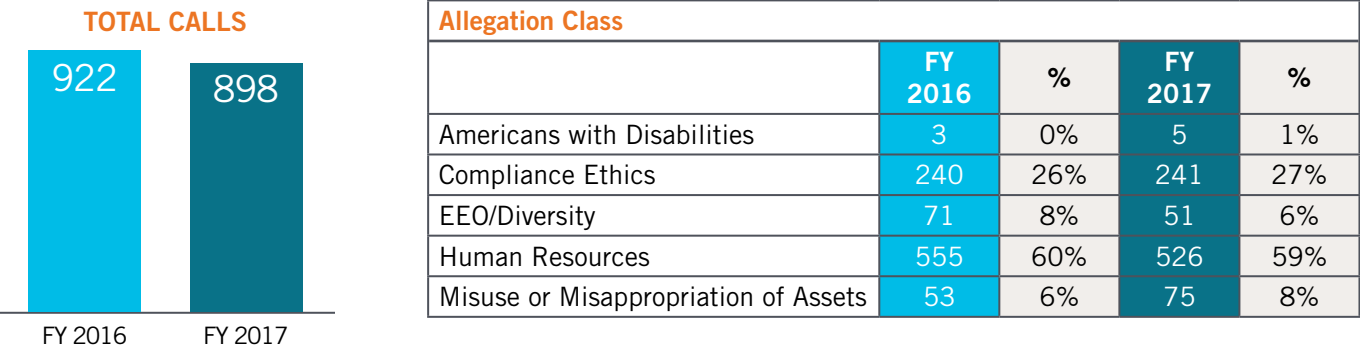
Dignity Health's hotline program allows employees to report concerns anonymously if they choose. As illustrated below, about 67 percent of callers in FY 2017 reported their concerns anonymously. This is consistent with the number of anonymous reports filed last fiscal year as well.

FY 2016

67% ■ Anonymous

33% ■ Identified

FY 2017

66% ■ Anonymous

34% ■ Identified

Compliance and New Business Models

With the dramatic shift in health care delivery models, we have been active in supporting innovative business models to position Dignity Health for success in this new environment. Compliance has partnered with business leaders working with physician integration, practice acquisitions, Bundled Payments of Care Initiative (BPCI), Clinical Integrated Networks, and technology advancements including electronic health records and telehealth services. These partnerships will help Dignity Health ensure that compliance and ethics are key elements of the design, implementation, and operation of these new care models.

Compliance Work Plan

Each year, the Compliance Department, in collaboration with key system leaders, identifies and evaluates various compliance and ethics risks to which Dignity Health may be vulnerable. From this assessment, a work plan is developed to serve as the road map for compliance activities for the year. The FY 2017 Work Plan included approximately 40 projects spanning the enterprise. These items included initiatives related to new strategies as well as emerging risks in the traditional health care space. Projects covered both structural and substantive elements. The structural projects were designed to improve the effectiveness and efficiency of the compliance program such as developing better documentation, reporting, and communication tools and processes. The substantive elements included projects to address medical record documentation, care coordination, coding, billing, and claims submission. Additional projects were completed to address weaknesses in controls related to privacy and physician transactions. The compliance department, working with many others, was successful in completing most initiatives, while also managing the requirements of the Corporate Integrity Agreement with the Centers of Medicare and Medicaid Services (CMS) and other risks identified by external scrutiny or in the normal course of business.

FY 2017 Ethics and Integrity Goals	FY 2017 Ethics and Integrity Results
Improve compliance with CMS requirements for inpatient rehabilitation facility billing.	Developed and led Inpatient Rehab Facility (IRF) Compliance Collaboration. Developed and deployed a documentation review checklist to facilitate compliance with all CMS requirements for inpatient rehabilitation facilities.
Develop standardized process for coordinating and managing large privacy or data security breaches.	Created a standardized procedure for managing large privacy/data security breaches in partnership with Data Security, Legal, and others.
Develop standardized processes for electronic medical record compliance monitoring.	Expanded EMR Compliance Program in partnership with Clinical Informatics and IT, including state and site specific user provisioning, meaningful use functionality, and functionality to improve physician efficiency and improved clinical documentation.
Develop formal compliance program requirements to integrated health networks.	Expanded compliance program policies, processes, and procedures to integrate and align with Physician Integration, Population Health, the Arizona Care Network, and other integrated delivery programs.
Develop standardized compliance program for Dignity Health Medical Foundation.	Created a compliance infrastructure for Dignity Health Medical Foundation to include local compliance professionals, leadership accountability, and recurring compliance oversight meetings consistent with the program established throughout the other Dignity Health entities.
Develop coordinated compliance program for our GoHealth partnership.	Partnered with GoHealth leadership to create cobranded compliance program and on-going collaboration with monthly reports from GoHealth to Dignity Health Compliance.

FY 2018-2020 Ethics and Integrity Goals
Develop a standardized process across the system to ensure CMS requirements for specific documentation for pre-surgical interventions are met.
Develop a standardized process for third party requests, provisioning and monitoring of access to the Electronic Medical Record.
Develop opportunities to improve and monitor implementation of rural health clinic Operational Assessment Tool across the system for Rural Health Clinics.
Improve access of existing Corporate Compliance guidance according to DOJ, Evaluation of Corporate Compliance Programs, and FCPA Guide.
Assess Dignity Health's eleven Home Health Agencies (HHA) to validate that controls are in place to provide essential Home Health services in accordance to the Conditions of Payment and Conditions of Participation requirements.
Evaluate Annual Compliance Education (ACE) for Readability for courses created by Dignity Health.
Monitor ongoing implementation of inpatient rehabilitation facilities (IRF) checklists, denials and standard operating procedures related to provider on review facilities.
Develop and implement, in collaboration with Optum360, a process for inventorying and monitoring availability of all facets of the legal medical record in both the acute care and clinic environments.

Challenges

While FY 2017 was a very successful year for the Dignity Health compliance department there were, of course, challenges. Notably, it was difficult to replace individuals who left the department during the year for retirement, relocation, or promotional opportunities. Experienced compliance professionals are difficult to find in the market and Dignity Health experienced a number of significant positions vacant during the course of the year. This resulted in a few work plan items being postponed until FY 2018.

Communicating Concerns

Dignity Health encourages all stakeholders to communicate concerns as they arise. Employees voice concerns and opinions in regular meetings with their supervisors, through the anonymous employee survey, and/or the dedicated hotline. Patients and their families register their concerns in direct conversations with care givers and through anonymous surveys following each care episode.

Economic Value and Impact

Economic Impact	Economic Value
Salary and Benefits	$6,883,671,000
Supply Spend	$1,850,519,000
Service Spend	$3,454,313,000
Community Benefit	
Unreimbursed cost of Medicaid	$1,074,093,000
Unreimbursed cost of other means-tested government programs	$9,812,000
Charity Care	$98,807,000
Community Health Improvement Initiatives	$52,671,000
Other Community Benefits and Community Building	$179,828,000
Community Investments	$81,300,000
Unreimbursed cost of Medicare	$1,196,946,000

Stakeholders and Community

Dignity Health has a long standing commitment to stakeholder engagement. We work closely with a broad range of community partners who are knowledgeable, interested, and passionate about the critical issues facing our industry and our world. Engaging clearly identified stakeholders in our healing mission improves our decision making, and invites accountability, creativity, and a fuller participation in our healing mission. The breadth of their experience and expertise serve to assist us in providing quality health care and in developing effective strategies that keep people and planet safe. These relationships are key to achieving our goals and creating transformational change. We appreciate their contribution to our efforts.

Community Partners

Ceres and BICEP

ceres.org

ceres.org/networks/ceres-policy-network

Health Care Without Harm

noharm.org

Practice Greenhealth and HHI

practicegreenhealth.org

healthierhospitals.org

Health Care Climate Council

noharm-uscanada.org/healthcareclimatecouncil

Greenhealth Exchange

greenhealthexchange.com

Catholic Health Association

chausa.org

American Hospital Association

aha.org

California Hospital Association

calhospital.org

Alliance of Catholic Health Care

thealliance.net

Clean Production Action/BizNGO/Chemical Footprint Project

cleanproduction.org
bizngo.org
chemicalfootprint.org

Center for Environmental Health

ceh.org

NETWORK

networklobby.org

The Climate Registry

theclimateregistry.org

Interfaith Center on Corporate Responsibility

iccr.org

Investor Environmental Health Network

iehn.org/home.php

Investor Network on Climate Risk

ceres.org/networks/ceres-investor-network

Stakeholder Engagement

Dignity Health values its relationships with a wide range of stakeholders and invites their engagement in a variety of ways:

- Patients receive a written survey following every inpatient or outpatient visit. Results are used to calculate patient experience rankings comparing hospitals nationally and to develop action plans for improvement. See Patients

- Employees participate in online surveys twice each year. Results are used to calculate employee engagement and to drive specific plans to address concerns identified. See Employees

- Community stakeholders in each hospital service area, such as public health officers and other government officials, non-profit organization leaders, and members or representatives of medically underserved, low-income, and minority populations, participate in Community Health Needs Assessments every three years. Identified community health needs are prioritized and form the basis of each hospital's Community Benefit Plan.

- Ceres, a non-profit organization which promotes investment policies that are environmentally, socially and financially sound, typically convenes a stakeholder group of sustainability experts to review and provide input to our sustainability report. Results are incorporated into the current report prior to publication and/or used to enhance future reports. Recommendations typically include requests for expanded disclosure in specific areas, especially the role of the board in sustainability, and development of and reporting on rigorous short and long term goals for all sustainability priorities.

