

Environmental Report



OUR COMMITMENT TO THE ENVIRONMENT

Catholic Healthcare West

FY 2005 ENVIRONMENTAL ANNUAL REPORT

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A MESSAGE FROM CHW PRESIDENT/CEO LLOYD H. DEAN



Catholic Healthcare West (CHW) is proud to present our 9th annual environmental report detailing overall efforts in support of our environmental commitment. CHW — its sponsors, physicians, and employees — are committed to a mission of healing. Vital to this mission is ensuring that our operations do not in themselves cause harm.

FY 2005 was one of the most successful years in the history of Catholic Healthcare West. We are pleased to report that our clinical excellence continues to receive national recognition, our employees remain highly confident in the future of the organization and our financial standing provides us with the resources we need to extend and strengthen our healing ministry. While we were delivering superior care to our patients, we also provided \$623 million in community benefits, including charity care, community grants and free primary care to our communities. During the 2005 fiscal year our Board of Directors approved a new five-year strategic plan — *Horizon 2010: The Next Generation of Excellent Care* — through which we will bring even greater excellence to the care we provide, expand access to ensure that our healing ministry touches more people in our communities, and further our advocacy and community benefit work in order to answer the unmet health care needs of our communities.

We continue to make significant progress in environmental responsibility.

- ❖ For two consecutive years, we have achieved our long time goal of reducing total landfilled waste (solid waste plus medical waste) to less than 15 pounds/adjusted patient day (14.6 pounds/adjusted patient day actual)!

- ❖ We remain committed to reducing the toxicity of our waste. In support of this commitment, CHW has worked to rid our facilities of mercury, reduced PVC from our facilities and developed programs to responsibly deal with e-waste.
- ❖ We have adopted a sustainable design policy to guide facility siting, design, construction and reconstruction.
- ❖ We have joined the California Climate Action Registry, committing to assess, report and reduce greenhouse gas emissions that contribute to global warming and climate change.
- ❖ We are exploring opportunities to support and help create food systems that are ecologically sound, economically viable, and socially responsible.

We look forward to working with our employees and stakeholders to continue making unique and much needed contributions toward a healthier environment.

Sincerely,

A handwritten signature in black ink that reads "Lloyd H. Dean". The signature is written in a cursive, flowing style.

Lloyd H. Dean
President/CEO

I. Summary of Key Issues and Strategies

CHW has been a supporter of Ceres since its inception in 1989. Our ninth annual report, for fiscal year July 1, 2004 to June 30, 2005, demonstrates our efforts to implement meaningful programs and recognizes our opportunities for improvement. This report represents our second year of integrating components of the Global Reporting Initiative Standards for Sustainability Reporting (GRI).

(See <http://www.globalreporting.org/>) We have included a GRI Content Index in Section VIII. We reviewed a draft of this report with a Ceres Stakeholder Team of coalition representatives and peer reporters and have made an effort to integrate feedback from their review in this published version. We will use additional suggestions as we prepare future reports. We welcome additional feedback from all reviews to help us improve our ongoing performance and future sustainability reporting.

Hospitals face many environmental issues common to other businesses, and some that are unique to health care. Common issues include reduction of waste volumes through improved purchasing, reuse, and recycling, reduction of energy and water usage, and construction of sustainable buildings. Some unique issues include the need to properly manage and reduce medical waste and to eliminate particularly hazardous components from our waste stream, such as mercury and PVC. This section of our report will address key issues, strategies and goals for FY 2006.

Strategies and Goals

A. Reporting

This report is based on reporting from 97% of our facilities. Our goal is to ensure 100% of our facilities report their environmental data next year in support of our completion of this report. Based on several previous years of data provided by the one non-reporting facility it is not expected that this one missing report would materially change any of the findings presented herein.

B. Purchasing Guidelines

CHW has developed guidelines for the purchase of all goods and services. CHW's Supply Chain Management Team has taken the lead in setting the industry bar for incorporating environmental principles into health care



supply chain management. By carefully selecting goods and services at the front end, members of the Supply Chain Management Team significantly reduce CHW's waste stream and its negative impact on the environment. The team has reached beyond CHW to influence the purchasing policies of Premier, a hospital group purchasing organization in which CHW holds membership. CHW's contract requires Premier to consider the environmental impact of a product or service when selecting goods and services and to support the campaign to reduce the volume and toxicity of the medical waste stream.