In Our Communities

Highlights

- Provided $1.4 billion in community benefit, plus $1.2 billion in unpaid costs of Medicare. Community benefit includes the unpaid costs of Medicaid, patient financial assistance, community health improvement and prevention services, grants to community organizations and related activities.

- Launched the Coordinated Community Network Initiative (CCNI) to optimize the transition of patients from the hospital to supportive resources meeting their health and social needs in community settings.

- Provided 18 new, below market interest rate loans totaling nearly $18 million to organizations expanding capacity to deliver housing, health, and community services to vulnerable populations.

Community health is rooted in our mission, notably as an expression of "serving and advocating for our sisters and brothers who are poor and disenfranchised, and partnering with others in the community to improve the quality of life." It is also an expression of *Hello humankindness* in proactively identifying and reaching out to serve communities' needs without regard for ability to pay.

Additionally, our efforts to prevent and reduce the impact of climate change (detailed in the Climate Resilience section of this report) speak to our dedication to our communities. Climate change will bring to our communities new health challenges, such as an increased number of heat days, different diseases, and more significant and damaging natural disasters. We hope to do our part to minimize these impacts, and adapt to the impacts that do occur.

Consistent with changes in health care nationally that focus increasingly on "value-based care" and "accountable care," community health initiatives now play a vital role in the care continuum that begins with community-based support and prevention, includes acute care when necessary, and extends back into the community to maintain health and well-being. Community health initiatives contribute to achievement of our Horizon 2020 strategies by improving quality and reducing acute care cost, growing evidence-based prevention programs, engaging with clinical integration and population health, connecting health-related social needs to electronic medical records, and leading with innovation in community health and community benefit practices.

In Our Communities continued

We achieve this with a strategic portfolio of interventions across a continuum, from addressing community social and economic conditions, to prevention and health education, to direct services delivered by Dignity Health and partner agencies. These initiatives respond to priorities in the hospitals' community health needs assessments, conducted with community stakeholder input:

- Community Investment Program – Loans made at below-market interest rates for non-profit organizations working to improve health and quality of life.

- Social Innovation Partnership Grants Program – Funds new models of service delivery and transformative approaches to increase access and improve outcomes.

- Community Grants Program – Funds collaborating non-profit organizations meeting the significant health needs of vulnerable and underserved populations.

- Community Health Improvement Services – Community-based programs to help people prevent illness and regain or maintain health.

- Coordinated Community Network Initiative – Addresses the social determinants of health within the clinical setting, along with building a network of community partners that directly links patients to community-based services at discharge.

As a key vehicle for how community health integrates with the care continuum, our Networks of Community Providers pilot program reported here last year has become the Coordinated Community Network Initiative (CCNI). Supported by a referral technology and agreements with community providers of health and social services both inside and outside of Dignity Health, the CCNI is working to identify and to meet the ongoing medical and health-related social needs of patients after an acute care episode has passed. By focusing first on our most vulnerable patients, we are working to act where we can make the biggest difference.

FY 2017 Community Health Goals	FY 2017 Community Health Results
Strengthen Dignity Health care continuum through an integrated community health strategy that addresses the social determinants of health.	Launched the Coordinated Community Network Initiative (CCNI) to optimize the transition for patients from the hospital to community resources addressing social determinants of health, via proactive, streamlined referrals.
Partner with communities to identify and support complex and medically fragile patients.	Passport to Health (formerly known as the High Utilizer Group (HUG)) identified 385 patients with at least four or more emergency department visits in three months or three or more inpatient admissions in six months at Dominican Hospital in Santa Cruz, designed interventions for intensive case management and navigation to social resources, created an evaluation plan and developed a network of community partners to strengthen linkages to community-based resources. As part of the Passport to Health pilot, multiple community partners addressing housing, mental health, substance abuse and other social needs work hand-in-hand to collectively provide holistic care for this high cost, high need patients.
Support non-profit organizations working to improve health status and quality of life for vulnerable and underserved populations.	Awarded $4.8 million in Community Grants to 95 projects delivering health services and addressing health-related social needs, the largest annual total in the program's 27-year history.
Provide loans to organizations that weave together the strands of health and quality of life in their communities.	Provided 18 loans totaling almost $18 million. As of June 30, 2017, there were 70 approved loans totaling $81.3 million; return on the portfolio was 2.8%, exceeding the benchmark of 1.1% for the program.

FY 2018-2020 Community Health Goals
Implement innovative technology solution in the CCNI referral network, to include services for social determinants of health in the care continuum.
Further establish collaborative care networks to reduce readmission and improve chronic disease management for persons who frequently use health services.
Expand evidence-based diabetes prevention and self-management programming by using newly-available evaluation data to inform decisions, and by adding the Diabetes Prevention Program to the program portfolio.
Innovate to streamline community health needs assessments through both a common indicators set and a unified design.

Challenges

Our innovation with the Coordinated Community Network Initiative is about new ways of working together in service to patients – both among hospital departments and between the hospitals and their community partner agencies. This has required building beneficial new relationships among our patient-serving and community-focused staff teams, and close partnerships with legal and IT teams for agreements, technology design, and work flows.

More broadly, we are increasingly challenged to enhance how we measure and communicate the impacts of our work, and to use that data to continually improve. As a result, we are designing and testing new evaluation mechanisms in multiple initiatives. In FY 2017 we began an evaluation of the HUG initiative discussed above, adopted new metrics for assessing our Chronic Disease Self-Management Programs, and required Community Grants applicants to state and strive for project goals in more specific and measurable ways.

How does Dignity Health's performance compare to industry benchmarks in key areas?

This is difficult to say with precision, as there are not many community health benchmarks widely-used within the national health system. Dignity Health is a strong performer and an innovator nationally in community health. We have taken early steps to align community health with population health (the Coordinated Community Network Initiative is an example), have a robust Community Grants program, a unique Social Innovation Partnership Grants program, and an uncommon Community Investment Program building the capacity of both health care and non-health care organizations to improve quality of life in myriad ways.

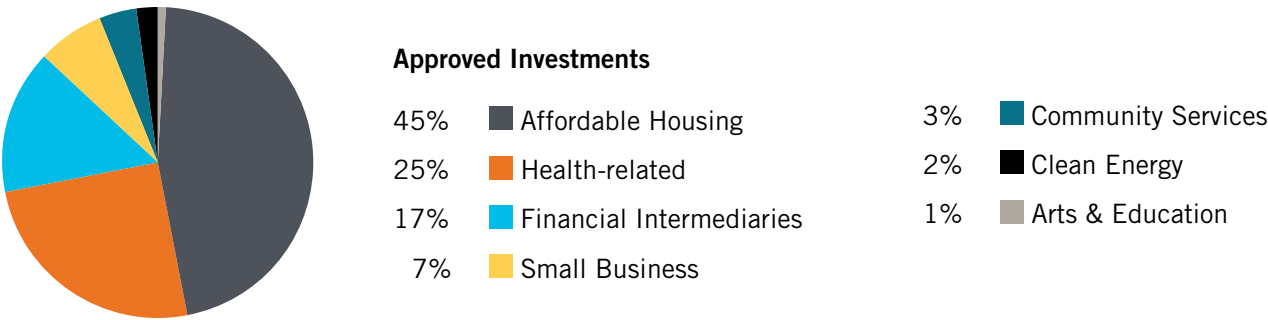**Approved Investments in the Community Investment Program**

Approved Investments

45% Affordable Housing
25% Health-related
17% Financial Intermediaries
7% Small Business
3% Community Services
2% Clean Energy
1% Arts & Education

Highlights

- Implemented Dignity Health's Human Trafficking Response Program in all emergency departments and labor and delivery/postpartum departments.

- Identified and assisted 31 persons with high or moderate indicator levels of human trafficking victimization in FY 2016, and that number continues to grow each year.

- Developed and deployed three educational modules and a Shared Learnings manual. 16,513 people have completed the HT 101 module in MyJourney.

Human Trafficking 101: Dispelling the Myths covers misconceptions and definitions associated with human trafficking, prevalence of the crime, common red flags in the health care setting, and instructions on what to do if red flags are observed. This module is available in an interactive online training program, as well as in PDF format, and includes a two-page summary.

Human Trafficking 102: Recognizing & Responding to Victims covers victim-centered care, trauma-informed care, recommended practices for engaging trafficked persons, and information about established internal procedures. This module is also available in the interactive online training program as well as PDF format.

Human Trafficking 103: Case Scenarios includes ten cases based on health care experiences shared by labor and sex trafficking survivors. This module is available to Dignity Health educators for class presentation and group discussion. Whenever possible, education is provided in person with a survivor speaker.

Shared Learnings, a manual based on real experience in the health care setting, is publicly available free of cost in order to assist others in their efforts. Numerous health care systems are approaching Dignity Health for presentations, consultations and training so that they can learn how to implement a similar model in their settings.

Throughout human history, people of good conscience have joined together to address the social ills of their time. Human trafficking is one of the most egregious human rights violations of our time, affecting the lives of an estimated 40 million people around the world. Driven by its mission and values, Dignity Health is responding to this need and is serving as a catalyst to mobilize the health care system into action.

In FY 2015 Dignity Health launched an initiative to extend mercy, healing and help to some of society's most helpless victims – the children, women and men who have been sold into the $150 billion annual market for sex and labor. In keeping with our values and the cause of humankindness, Dignity Health believes we are uniquely positioned to help communities respond to human trafficking because virtually all victims have a health care encounter at some point. Moreover, many of our hospitals and clinics represent the closest or only source of care for communities with high rates of poverty, family instability and unemployment – conditions ripe for human trafficking.

Holly Gibbs, Dignity Health's patient care services program director, herself a survivor of human trafficking and a nationally known expert in the field, oversees our initiative. She is deeply committed to providing compassionate care that does not re-traumatize victims.

We now have task forces at each hospital to oversee training, care for victims, interact with social-service providers and law enforcement, and conduct internal and external debriefings. Victims have been identified throughout our health system.

Many facilities are taking great strides to collaborate with other stake-holders in the community, ensure representation of Dignity Health at

community task force meetings, and create awareness events. For example, hospital staff has led volunteer efforts to bring required awareness posters to local businesses, prepare welcome kits for victims, assist other health care agencies in developing victim identification and response systems, write op-eds in the local newspaper in order to raise awareness, and train first responders such as firefighters and paramedics.

In FY 2018 we will be training staff at hundreds of Dignity Health-affiliated clinics and other health care sites. We will provide support and serve as a catalyst for other health care systems to develop programs for identifying victims and connecting them with services. In addition, we will continue to expand our community health work to build capacity in the local community for preventing and responding to human trafficking. We are also working to ensure that our supply chain is void of human trafficking. In developing standards for this work, we are referencing the UN Guiding Principles on Business and Human Rights.

Highlights

- Protected coverage expansion by implementing and participating in legislative, grassroots and media advocacy to slow down/block the passage of legislation to repeal and replace the Affordable Care Act (ACA).

- Advocated for CA Senate Bill 32, which will extend provisions of the California Global Warming Act to 2030, to reduce greenhouse gas emissions by 40% from 1990 levels.

- For the second year in a row, received the Ceres/Business for Innovative Climate and Energy Policy (BICEP) Advocacy Crown Award.

- Partnered with Health Care Without Harm to sponsor and host the first U.S.-China Health Care Climate Leadership Roundtable attended by officials from China's National Health & Family Planning Commission and the National Health Development Research Center, along with representatives from prominent U.S. health care systems to share best practices in climate mitigation and adaptation strategies.

Dignity Health Board of Directors approved the following priorities:

Health System Transformation: Transform the delivery of care and improve the health of individuals and populations by promoting a redesigned delivery system that improves access to compassionate, high-quality, patient-centered care.

Fiscal Solvency: Protect Dignity Health's healing ministry by advocating for sustainable payment models, adequate funding of government programs and maintaining a balanced regulatory environment to uphold our ability to provide the highest quality of care in each of our communities.

Foundational Expectations: Elevate Dignity Health's leadership commitment to justice and the communities we serve by reducing health disparities, improving community well-being and building common ground to address social and ecological concerns.

Advocacy strategies specific to addressing climate change include:

- Advancing health care's leadership in environmental and sustainability efforts; building awareness regarding the connection between human health, the health of the planet, and its connection to the transformation of health care.

- Advancing the health care platform on climate change; blocking attempts to roll back efforts to improve clean air and clean water laws; supporting international efforts to implement the Paris Climate Agreement

- Supporting initiatives that drive clean energy and the promotion of a low carbon future

Advocacy is an explicit component of the Dignity Health mission and has been a significant expression of the health care ministry's call to serve the poor, vulnerable, and disenfranchised since the organization's founding. Dignity Health recognizes public policy activities have a direct correlation to the viability of its healing mission and the organization's ability to provide critical health services and help improve the overall quality of life in the communities we serve.

U.S. health care is in a precarious time. Attempts to repeal the Affordable Care Act (ACA) threaten the health of our communities and call us to immediate action to protect the coverage gained by more than 20 million people, to safeguard the Medicaid and Medicare programs that serve our most vulnerable brothers and sisters, and to lead on key policies that allows us to reach into communities to strategically advance health equity and address social and environmental determinants of health.

At Dignity Health, we are passionate about advocacy. We are health care leaders responsible for advancing transformation. As we work to build the health care system of the future, we are mindful to protect the eco-system within our hospital walls and outside of it. Stewardship of Earth is integral to our healing mission. We know that the health care voice is vital to addressing the most pressing public health issue of our time: climate change.

We believe our voice can cut through the political partisanship and deadlock to command authority, foster awareness, and help build common ground. Earth cannot wait. The health of individuals, communities, and economies hang in the balance. Our health care story has power to create the change we want to see at home and in the world. We are the voice that connects the dots between disease, such as asthma, and air quality; between super pollutants and the warming of Earth; between people's access to insurance coverage and health care's ability to provide high-quality, patient centered-care to those impacted by extreme weather events; between the cost to the entire global community if nothing is done and the lives protected when we act boldly. In partnering with others, we are supported, and challenged, and we are better able to raise our collective voice for the common good.

Patients

Highlights

- Achieved an average improvement of 81% in selected measures across 10 service lines, impacting the lives of more than 100,000 patients and saving an estimated $8.1 million by providing more efficient, higher quality, safer care.

- Increased average percentile rating in the HCAHPS survey by 10%.

- Twelfth percentile increase in Nursing Communication and an eighth percentile increase in Physician Communication.

- Held highly successful third Patient Experience Summit in May with close to 500 attendees.

- Implemented a number of evidence-based strategies across the organization.

Creating a consistent and positive patient experience that assures quality care delivered in ways that protect patient and employee safety is foundational to our mission and brand at Dignity Health. We are committed to delivering compassionate health services and know that systematic efforts to measure and improve the patient experience can increase the effectiveness of clinical care, improve patient outcomes, and control costs.

Humankindness is the lens through which Dignity Health views our decisions and behaviors to create a unified culture of kindness, dignity, and respect. Permeating all experiences that individuals have with our organization, humankindness represents a promise to patients, their families, caregivers, and the communities we serve.

Patient Care Quality and Safety

FY 2017 Service Line Quality Goals	FY 2017 Service Line Quality Results
Improve total system performance with FY 2017 Service Line Quality (SLQ) Goal by 15% improvement performance period Jan.-July 2017.	Achieved an 81% improvement over baseline performance (79% and 43%, respectively).

FY 2018 Service Line Quality Goals	FY 2018 Service Line Quality Goals
Achieve a 45% improvement in Service Line Quality (SLQ) composite performance.	Achieve quality care results in the 75th percentile.

Challenges:

Large scale change is challenging for the following reasons:

- Multiple initiatives are competing at the hospital/bedside level
- IT changes are costly
- Clinicians do not rapidly adopt evidence-based practices

How does Dignity Health's performance compare to industry benchmarks in key areas?

Performance is at or above the 50th percentile for the SLQ measures in which national benchmarks are available and published.

Improvements over baseline, as well as annualized cost savings, for each of the FY 2017 SLQ goals are displayed in the following infographic.

Improving Patient Care Across Dignity Health July 2016–June 2017

All 10 service line quality composites are showing early improvement across the organization. In aggregate (all measures for all hospitals) we have increased 81 percent over baseline performance. This has resulted in improved care for more than 107,681 patients. Following are the improvements for each of the composites.

Cardiovascular
- **51% Improvement over baseline**

Early Extubation for Isolated Coronary Artery Bypass Graft Surgery, Isolated Aortic Valve Replacement Patients within six hours.

Palliative Care
- **43% Improvement over baseline,**
- **$1.1 million annualized ALOS savings**

Timely Palliative Care Screen and Consult in the Intensive Care Unit.

Critical Care
- **46% Improvement over baseline**
- **$2.2 million annualized ICU ALOS savings**
- **0.3 average reduction of length of stay in ICU from baseline**

Early Mobility in the Intensive Care Unit.

Emergency Medicine
- **73% Improvement over baseline**

Pediatric Discharge Goal

Perioperative Services
- **677% Improvement over baseline**
- **$1.6 million annualized ALOS savings**

Colorectal Surgery: Enhanced Recovery after Surgery.

Hospital Medicine
- **1.1% Improvement over baseline,**

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Physician Communication.

Perinatal
- **13.2% Improvement over baseline**

Safe Reduction of Low-Risk Primary Cesarean Section.

Perioperative Services
- **8.3% Improvement over baseline**

Orthopedic Surgery: Hip and Knee Replacement Patients Discharged Home. Discharging elective total joint patients home to heal vs. SNF or Rehab.

Laboratory Medicine
- **19% Improvement over baseline**
- **$3.3 million annualized savings in blood costs**

Appropriate Blood Therapeutics.

Patient Experience

FY 2017 Patient Experience Goals	FY 2017 Patient Experience Results
Deliver care that is consistent with the Dignity Health mission and *Hello humankindness* brand as measured by a two percentile improvement of the average percentile ranking in CMS HCAHPS surveys from baseline (Aug. 2015 – May 2016).	Dignity Health showed a four percentile improvement in the average percentile ranking, which was a stretch goal for this measure.
Increase the top box score of the CMS HCAHPS Physician Communication Composite for medical patients from baseline (Aug. 20 15 – May 2016) as measured by points.	Increased the top box score of the CMS HCAHPS Physician Communication Composite for medical patients from a baseline of 62 to 87 points.

FY 2018 Patient Experience Goals	FY2020 Patient Experience Goals
Deliver care that is consistent with the Dignity Health mission and *Hello humankindness* brand as measured by a six percentile improvement of the average percentile ranking in CMS HCAHPS surveys from baseline (Aug. 2015 – May 2016).	Achieve the 75th percentile in Patient Experience as measured by the Willingness to Recommend question in our patient experience survey.

Challenges:

- Maintaining focus on patient experience amid a myriad of other initiatives. This challenge was rectified through a strategy of "over-managing" the patient experience: Meetings of key Patient Experience staff and nursing leaders of high volume patient care units were held weekly to track the patient voice and to ensure evidence--based practices were implemented consistently.