C. Reducing Toxicity of Our Waste Stream

MERCURY: Removal of mercury from all our facilities has been a goal of CHW for several years. We have removed all significant mercury from our facilities, and instituted purchasing policies to ensure no new mercury is introduced. While we expect to find trace amounts of mercury in the future, we consider this goal to be essentially complete.

E-WASTE: CHW recognizes the relationship between human health, environmental quality and computer related activities. The improper disposal of electronic waste (primarily computers) is of great concern to us. We successfully completed one of our goals for 2005 to establish a comprehensive electronics management program to address improved procurement and end-of-life management practices, which protect data and comply with federal, state, and local regulations. Working with the computer industry, our Information Technology Consultant, and other interested groups, we have signed a contract with Redemtech to serve as our single source for electronic equipment disposal.

PVC/DEHP: CHW's endorsement of the Healthcare Without Harm Campaign (HCWH) committed us to develop a plan for the reduction and ultimate phase-out of the use of PVC. PVC, a commonly used chemical in many medical supplies such as IV bags, releases dioxins to the environment during production and disposal. Finding a suitable replacement has been challenging. CHW successfully completed another of our key goals for 2005 by signing a contract with B. Braun Medical Inc. to supply CHW with IV bags which do not contain PVC/DEHP.

D. Reprocessing Practices

CHW has contracted with Vanguard, a company that specializes in reprocessing “single use” items to allow for multiple uses. Items range from surgical instruments to cardiac cath lab supplies. The goal for June 2005 was to achieve 60% of the best-demonstrated national practice for the savings tied to purchase of reprocessed single use devices. We achieved the 60% reuse goal, resulting in \$1.98 million saved and 26.8 tons of medical devices recycled and eliminated from the waste stream. The goal for FY2006 is to sustain 60% of the best-demonstrated practice and to save \$2.5 million.

E. Reusable Sharps Containers

CHW is currently in a three-year Agreement with Stericycle, Inc., for a Reusable Sharps Containers Management Program. The program (known as Bio Systems) is designed to increase safety, ensure compliance and mitigate the impact of sharps container use on the environment. Full reusable sharps containers are picked up at each facility by a Bio Systems technician and replaced with empty ones. The full containers are taken to Stericycle’s medical waste transfer station where they are opened by a robotic mechanism and the contents emptied for processing as medical waste. The emptied containers are then washed and sanitized before being sent back to the hospital for reuse. The containers are designed to be simple and easy to use. Each container can be re-used at least 500 times. Our goal for FY 2005 was to have ten facilities operating with the new containers by year end. In fact, 20 of our facilities are now fully operational with Bio Systems.

F. Food Service

CHW’s Food & Nutrition Council has developed a CHW Food & Nutrition Vision Statement. This vision statement is not meant to take the place of the facilities current policies and procedures around food choices, but rather to serve as a framework as Food & Nutrition Managers start to address the many issues that relate to the environmental and social issues around food supplies. This statement is CHW’s effort to be proactive and to advocate for healthy foods in our facilities that are produced in more sustainable ways. [[CHW Food & Nutrition Services Vision Statement](#)]

G. Tracking Greenhouse Gases

CHW joined a key group of environmental leaders as a member of the California Climate Action Registry

(Registry) <http://www.climateregistry.org/>. As a participant in the Registry, CHW will voluntarily measure and report all emissions of greenhouse gases, the main contributors to global warming. By joining the Registry, CHW becomes the first healthcare provider in the country to commit to measure and report greenhouse gas emissions publicly.

Last year we committed to collecting and certifying data at two of our facilities. We succeeded in that effort. We are currently developing a plan to include additional facilities into the reporting program for FY 2006, and are setting targets for reduction of greenhouse gas emissions.

H. Water Usage

For the second consecutive year, we have requested that all facilities report on the amount of water used at their facilities. About 63% of the facilities were able to provide this data (only slightly above last year). This data indicates that our water usage from 2003 to 2005 was essentially the same. Our average size facility uses between 25 and 35 million gallons of water per year. All facilities have taken action in past years to reduce water usage, through retrofitting of existing fixtures, improved landscaping choices, and implementation of water saving technology in the x-ray film developing process. Since our data is still incomplete and is not normalized for patient loads, we are early in understanding our water usage profiles.

It has been difficult to obtain complete data from all our facilities as not all facilities have ready access to this information. As such, we have decided (following a useful discussion with our stakeholder review team) to approach this issue in a different manner. Over the next 18 months we will identify and engage three to six of our largest facilities where good data is available, preferably in water short areas, to specifically study their water use patterns. We will use this data to determine if additional actions in this area are warranted or if the existing programs to reduce water usage are adequately addressing this issue. In the meantime we will ask all facilities to continue to report water reducing activities and to report water volume data that is available.

I. Sustainable Design

CHW is constantly creating new facilities and upgrading its existing facilities to meet the changing needs of health care and the State of California seismic structural safety standards (see <http://www.oshpd.cahwnet.gov/SB1953/> for additional details). CHW faces over \$800 million in

construction costs in the next decade. We are committed to turning this challenge into an environmental positive. We have developed and adopted a Sustainable Design Policy and Project Delivery Model to guide purchasing design, engineering, and construction services in this building program. Our goal is to ensure that these guidelines are applied in all major design and construction contracts that are issued.

J. Normalized Landfilled Waste Disposal Volumes

A key indicator for CHW is our normalized landfilled waste disposal volume. Normalized waste disposal volume, defined as solid waste plus medical waste divided by adjusted patient days, has shown a steady decrease since we began tracking this data. In 2004 we achieved our long term goal of reducing normalized waste disposal volume to less than **15 pounds per adjusted patient day (#/apd)**. Our goal for FY 2005 was to maintain waste at or below 15 #/apd, while analyzing whether a lower goal is practically achievable. Our performance this year indicates that the 15#/apd is the appropriate level to maintain at this time based on current available technology for the services we provide.

K. Storage and Disposal of Hazardous Chemicals

In past years we have worked hard to ensure proper disposal of various chemicals used in our laboratories. As an outgrowth of this successful effort we identified deficiencies in our methods of storing hazardous wastes at various facilities. No external impacts occurred as a result of storage deficiencies. Past problems have been corrected, and an ongoing training program has been instituted. A goal for this year is to conduct a random audit of ten facilities to determine our current compliance situation.

L. Summary of Goals (Core Indicators)

Ecology Goals	Status as of 6/30/05	Indicators for FY 2006
1. Involve all CHW facilities in environmental and sustainability reporting.	97% of our facilities submitted a complete report.	100% of facilities submit Data Gathering Tools to CHW Corporate, including complete data on all questions asked.
2. Reduce the volume and toxicity of our landfilled waste stream.	Averaged 14.6 pounds/adjusted patient day (under 15 pounds per adjusted patient day for two consecutive years).	Maintain normalized landfilled waste disposal volume at or below 15 pounds per adjusted patient day.
3. Reduce use of products containing PVC.	Completed a contract with "B. Braun" to provide non PVC IV bags (which comprise a large portion of the PVC waste stream).	Complete transition to PVC-free IV bags by 12/31/06.
4. Responsibly manage the disposal of e-waste from CHW facilities.	Completed a contract with Redemtech, a vendor who will provide comprehensive e-waste recycling services to all CHW facilities.	Implement contract to better manage e-waste recycling at 100% of facilities by FY 2006.
5. Construct major new facilities in a sustainable manner.	Mandated Sustainable Design Guidelines as a part of the design development process.	Provide sustainable design report for hospitals completing Design Development in FY-06 in June 06, including but not limited to facilities at: Mercy San Juan, Sequoia, Marian, Mercy Merced.
6. Store and dispose hazardous waste in an environmentally responsible manner.	Audited ten facilities; no compliance concerns noted.	Re-audit five additional facilities and report results to CHW Corporate in FY 2006.
7. Increase use of reusable products in CHW facilities by: a) Using the Vanguard reprocessing system to achieve 60% of best demonstrated national practice and save \$2.5 million b) Implementing reusable sharps containers in at least 10 facilities.	a) \$1.9 million saved and 60% of best demonstrated national practice achieved. b) Implemented reusable sharps container system at twenty facilities.	a) Save \$2.5 million and achieve 60% of best demonstrated national practice through the Vanguard reprocessing system in FY 2006. b) Implement reusable sharps container system in at least five additional facilities during FY 2006.
8. Mitigate impacts of global warming and climate change by assessing, reducing and reporting greenhouse gas emissions.	Two facilities are pilot testing the reporting tool.	Complete pilot reporting projects for the California Climate Action Registry at two CHW facilities. Develop a plan to include additional facilities into the reporting program by FY 2006. Set targets for reduction of greenhouse gas emissions.
9. Explore opportunities to support and help create food systems that are ecologically sound, economically viable and socially responsible.	Developed a food vision statement related to purchasing food produced in a sustainable manner and managing cafeterias to reduce waste, maximize recycling, and use sustainable utensils.	Determine food purchasing options in support of vision statement and migrate cafeteria management best practices.