- Increasing the understanding of leadership, staff and physicians of how the metric and patient experience are measured using the CMS National Standard Tool (with 10 composites.)

How does Dignity Health's performance compare to industry benchmarks in key areas?

The CMS HCAHPS survey measures 10 domains of patient experience. Dignity Health's performance in FY 2017 was above the 50th percentile in 6 of the 10 domains, and close to the 60th percentile in the Willingness to Recommend composite.

Improving Patient Experience One Composite at a Time August 2016-May 2017
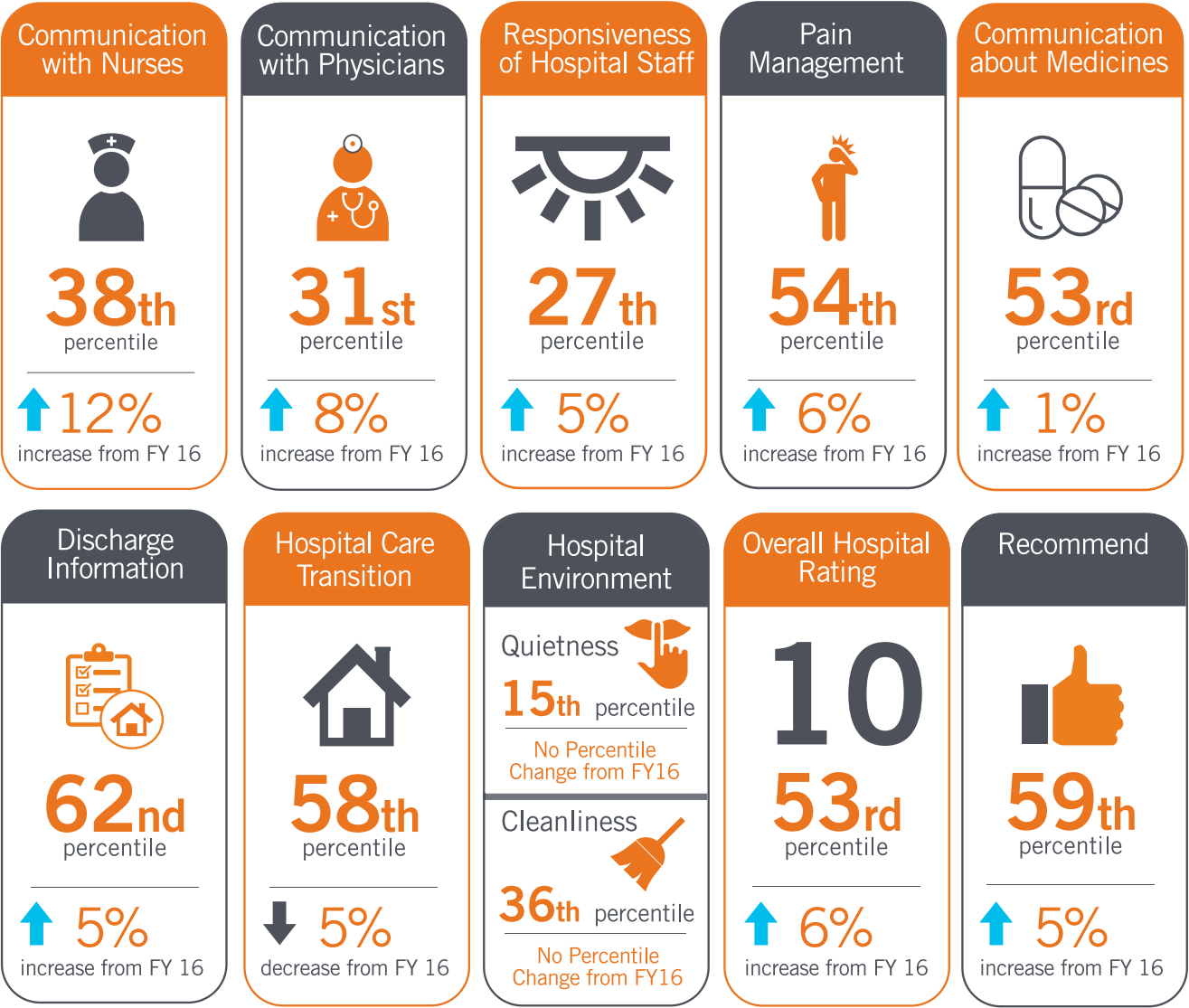
Communication with Nurses
38th percentile
↑12% increase from FY 16

Communication with Physicians
31st percentile
↑ 8% increase from FY 16

Responsiveness of Hospital Staff
27th percentile
↑ 5% increase from FY 16

Pain Management
54th percentile
↑ 6% increase from FY 16

Communication about Medicines
53rd percentile
↑ 1% increase from FY 16

Discharge Information
62nd percentile
↑ 5% increase from FY 16

Hospital Care Transition
58th percentile
↓ 5% decrease from FY 16

Hospital Environment
Quietness **15**th percentile
No Percentile Change from FY16
Cleanliness **36**th percentile
No Percentile Change from FY16

Overall Hospital Rating
10
53rd percentile
↑ 6% increase from FY 16

Recommend
59th percentile
↑ 5% increase from FY 16

10 HCAHPS Improving Patient Experience One Composite at a Time

Patient Privacy

Protecting patient privacy is fundamental to respecting the dignity of each person we treat. We have instituted regular and rigorous training to ensure we safeguard personal health records. However, in a business where nearly every piece of paper associated with a patient is subject to privacy controls, we do have instances of noncompliance.

The following represents the number of calendar year patient privacy breaches we have experienced and substantiated through Sept. 30, 2017:

Privacy Breach Law Reporting Summary	2013	2014	2015	2016	2017 YTD
Substantiated Reports	280	559	380	320	102
Patients Notified	1,413	5,223	703	2,264	443

The vast majority of the breaches we have experienced affected only a single patient per event and were generally the result of misdirected faxes or providing the patient with the incorrect discharge instructions. These types of events are individually investigated and generally corrected with re-education and training. We have had instances of more significant events. In one case, a paramedic who was not an employee of Dignity Health and not properly cleared through appropriate channels was allowed to "shadow" a physician assistant for educational purposes, and thus was able to view patient information in an unauthorized manner. In another case, a Dignity Health employee's home was burglarized and a briefcase containing Protected Health Information (PHI) of 130 patients was stolen. In another incident, an employee of a subcontractor to Dignity Health was found to have been hired under a false identity. In this case, 1,253 patient records were potentially compromised.

Most privacy breaches were identified through the routine compliance monitoring done by Dignity Health or from reports/concerns from patients or their family members. In one case during 2017, the Office for Civil Rights investigated a matter that we had not identified internally.

In all cases, Dignity Health conducted aggressive investigations, made all appropriate notifications (both to regulatory bodies such as the California Department of Health Services and the Office of Civil Rights, and to the patients involved), and implemented corrective actions to minimize the possibility of reoccurrence. Additional information is available upon request.

Innovation

Highlights

- Created a first-in-the-nation vehicle for meeting the health care services needs for the growing 1099 workforce.

- Created an initial set of "Company Values" criteria for use in evaluating partnerships with companies who are mission-aligned and invested in improving the communities we serve.

- Exceeded targets for creative relationships developed and intellectual property realized.

Meeting the Health Care Services Needs for the Growing 1099 Workforce

The "sharing" or "gig" economy has created novel opportunities for individuals to work as independent contractors, creating the freedom to manage their own schedules and the responsibility to obtain their own benefits. In response to this developing workforce, Dignity Health led the development of appropriate health care programs and services to meet the convenience, cost, and quality needs of this population. Initially piloted with Uber driver partners and their family members across the Bay Area, and then restaurant workers in San Francisco, this mix of health education programs and content, urgent care access, virtual asynchronous care, and telehealth services has attracted the interest of other companies who rely in some part upon a 1099 workforce.

Company Values Criteria

Evaluating a potential strategic partner on ability to improve health care delivery and access, as well as mission and values alignment is critical to successful collaborations. We have created an initial set of "Company Values" criteria to use in these evaluations. Example metrics include diversity of the company's leadership and workforce, job creation, charitable contributions, and community investments. By including these metrics in our partnership evaluation and performance reports, Dignity Health can influence and support partnerships with companies who are mission aligned and invested in improving the communities we serve.

Dignity Health's ability to innovate and leverage technology supports our Horizon 2020 strategic goals. Our innovation practice allows our health system to efficiently test and scale solutions – processes, technologies, services, or a combination of the three – that support our strategic growth and performance targets.

Dignity Health conducts innovation via three core strategies:

- **Partnerships:** Collaborate with innovative and disruptive leaders in a variety of industries to ensure Dignity Health delivers the highest standards of care across the continuum that are not cost prohibitive and can be accessed by the varied populations Dignity Health serves, while maintaining our position as forerunner in health care innovation. This includes developing "built for purpose companies," – utilizing Dignity Health's robust set of experiences and assets to develop or co-develop novel solutions to fill a need in health care, including those of underserved communities, and that can scale nationally.

- **Intellectual Property:** Leverage the knowledge and networks of our employees and physician partners to scale their ideas and inventions for the betterment of health care nationwide.

- **Strategic Investments:** Strategically invest to diversify and support Dignity Health's growth goals, and to accelerate the growth of our entrepreneurial partners, and help bring their products to the frontlines of health care.