II. Our Mission, Vision And Values

Catholic Healthcare West (CHW) is a system of 40 hospitals and clinics whose employees and physicians have a long and rich tradition of caring for persons who are sick, poor, and disadvantaged. In addition to providing health care, CHW seeks to address the underlying causes of illness, including environmental dangers. CHW is proud to be the first health care system in the nation to endorse the Ceres Principles, a model code of environmental conduct (<http://www.ceres.org/>).

Our Mission

Catholic Healthcare West is committed to furthering the healing ministry of Jesus Christ. 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;
- ❖ Partnering with others in the community to improve the quality of life.

Our Vision

A growing and diversified health care ministry distinguished by excellent quality and committed to expanding access to those in need.

Our Values

Above all else we value:

- ❖ **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 change of social structures that undermine human dignity and demonstrating compassion for those who are poor.
- ❖ **EXCELLENCE**—exceeding expectations through teamwork and innovation.
- ❖ **STEWARDSHIP**—accountability for the human, financial and ecological resources entrusted to our care as we promote healing and wholeness.

Embedded in our core values is a belief in the sacredness of all life forms and caring stewardship of a renewable Earth for the enhancement of all life. Recognizing the interdependence of all things great and small, we move toward choices that honor our partnership with the whole of creation.

III. Our Profile

CHW Statistics

	2001	2002	2003	2004	2005
Assets	\$5.3 b	\$5.3 b	\$5.4 b	\$6.4 b	\$7.2 b
Net Operating Revenue Annualized	\$4.2 b	\$4.5 b	\$4.9 b	\$5.4 b	\$6.0 b
Net Income Annualized	(\$116.7 m)	(\$54 m)	\$50.1 m	\$246 m	\$348m
Acute Care Beds	7,088	6,758	6,741	6,969	6,782
Skilled Nursing Beds	1,175	1,415	1,330	1,197	1,061
Physicians	6,500	7,033	7,033	7,475	7,617
Employees	36,000	35,266	36,111	36,889	40,000
% Workforce Unionized	27%	53%	56%	60%	65%
Acute Patient Care Days	1.3 m	1.6 m	1.7 m	1.7 m	1.7 m
Community Benefits & Care of the Poor	\$366 m	\$368 m	\$422 m	\$567 m	\$623m

Labor Relations

In 2001, CHW entered into organizing accords with two large labor organizations, Service Employees International Union (SEIU) and California Nurses Association (CNA). Since that time, our workforce has gone from being predominantly non-union to predominantly unionized. We currently have more than 23,000 employees who are represented by ten different labor organizations. The following principles guide initiatives to advance the strategic goal of facilitating labor/management collaboration that contributes to CHW's success.

CHW Core Values:

A Labor-Management Relations Perspective

DIGNITY: CHW is committed to treating our employees and labor organizations in a manner that promotes mutual respect and dignity.

COLLABORATION: CHW values our employees and labor organizations as key participants in our efforts to provide and advocate for quality healthcare.

JUSTICE: CHW will apply workplace policies and collective bargaining agreements in a just and fair manner, without discrimination or harassment.

STEWARDSHIP: CHW will bargain in good faith with our employees, while always being mindful of our role as stewards of our ministry.

EXCELLENCE: CHW will work with employees and labor organizations to encourage teamwork and innovation that contribute to the CHW mission of compassionate, high-quality and affordable health care services.

Workplace Diversity

CHW is an equal opportunity employer. We seek to promote diversity at all levels of the organization.