FY 2017 Innovation Goals, Results, and Challenges

FY 2017 Innovation Goals	FY 2017 Innovation Results
Develop one to two corporate innovation partnerships with recognized consumer-centric organizations.	Launched first-in-the-nation pilot with Uber to be the preferred health care services provider for driver-partners (1099 workforce) and their families across the Bay Area. Considering partnerships to address post-acute care, health data storage, supply chain, and machine learning.
Establish a formal innovation relationship with a leading academic institution.	Developed relationships with Cal Poly and ASU to prototype intellectual property in a multi-disciplinary program.
Realize $4M in value creation from intellectual property.	Exceeded value target.
Initiate two strategic alignments with novel companies.	Completed six.
Develop new innovation theme and implement a pilot with at least one new partner.	Developing "transportation" theme, including system-wide policy to support ride-share usage for patients and employees. Completed one hospital test of providing seniors with non-clinical support post discharge. Launched and scaling maternity journey app (i.e. MyBaby) across Dignity Health service areas.

FY 2018 Innovation Goals	FY 2020 Innovation Goals
Complete Transportation theme development and system policy, and put rideshare partnerships into operations.	Introduce at least five novel companies which are scaled in the organization and having important impacts on care delivery.
Establish a leadership position in Medicaid Innovation, collaborating on nationally recognized programs and/or activities.	Develop robust companies in leading areas of care which do not exist today (digital care delivery, personalized medicine, etc.)
Establish digital transformation capability/company as an offering for other health systems to leverage the work completed by Dignity Health's Office of Digital to date.	Form an additional company using resident assets in Dignity Health and scaling more broadly as a services company to outside entities.
Achieve 15% incremental value created from intellectual property projects.	Achieve $30M in cumulative value from intellectual property.
Initiate two strategic alignments with novel companies.	Realize two and a half to three times cash-on-cash return of portfolio from strategic investments (e.g. warrants, revenue share, equity).

Challenges:

Many innovation initiatives run into challenges when engaging various legal, human resources, and/or IT services and reviews. For FY 2017, we embarked on a more transparent and collaborative process with our peers, engaging them upstream on developing innovation initiatives resulting in a process that identifies pathways to navigate any potential challenges sooner and more efficiently. We look forward to continuing this practice and to developing even more effective ways to collaborate.

The other key challenge identified in FY 2017 is for our team to develop the capability and encourage the practice of "failing faster." With the acceleration of many Horizon 2020 initiatives, it's imperative that we identify when certain innovation initiatives should no longer be pursued and thereby both resources and energy can be refocused on alternate innovation opportunities that may yield greater outcomes.

How does Dignity Health's performance compare to industry benchmarks in key areas?

Dignity Health continues to be considered one of the leaders in innovation by various stakeholders across health care including other health systems. Our focus to truly scale three to five innovations across our health system annually sets us apart from the status quo, including how we bring innovation to all patients and payer mixes.

Employees

Highlights

- Achieved over 90% participation in our employee survey and moved our overall engagement score up two basis points to 75% favorable engagement responses.

- Named first among the 100 winners of Glassdoor's annual Candidate's Choice Awards, honoring the Best Places to Interview in 2017 according to those who know best—the candidates.

- Implemented a new performance review process and have a 99% on-time completion rate, assuring that nearly 100% of our non-represented staff are having discussions with their managers about their performance.

Dignity Health recognizes the undeniable link between the care our patients receive and how employees feel about their jobs and their ability to contribute to our healing ministry. Consistent with our values and goals, we are committed to creating a positive environment for our patients and our employees, 58% of whom are represented by a range of unions. Our people drive the delivery of our mission and its promise of humankindness. When we create a positive employee experience, our employees can more fully devote themselves to that mission and to our patients. When we foster an environment of employee engagement, we become a better organization by drawing inspiration from the best ideas, skills, and people.

FY 2017 Employee Goals

FY 2017 Employee Goals	FY 2017 Employee Results
Grow employee experience programs and address lower performing managers.	Achieved more than 90% survey participation. Improved overall engagement by two basis points for 75% favorable engagement scores. Continued to hold our managers accountable for the employee experience of their teams and actively addressed management issues where there were consecutive years of low performance.
Complete successful collective bargaining negotiations and labor agreement with California Nurses Association.	Bargained a successful agreement with California Nurses Association that supports both employee and organizational goals.
Institute Workforce Analytics and evidence-based consulting framework.	Implemented a new Workforce Analytics tool for our HR business partners that supports detailed workforce analysis and evidenced based decision making.
Optimize our Talent Acquisition process.	Successfully optimized Talent Acquisition processes positioning HR to transition to a new Talent Acquisition system in FY 2018.
Optimize our HR Service Center processes.	Standardized additional HR processes and business rules; implemented quality improvements with 9,429 hours of identified savings; expanded HR Service Center offerings.

FY 2018 Employee Goals	FY 2020 Employee Goals
Introduce a cultural accountability platform to the organization and create culture conversations with leadership teams. Demonstrate impact through movement of identified cultural indicators.	Develop leadership talent, depth, and competencies.
Communicate and roll out employee benefit premium cost sharing initiative.	Improve employee engagement scores: Participation score of 80-85%; Listening score of 80-82%; Engagement score of 75-78%.
Continue to optimize our Talent Acquisition processes through the implementation of a new Talent Acquisition system.	Continue to diversify leadership: Internal promotions are within 10% of internal workforce percentages at the manager/supervisor level for female and people of color. 40% of our hospital presidents are either female or people of color.
Continue to optimize our Human Resource Service Center processes.	

Challenges:

- **Recruitment and development:** Our most challenging categories to hire remain the same with nursing leading the way in specialty areas such as OR/ER/L&D/ICU. The relatively low unemployment rate, expanding skill gap, and higher cost of living in some of our geographies continue to provide a challenge to attract talent.

- **Engagement and retention:** There was a focus on cost management over the last fiscal year which resulted in some downsizing of operations and restrictions on spending. These activities typically have a measurable impact on employee engagement and retention.

- **Diversity and inclusion:** The team continues to put a high level of focus on attracting and hiring a diverse slate of candidates, especially in our leadership roles. Across leadership roles, in FY 2017, women represented 75% of internal movement, and 72% of external hires, and minorities/people of color represented 60% of internal movement and 49% of external hires.

- **Wage equity:** We implemented standard salary structures enterprise-wide. With standard structures now in place in all service areas, we were able to develop a Compensation Resource Guide and have begun training HR and leaders on compensation administration. We anticipate this approach will facilitate greater consistency in pay practices.

- **Health, safety and wellness:** We presented to the Dignity Health board of directors a comprehensive strategic benefits and retirement program review to support total rewards programs that are sustainable and provide an appropriate level and mix of benefits to employees. Plans that we implement in 2018 as a result of this strategic review will be financially sustainable, while at the same time will continue to provide employees with rich benefits packages.

- **Labor Relations:** While CNA represented nurses and Dignity Health's non-represented employees will be the subject of our roll out of the health care premium cost sharing changes for 2018, this fiscal year also gives us the opportunity and challenge to expand the application of this initiative to other union populations, including SEIU-UHW.

How does Dignity Health's performance compare to industry benchmarks in key areas?

- **Recruitment and development:** No benchmark data available.

- **Engagement and retention:** Overall Dignity Health engagement score (75% positive) is reflective of above-median performance based on our survey provider's benchmark of other health systems and individual hospitals.

- **Diversity and inclusion:** Over the past three years, we have experienced some success at the executive level. Of the 13 senior leader roles filled, 50% of the finalists were either women or persons of color; 38% of those finalists were hired.

- **Wage equity:** Overall, across our non-represented employee populations, Dignity Health pays about 5% above the market median. Overall, across our represented employee population, pay is about 15% above the market median.

- **Health, safety and wellness:** Dignity Health's health and welfare benefit programs are significantly above benchmark. We provide a fully employer-paid medical plan option for all employees, which is very unusual in the general employer landscape.

- **Labor Relations:** No benchmark data available.

Title:

Total number of employees by employment contract (permanent and temporary), by gender.

JUNE of FY 2017	
Grand Total	**57,155**
Regular Employee	53,550
Female	40,060
Male	13,490
Temporary Employee	3,605
Female	2,632
Male	973

Total number of employees by employment contract (permanent and temporary), by region.

JUNE of FY 2017	
Grand Total	**57,155**
Regular Employee	53,550
Arizona	10,232
California	39,465
Nevada	3,853
Temporary Employee	3,605
Arizona	902
California	2,687
Nevada	16

Total number of employees by employment type (full-time and part-time), by gender. (Does not include temps.)

JUNE of FY 2017	
Grand Total	**53,550**
Part Time Employee	11,972
Female	9,537
Male	2,435
Full Time Employee	41,578
Female	30,523
Male	11,055

In addition, some portion of the organization's activities are performed by workers who are not employees.

These include:

- Contract managers who manage employees and functions within our care centers.
- Travelers and contract nurses who support flexible nurse staffing needs.
- Other type of professional contractors.
- Hospitalists – contract physicians working in our hospitals.

An explanation of how the data used in this section is provided as follows:

- Data is collected from source employee systems and then aggregated into an integrated reporting and analytics system.
- Minor data quality issues may exist but impact is negligible.
- Data only includes regular employees on the Dignity Health payroll and does not include US Healthworks, non-employed physicians, or other subsidiaries and partnerships.
- Data does not include contingent labor.

Total number and rate of new employee hires during the reporting period, by age group, gender and region.