Minority Representation	2001	20002	2003	2004	2005
Corporate Board	3 23%	3 23%	4 29%	5 36%	6 40%
Hospital Boards	NA NA	NA NA	NA NA	67 20%	104 23%
Corporate Officers	3 43%	3 38%	3 38%	3 38%	4 50%
Managers	543 19%	539 20%	575 21%	633 21%	658 23%

Advancement of Women	2001	20002	2003	2004	2005
Corporate Board	6 46%	6 46%	6 43%	6 43%	6 40%
Hospital Boards	NA NA	NA NA	NA NA	103 32%	144 32%
Corporate Officers	3 43%	3 38%	3 38%	3 38%	3 38%
Managers	1765 74%	1800 68%	1925 70%	2064 70%	2029 71%

CHW Medical Foundations

- MedClinic of Sacramento
- St. Joseph's Medical Associates, Stockton

CHW Acute Care Facilities, June 30, 2005

- Arroyo Grande Community Hospital, Arroyo Grande, CA
- Bakersfield Memorial Hospital, Bakersfield, CA
- California Hospital Medical Center, Los Angeles, CA
- Chandler Regional Hospital, Chandler, AZ
- Community Hospital of San Bernardino, San Bernardino, CA
- Dominican Hospital, Santa Cruz, CA
- French Hospital Medical Center, San Luis Obispo, CA
- Glendale Memorial Hospital & Health Center, Glendale, CA
- Marian Medical Center West, Santa Maria, CA
- Marian Medical Center, Santa Maria, CA

- Mark Twain St. Joseph's Hospital, San Andreas, CA
- Memorial Center, Bakersfield, CA
- Mercy General Hospital, Sacramento, CA
- Mercy Hospital of Folsom, Folsom, CA
- Mercy Hospital, Bakersfield, CA
- Mercy Medical Center Mt. Shasta, Mt. Shasta, CA
- Mercy Medical Center Redding, Redding, CA
- Mercy Merced Medical Center Community Campus, Merced, CA
- Mercy Merced Medical Center Dominican Campus, Merced, CA
- Mercy San Juan Hospital, Carmichael, CA
- Mercy Southwest Hospital, Bakersfield, CA
- Methodist Hospital of Sacramento, Sacramento, CA
- Northridge Hospital Medical Center, Northridge, CA
- Oak Valley Hospital District, Oakdale, CA
- Saint Francis Memorial Hospital, San Francisco, CA
- San Gabriel Valley Medical Center, San Gabriel, CA
- Sequoia Hospital, Redwood City, CA
- Sierra Nevada Memorial Hospital, Grass Valley, CA
- St. Bernardine Medical Center, San Bernardino, CA
- St. Elizabeth Community Hospital, Red Bluff, CA
- St. John's Pleasant Valley Hospital, Camarillo, CA
- St. John's Regional Medical Center, Oxnard, CA
- St. Joseph's Behavioral Health Center, Stockton, CA
- St. Joseph's Hospital and Medical Center, Phoenix, AZ
- St. Joseph's Medical Center, Stockton, CA
- St. Mary Medical Center, Long Beach, CA
- St. Mary's Medical Center, San Francisco, CA
- St. Rose Dominican Hospitals, Henderson, NV - Rose de Lima Campus
- St. Rose Dominican Hospitals, Henderson, NV - Siena Campus
- Woodland Healthcare, Woodland, CA

Contact

Sister Susan Vickers, RSM, is CHW's Vice President for Community Health and the systemwide point of contact for our participation in Ceres. Sister Susan can be reached at 415.438.5511 or svickers@CHW.edu. More information on CHW can be found at <http://www.chwHEALTH.org/>.

IV. Governance and Organizational Structure

A. Corporate Members, Board of Directors, Executive Management

The governance and leadership of CHW is comprised of three groups: Corporate Members, Board of Directors and Executive Management.

The Corporate Members represent the top level of our governance structure. They are a group of Sisters representing each of the Sponsoring Congregations who, in conjunction with the Board of Directors and management, safeguard the legacy and traditions of all hospitals operated by CHW.

The Board of Directors is appointed by the Corporate Members and includes Sisters from our Sponsoring Congregations and healthcare and business leaders. Together, they are responsible for approving major decisions affecting our health care ministry such as long-range strategic plans, allocation of capital, joint ventures, and major acquisitions or sales.

The Executive Management Team is charged by the Corporate Members and 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.

Learn more about CHW's Corporate Members, Board of Directors and Executive Management at <http://www.chwhealth.org/aboutus>.