NEW HIRES BY AGE GROUP

14.6% Overall

Age	
55 +	752 • 5.6%
45-54	1,244 • 9%
35-44	1,988 • 13.2%
25-34	3,283 • 25.3%
0-24	913 • 59.7%

0% 10% 20% 30% 40% 50% 60%

NEW HIRES BY GENDER

14.6% Overall

Gender	
FEMALE	5,843 • 16.3%
MALE	2,337 • 13.8%

0% 15%

NEW HIRES BY REGION

14.6% Overall

Region	
NV	432 • 11.1%
CA	5,790 • 13.8%
AZ	1,958 • 17.8%

0% 5% 10% 15% 20%

EMPLOYEE TURNOVER (ALL-IN) BY AGE GROUP

14.1% Overall

Age	
55 +	2,010 • 14.9%
45-54	1,390 • 10.1%
35-44	1,841 • 12.2%
25-34	2,242 • 17.3%
0-24	410 • 26.8%

0% 5% 10% 15% 20% 25% 30%

EMPLOYEE TURNOVER (ALL-IN) BY GENDER

14.1% Overall

Gender	
FEMALE	5,804 • 14.6%
MALE	2,089 • 13.6%

0% 15%

EMPLOYEE TURNOVER (ALL-IN) BY REGION

14.1% Overall

Region	
NV	576 • 14.8%
CA	5,554 • 13.2%
AZ	1,763 • 16%

0% 5% 10% 15% 20%

The percentages listed in each table reflect the change within that group. For instance, in the first table, in the 55+ age range, 752 people were hired, which represent 5.6% of that total age group within Dignity Health.

Workers' Compensation – Employee Safety FY 2017

System wide efforts to improve employee health and safety and injury prevention are key components of the Dignity Health workers' compensation program. Facilities are committed to improving workplace safety and injury rate results.

During FY 2017, each facility was again tasked to implement and develop safety promotion programs and conduct safety walk-arounds to reduce the frequency of injuries and improve employee safety initiatives. As the health care environment presents increasing challenges in terms of safe patient handling, collaborative efforts to integrate patient and employee safety were essential to support the Safe Patient Handling & Mobility Program. Facilities formed safe patient handling committees dedicated to providing clinical staff with education and training on patient lift equipment and assistive devices to reduce employee injuries related to patient lifting, repositioning, and transferring.

Since FY 2003, the program has reduced the indemnity injury rate of 4.76 per 100 FTE to 1.307 per 100 FTE in FY 2017.

Risk Services provides ongoing system-wide program support and resources to improve safety initiatives and to reduce costs to the program.

State/OSHPD	Ratio (F/M)	Female	Male	Total
Arizona				
000-Mgmt & Supervision	83.9%	497	318	815
100-Tech & Specialist	90.2%	2,224	1,273	3,497
200-Registered Nurse	104.9%	3,099	460	3,559
300-Licensed Voc Nurse	N/A	10	1	11
400-Aides & Orderlies	99.5%	436	164	600
500-Clerical & Admin	112.8%	988	220	1,208
600-Environ & Food Svcs	69.7%	320	310	630
700-Physicians	73.0%	95	153	248
800-Non-Phys Med Pract	100.2%	88	19	107
900-Salary Other	87.7%	255	192	447

State/OSHPD	Ratio (F/M)	Female	Male	Total
Nevada				
000-Mgmt & Supervision	93.3%	247	86	333
100-Tech & Specialist	96.3%	666	399	1,065
200-Registered Nurse	102.2%	1,217	206	1,423
300-Licensed Voc Nurse	N/A	4	0	4
400-Aides & Orderlies	100.3%	158	43	201
500-Clerical & Admin	104.6%	344	62	406
600-Environ & Food Svcs	92.6%	175	139	314
700-Physicians	86.8%	17	14	31
800-Non-Phys Med Pract	N/A	12	0	12
900-Salary Other	111.6%	64	26	90

State/OSHPD	Ratio (F/M)	Female	Male	Total
California				
000-Mgmt & Supervision	88.5%	2,255	1,005	3,260
100-Tech & Specialist	91.4%	7,749	3,608	11,357
200-Registered Nurse	101.4%	11,963	2,159	14,122
300-Licensed Voc Nurse	97.9%	564	92	656
400-Aides & Orderlies	88.7%	1,642	628	2,270
500-Clerical & Admin	102.6%	5,124	834	5,958
600-Environ & Food Svcs	82.9%	1,547	1,545	3,092
700-Physicians	80.0%	52	68	120
800-Non-Phys Med Pract	96.4%	119	33	152
900-Salary Other	100.4%	849	381	1,230

Climate change… represents one of the principal challenges facing humanity in our day.

Laudato Si' 25-26

Climate Resilience

Highlights

- Decreased energy use by 16% and reduced total CO2 emissions by 19% since base year CY 2010 in spite of adding 22% more floor space.

- Decreased potable water usage (domestic + irrigation) by 5% from CY 2015 to CY 2016.

- Used 27% renewables for our electricity needs and 13% (a 1% increase since last year) for our overall energy usage (electricity and natural gas)

The most pressing global health threat of our time is climate change. It not only has severe and detrimental impacts on human health and the natural world that sustains life, but also threatens the delivery and sustainability of health care.

Energy production and use account for two thirds of the world's greenhouse gas (GHG) emissions. The health care industry is among the major energy consumers in any given region. U.S. health care buildings constitute the second most energy-intensive U.S. building sector (consuming energy at an average of twice the intensity of commercial office buildings). These buildings operate continuously, 365 days per year, with multiple back-up and redundant mechanical and electrical systems, and they only increase in energy intensity as medical diagnostic equipment with large heat loads continue to enter the marketplace.

Dignity Health is committed to reducing the impacts of climate change and improving the resilience of the communities we serve. We are taking steps to build and operate our buildings in a way that promotes the health of our patients, employees and communities. Energy reduction strategies include lighting upgrades, retro-commissioning, continuous commissioning, new building automation systems, variable frequency drives, boiler and central plant chiller replacements, and solar parking lots.

Horizon 2020 Energy and Water Goals

Horizon 2020 Energy and Water Goals
Energy Efficiency: Decrease energy use by 20% from base year 2010 levels.
Greenhouse Gas Emissions: Decrease emissions by 40% from base year 2010 levels.
Renewable Energy Sources: Increase renewable energy sources to 35% of energy consumed from base year 2010 levels.
Water Consumption and Efficiency: Decrease water use by 20% from base year 2013 levels.

Note: Due to reporting requirements to The Climate Registry, data is reported for calendar years. All numbers are for acute care hospitals only. The base year for energy and greenhouse gases is 2010. The base year for water is 2013. Base years are determined by availability of utility data.

CY 2016 Energy and Water Goals, Results, and Challenges

CY 2016 Energy and Water Goals	CY 2016 Energy and Water Results	CY 2016 Energy and Water Challenges
Energy Efficiency: Achieve 2.2% reduction from CY 2015	0% change	Based on our 2020 goal of 20% reduction, energy use has dropped by 16% from base year 2010 levels, in spite of adding 22% more acute care hospital floor space.
Greenhouse Gas Emissions: Reduce greenhouse gas emissions by 4% from CY 2015.	Decreased greenhouse gas emissions by 11% in CY 2016.	Based on our 2020 goal of 40% reduction, we have achieved a 19% reduction of CO2 emissions from base year 2010 levels despite adding 22% more acute care hospital floor space.
Renewable Energy Sources: Increase renewable energy resources by 2.8% from CY 2015.	Data not available for CY 2015, but in CY 2016 Dignity Health is using 27% renewables for our electricity needs and 13% renewables for overall energy usage (electricity + natural gas). Furthermore, solar parking is currently being pursued (initial contract with solar developer terminated due to developer filing for bankruptcy protection).	Based on our 2020 goal of increasing renewable energy sources to 35% of energy consumed, we achieved 13% in CY 2016, as compared to 12% in CY 2010.
Water Consumption and Efficiency: Reduce potable water consumption by 5% from CY 2015.	Decreased by 5% total potable water usage in CY 2016. Based on our 2020 goal of 20% reduction, potable water use has dropped by 2% from base year 2013 levels.	N/A

CY 2017 Climate Resilience Goals

CY 2017 Climate Resilience Goals
Energy Efficiency: 4% energy reduction from CY 2016
Greenhouse Gas Emissions: 8% reduction in GHGs from CY 2016
Renewable Energy Sources: 5% increase in renewable energy sources
Water Consumption and Efficiency: 5% water reduction from CY 2016

Challenges:

Although we did not meet all the calendar year 2016 goals as we anticipated, we have implemented new processes to ensure adequate capital dollars are allocated to energy efficient measures such as retro- and continuous commissioning, interior lighting upgrades, and replacement of energy intensive equipment. Additionally, we have transitioned 11 solar projects to two different photovoltaic developers. While the addition of 22% more acute care square footage over the last several years has resulted in higher total energy consumption, energy intensity as measured in kBtu/ft2/year continues to trend down as do greenhouse gas emissions. The greatest challenge is bringing potable water demand down. This is because water is still so inexpensive that most projects don't make economic sense.

How does Dignity Health's performance compare to industry benchmarks in key areas?

Energy efficiency: 18 of our 37 acute care hospitals (48%) are at or below the energy usage of our Practice Greenhealth peers, which is a positive trend. However, there are opportunities for increased energy efficiency with our lower-performing hospitals.

Greenhouse gas emissions reductions: Practice Greenhealth does not currently report GHG emissions of hospitals. For Dignity Health in CY 2016, our Scope 1 emissions were 99,248 Million Tons Carbon Dioxide Equivalent (MTCO2e); Scope 2 emissions were 132,814 MTCO2e, and our biogenic direct and indirect emissions were 3,062 MTCO2e. Dignity Health reports to The Climate Registry annually.

Renewable energy sources: Based on the 2016 Practice Greenhealth Benchmark Report, only 38% of award winning hospitals reported using some form of renewable power. 100% of Dignity Health hospitals are using renewables in their utility mix or alternatives such as co-generation and landfill gas. In CY 2016 13% of energy consumed by Dignity Health came from renewable sources.

Dignity Health is a winner of the 2020 Challenge Climate Champion Awards. The 2020 Health Care Climate Challenge is a Global Green and Healthy Hospitals (GGHH) initiative to mobilize health care institutions around the globe to protect public health from climate change.

Our awards include:

• SILVER- GHG Reduction (Energy)

• SILVER- Climate Resiliency

• GOLD- Climate Leadership

Water consumption and efficiency: 27 of our 37 acute care hospitals (73%) are using from 10% to 166% more water than our Practice Greenhealth peers. Ten acute care hospitals are using less water than our Practice Greenhealth peers. The vast majority of Dignity Health water is sourced via municipal systems, though some of our facilities use well water for irrigation and one is using recycled water in its main power plant.

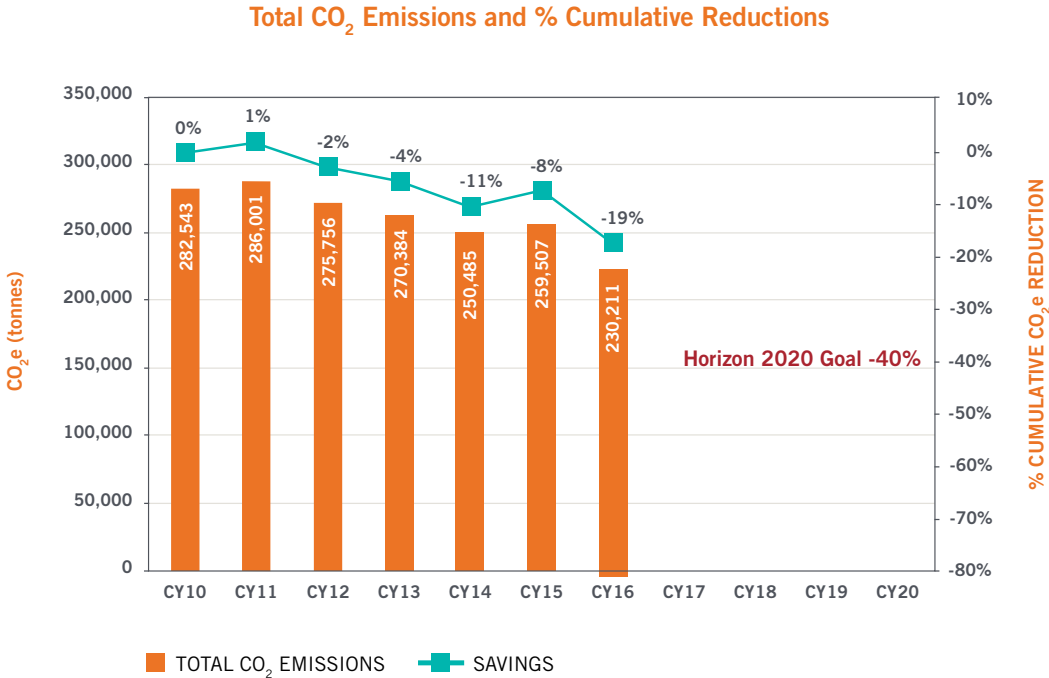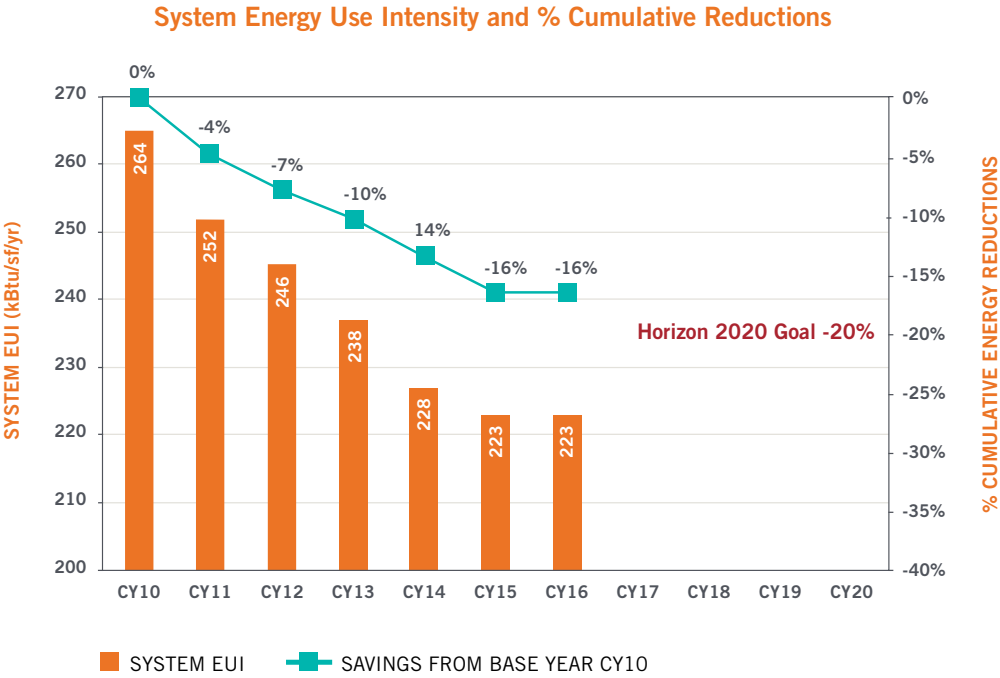**System Energy Use Intensity and % Cumulative Reductions**

Horizon 2020 Goal -20%

■ SYSTEM EUI   ▬ SAVINGS FROM BASE YEAR CY10

Total CO_2 Emissions and % Cumulative Reductions

Horizon 2020 Goal -40%

■ TOTAL CO_2 EMISSIONS   ▬ SAVINGS

Since square footage has increased by 22% since CY 10, it is estimated conservatively that total emissions have actually dropped by 30% from the original square footage of base year CY 10.
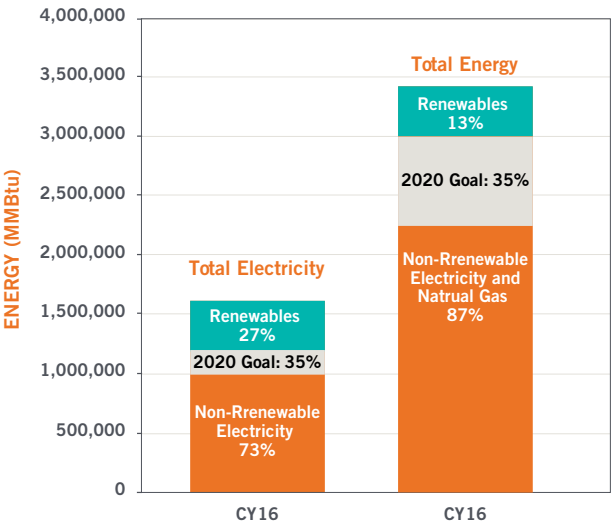
CY 2016 % Renewables for Electricity and Total Energy

Renewables energy sources include: wind, solar, hydroelectric, geothermal and biomass.

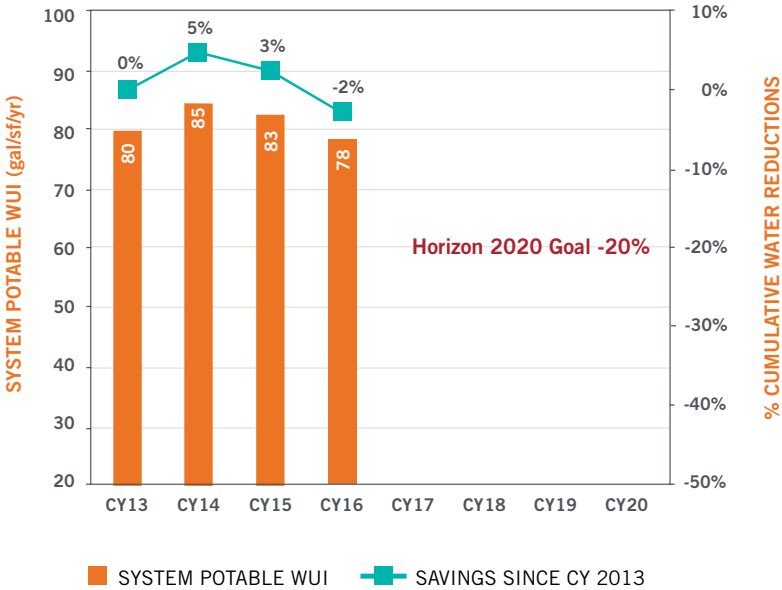## System Potable Water Usage Index and % Cumulative Reductions

Materials Stewardship - Purchasing

Highlights

- Contracted with Staples to provide our facilities with a sustainable office supply formulary for many of the products they already buy. Migrating to these green items saved Dignity Health nearly $250,000 over their traditional counterparts.

- Joined Providence Health St. Joseph to collect and donate unused medical supplies to clinics and mission trips locally and abroad.

- Averaged total waste volumes of 30.1 lbs./APD, as compared to the industry average of 42 lbs./APD.

- Recycled 34.3% of our waste.

- Maintained regulated medical waste (RMW) at 6.15% of total waste volume, as compared to a 10% of total waste volume objective.

(Benchmarks courtesy of Practice Greenhealth Benchmark Report.)