B. Organizational Structure for Ecology

Local hospital cross-functional teams, known as Environmental Action Committees (EACs), are responsible for coordinating the overall ecological initiatives and are the cornerstone of our success. Meeting no less than bimonthly, these committees are responsible for overseeing a hospital wide comprehensive environmental health and safety program that evaluates all environmental health and safety issues. These committees ensure that effective programs are in place and monitored. The EACs develop action plans to ensure continued compliance, document trends and report performance to the facility's Senior Management. An EcoContact appointed by the Hospital President chairs each EAC. The CHW Ecology Program Coordinator regularly convenes EcoContacts from all the facilities by telephone conference to share best practice and to participate in educational sessions.

In addition to our commitment to Ceres and other voluntary efforts, CHW hospitals are required to comply with external licensing and certification regulations of county, state and federal governments. Organizations such as the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO), Department of Health Services (DHS), Occupational Health and Safety Administration (OSHA), and many others mandate compliance with environmental standards. Every CHW hospital has appointed individuals responsible for compliance programs.

Reporting Relationships



C. Environmental Principles and Policies

In 1996, CHW's Board of Directors issued our first environmental policy based on the Ceres Principles (www.ceres.org). Key personnel from each of CHW's hospitals received education and training on this policy, and were directed to incorporate these environmental principles into their hospital's day-to-day operations. The systemwide policy is reviewed annually and was last updated in 2002. The CHW Board has also issued a mercury elimination policy and a sustainable design policy.

V. Issues Management and Awards

A. Health, Safety and Environmental Audits

CHW continues to monitor our environmental health and safety programs. Five key components are measured to assess compliance:

- 1 Implementation of our systemwide environmental policy
- 2 Establishment and operation of Environmental Action Committees
- 3 Setting specific, measurable goals and objectives toward environmental excellence
- 4 Collecting key data to enable us to measure our progress
- 5 Status of regulatory compliance

Internal audits take on different configurations at each hospital, however all hospitals ensure that a formal internal audit is conducted at least twice a year. Audit results are reported to the hospital safety committee or the Environment of Care (EOC) committee; deficiencies are documented, and corrective action is taken.

Many of our hospitals shape their audit efforts around the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Environment of Care inspection program and use an interdepartmental team comprised of the safety officer, employee health nurse, infection control nurse, environmental services manager, biomedical technician, and engineering to review all hospital areas. Audits cover:

- ❖ Proper storage of sterile, clean, dirty, and hazardous materials
- ❖ Universal health precautions
- ❖ Hand washing
- ❖ Infection control
- ❖ Work environment
- ❖ Medication security and storage
- ❖ Chemical usage and storage
- ❖ Area security
- ❖ Fire procedures
- ❖ Emergency preparedness

- ❖ Biological, chemical and nuclear terror preparedness
- ❖ General safety
- ❖ Ergonomics
- ❖ Medical equipment
- ❖ Waste storage and disposal
- ❖ Utility
- ❖ General condition of facility

The wide range of subjects covered in CHW's audit review shows that concern for an excellent hospital environment overlaps with CHW's concern for environmental considerations in the larger scheme. Both are addressed as the Environment of Care team scores inspection results on a written form, which is reviewed by department managers. Corrective actions required within certain periods are specified.

B. CHW Risk Services

CHW's Risk Services group conducts comprehensive two to four day audits that evaluate a hospital's compliance against JCAHO, DHS, OSHA, NFPA and EPA standards. This assessment consists of a formal review of the hospital's management plans, policies and procedures, training records, drills and exercises, safety committee activities, performance improvement measures, patient care practices, medical staff functions, human resource activities and a physical inspection of the facility. At the end of the assessment senior leadership, directors, managers, and staff are presented with the findings. Any areas that need improvement, along with areas that are found to be in non-compliance, are noted. The hospital is requested to design an action plan that specifies the necessary measures to ensure all identified deficiencies are addressed and plans for improvement are developed. A total of nine CHW hospitals were surveyed in FY2005.

C. Hazardous Waste Audits

A system-wide hazardous waste audit was conducted in FY 2003, using the audit tool shown in Appendix C. One third of the facilities audited found no deficiencies. The other two thirds reported a range of problems that fell into four categories:

- ❖ Materials not properly labeled
- ❖ All required inspections not performed
- ❖ Hazardous waste storage area not properly outfitted or maintained
- ❖ Eye wash stations not inspected regularly

None of the identified deficiencies rose to the level of requiring reporting to regulatory agencies, and all deficiencies were quickly corrected. Ten facilities were re-audited in the past year. While we are not yet willing to claim full success in this area, the results of the audit were significantly improved over previous years, with most

deficiencies being in the area of package labeling and facility signage. Periodic audits will continue to ensure that these areas are improved and no “backsliding” occurs.