Healing is at the heart of what we do at Dignity Health. A core component of the healing process is the products and services that help to make the process as fast and safe as possible. We seek to use the most efficient and cost-effective materials and supplies available that will keep our patients and communities healthy. Our purchasing decisions contribute to our Horizon 2020 cost and quality goals and connect us to our core value of stewardship: cultivating the resources entrusted to us to promote healing and wholeness.

Dignity Health's supply chain engages over 19,000 vendors across the United States and the world. These vendors provide both medical and non-medical supplies and services. Our overall spend is approximately $4 billion. The majority of our suppliers, old and new, are screened for environmental criteria during RF(x) processes. We are in the process of implementing a human trafficking education program for staff and screening process for vendors.

Materials stewardship is the driving force behind our participation in such initiatives as the Chemical Footprint Project, which measures corporate progress toward safer chemicals and overall chemicals management performance and the Greenhealth Exchange, which aims to accelerate the development and adoption of new and more environmentally-friendly products. It underlies our efforts to integrate the concept of environmentally preferable purchasing into our sourcing strategy. It inspired us to implement Key Green Solutions, a comprehensive third party data management and reporting system, to ensure that high quality energy, water, food, cleaning solution and waste data is collected, used, and reported for decision making.

FY 2017 Materials Stewardship Goals, Results and Challenges

FY 2017 Materials Stewardship Goals	FY 2017 Materials Stewardship Results
Maintain sterilization wrap recycling at or above FY 2016 collection rate.	Recycled an estimated 192,000 pounds of plastic, up from FY 2016 estimate of 147,000 pounds.
Participate in Greenhealth Exchange contracts (Office Supply).	Introduced 405 green formulary office supply items including paper and plastic products.
Increase number of vendors invited to participate in the Chemical Footprint Project.	FY 2016: 18 invited, 3 participated FY 2017: 19 invited, 6 participated
Maintain and/or increase amount of reprocessed patient care items within facilities.	Started collecting and recycling pulse-oxymeters. As a result of this recycling program, Stryker Sustainability Solutions planted 100 trees through their "Pulse Ox for the Planet" program in partnership with the National Forest Foundation.

FY 2018-2020 Materials Stewardship Goals
Eliminate Antimicrobial Soaps.
Pilot Key Green Solutions Purchasing Module.
Increase collection and distribution of unused medical supplies for Medical Surplus Resource Organization (MSRO) by 50%.
Incorporate human trafficking standards into supply chain contract language.

Challenges:

Facility participation is one of our biggest challenges with any contract, including sustainability initiatives. While sterilization wrap participation is increasing, challenges include ensuring that no contaminated products are collected and finding reprocessors who are willing to process the product within the United States. The Chemical Footprint Project is still new to many vendors. Finding the appropriate contact in each company is a challenge. Often, vendors don't respond because they may not know how and/or may not know the answers to questions addressed in the survey.

How does Dignity Health's performance compare to industry benchmarks in key areas?

Dignity Health has proudly been a leader in the movement toward added transparency regarding safer chemicals. We're committed to working with our vendor partners to explore newer, safer alternatives to chemicals in health care and to share the improved impacts on our patients, their families, and our communities. We are an active member in this community through Practice Greenhealth, Health Care Without Harm, Healthier Hospitals, Greenhealth Exchange, and the Chemical Footprint Project. Additionally, piloting the Key Green Solutions purchasing module will allow Supply and Services Resource Management (SSRM) to benchmark Dignity Health against industry standards to uncover opportunities for more sustainable purchasing practices.

FY 2017 Waste Goals, Results, and Challenges

FY 2017 Waste Goals	FY 2017 Waste Results
Reduce total waste to as far below the industry average (42 lbs./APD) as practical.	Total waste volumes averaged 30.1 lbs./APD.
Maintain regulated medical waste (RMW) below 10% of total waste volume.	Maintained RMW at 16.5% of total waste volume.
Achieve a 15% recycling rate.	Recycled 34.3% of our waste.
Ensure that 100% of our electronic waste (computers and associated devices) is donated, reused, or disposed of with an "e-steward" disposal company.	100% of e-waste disposed of through e-steward certified recyclers.

TOTAL WASTE GENERATION

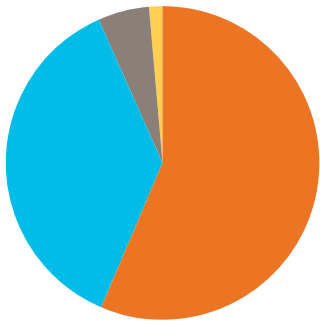|		
58.2%	🟧	Solid: 48,976,274 lbs. • 24,488.137 Tons
34.3%	🟦	Recycling: 28,855,170 lbs. • 14,427.585 Tons
6.1%	⬛	RMW: 5,173,307 lbs. • 2,586.653 Tons
0.0%	⬜	Hazardous: 10,714 lbs. • 5.357 Tons
1.3%	🟨	Pharm: 1,111,603 lbs. • 555.801 Tons

Challenges:

While much has been achieved, we still face many challenges. For example, a few of our large facilities in Arizona and Nevada do not have the benefit of the recycling infrastructure as do our California facilities. Also, like any system, we have many facilities that are excellent performers and those that do not show the same level of achievement. One of our goals for the coming year is to continue to work with these lower performing facilities to bring their waste numbers in line with other Dignity Health facilities and our goals.

How does Dignity Health's performance compare to industry benchmarks in key areas?

Our total waste production rate of 30.1 lbs./APD compares well to the industry average of 42 lbs./APD. Key Green Solutions provided recycling benchmarking data for 35 comparable health systems, and determined the mean recycling rate at these facilities was just below 20% recycling as a percentage of total waste. The most successful hospital achieved just over 50% recycling. As such, our 34.3% recycling rate compares well, but there remains more work to be done.

Regarding RMW, the <10% objective is considered the baseline for our industry, although the Centers for Disease Control (CDC) has suggested that a standard below 5% would be achievable. As such, generation of 6.15% RMW as a percentage of total waste demonstrates good performance, but continued improvement remains achievable.

Finally, while it is likely other hospital systems have established e-waste disposal goals, we believe our 100% commitment to responsible disposal of e-waste is rare.

GRI Content Index

GRI Standard(s) Met	Standard Summary	Page Number
CEO Letter		3
102-14	Statement from senior decision maker	3
About Dignity Health		4
102-1	Name of the organization	5
102-2	Activities, brands, products and services	5
102-3	Location of headquarters	5
102-4	Location of operations	5
102-5	Ownership and legal form	5
102-6	Markets served	5
102-7	Scale of the organization	5
102-10	Ownership and legal form	5

GRI Standard(s) Met	Standard Summary	Page Number
Reporting and Materiality		9
102-47	List of material topics	13, 14
103-1	Explanation of topic and its boundary	13, 14
103-2	The management approach	10-12
103-2, 103-3	Evaluation of the management approach	10-12
102-45	Entities included	10
102-46	Defining content and boundaries	13, 14
102-48	Restatements of information (none)	N/A
102-49	Changes in reporting (none)	N/A
102-50	Reporting period	10
102-51	Date of most recent report	10
102-52	Reporting cycle	10

GRI Standard(s) Met	Standard Summary	Page Number
Reporting and Materiality continued		
102-53	Contact point	10
102-54	Claims of reporting "in accordance with" (core)	10
102-56	External Assurance	10
Governance and Leadership		15
102-11	Precautionary Principle	18
102-18	Governance Structure	16
405-1	Diversity of governance bodies	16
Ethics and Integrity		19
102-16	Values, principles, standards, and norms of behavior	6, 20
102-17	Mechanisms for advice and concerns about Ethics, Labor, Human Rights, Society, and Environmental	20-27

GRI Standard(s) Met	Standard Summary	Page Number
Economic Value and Impact		28
201-16	Economic value generated	29
102-17	Financial assistance received from government	29
Stakeholders and Community		30
102-12	External initiatives	32-38, 51
102-13	Membership of associations	32, 52
102-40	Stakeholder engagement	31
102-42	Identifying and selecting stakeholders	33
102-43	Approach to stakeholder engagement	33
102-44	Key topics and concerns raised	34
203-2	Indirect economic impacts	34
413-1	Local community engagement impacts, and development programs	34

GRI Standard(s) Met	Standard Summary	Page Number
Human Trafficking Case Study		39
412-2	Training on human rights policies	39
Advocacy Case Study		41
201-2	Financial implications of climate change	41
Patients		43
416-1	Impacts of products and services	44-48
418-1	Breaches of customer privacy	49
Innovation		50
102-12	External initiatives	32-38, 51
102-13	Membership of associations	32, 52

GRI Standard(s) Met	Standard Summary	Page Number
Employees		**55**
102-8	Information on employees	56-64
102-41	Collective bargaining agreements	57, 60
401-1	New employee hires and turnover rate	62
403-2	Injury rates, etc.	63, 64
405-1	Diversity of governance bodies and employees	62
405-2	Ratio of salary of women to men	59
Climate Resilience		**65**
302-1	Energy consumption within the organization	66, 67, 68
302-3	Energy intensity	66, 67, 68
302-4	Reduction of energy use	66, 67, 68
303-1	Water withdrawal by source	66, 67, 68, 70

GRI Standard(s) Met	Standard Summary	Page Number
Climate Resilience continued		
305-1	Direct GHG emissions	68
305-5	Reduction of GHG emissions	68
Materials Stewardship		73
102-9	Supply Chain	74-76
308-1	New suppliers screened	74, 75
308-2	Negative impacts of supply chain	74, 75
306-2	Waste by type and disposal method	77
306-3	Significant spills (none)	N/A
307-1	Significant non-compliance with environmental laws and regulations (none)	N/A
GRI Content Index		78
102-55	GRI Content Index	78