D. Employee Involvement

An ecology newsletter, EARTHCARE, is developed by and disseminated to employees systemwide. CHW hospitals use newsletters, bulletin boards, staff meetings and safety fairs to educate employees on environmental issues. Employees are encouraged to identify and correct environmental deficiencies or errors as they see them. To ensure that our staff is qualified to carry out their environmental responsibilities, all hospitals conduct annual competency reviews of all key personnel. Management is responsible for ensuring that employees receive the required training and are competent in performance of their duties. An annual program tests employee knowledge and documents their competency.

E. Awards

We have been fortunate to be recognized for a number of awards this past year, which could only be achieved through the efforts of our employees.

Facility	Award	Program Area of Award
Catholic Healthcare West	2005 H2E Champion Award	Leadership in waste management and recycling
Dominican Hospital Santa Cruz, CA	H2E Pioneer Award	Early recognition and action on mercury removal
	1999-2005 WRAP Awards	Leadership in waste management and recycling
	2002-2005 H2E Partner for Change Award	Leadership in waste management and recycling
Marian Medical Center Santa Maria, CA	HELP Mercury Free Award	Mercury Elimination Leadership Program
Mercy General Hospital Sacramento, CA <i>and</i> St. Francis Memorial Hospital San Francisco, CA	Best Workplace for Commuters Award	Employee commuting programs that reduce employee trips to work which reduces pollution.
Sequoia Hospital Redwood City, CA	WRAP Award	Leadership in waste management and recycling
St. Bernardine Medical Center San Bernardino, CA	H2E Partner Award	Leadership in waste management and recycling
St. Elizabeth Community Hospital Red Bluff, CA	HELP Mercury Free Award	Mercury Elimination Leadership Program
	2002-2005 H2E Partner for Change Award	Recognition and action on mercury removal
	2002-2005 WRAP Award	Leadership in waste management and recycling
	2005 GEELA (Governor's Economic and Environmental Leadership Award)	Leadership in waste management and recycling

VI. Stakeholder Engagement

A. Coordinating With Others

CHW has joined other voluntary environmental efforts, such as Health Care Without Harm, an international coalition working to reform the environmental and public health practices of the health care industry. In collaboration with the campaign, CHW plans and participates in educational conferences and advocacy initiatives to reduce the volume and toxicity of waste generated in the provision of health care services.

We are also working with the California Climate Action Registry. This organization provides tools to help us monitor our greenhouse gas emissions, and provides a repository for emissions data from CHW and many other California companies.

B. Leveraging Memberships

CHW has regular contact with other hospital systems, trade associations, and vendors to share best practices and ideas. Examples include:

AMERICAN HOSPITAL ASSOCIATION: In 1998 CHW was instrumental in promoting a Memorandum Of Understanding (MOU) between the American Hospital Association and the Environmental Protection Agency to reduce the volume and toxicity of the waste produced through the delivery of health care services. The MOU, which provided leadership and direction for American hospitals in addressing environmental issues, has led to creation of HOSPITALS FOR A HEALTHY ENVIRONMENT (H2E). In 2005 CHW was awarded the H2E Champion for Change Award celebrating CHW's successes in improving healthcare's environmental performance. Three CHW facilities: St. Elizabeth Community Hospital - Red Bluff, St. Bernardine Medical Center - San Bernardino, and Dominican Hospital - Santa Cruz were honored as Partners for Change in recognition of their efforts to engage in meaningful and sustainable environmental improvements.

CATHOLIC HEALTH ASSOCIATION OF THE UNITED STATES: At CHW's urging, CHA-US has announced its endorsement of the Health Care Without Harm Campaign and CHW staff has joined a planning team for member education on environmental issues in health care.

CALIFORNIA HEALTHCARE ASSOCIATION (CHA): At CHW's urging, the California Healthcare Association (CHA) and the California Medical Association (CMA) have issued a joint letter advising their respective members to consider using alternatives to products that contain DEHP (a phthalate plasticizer used to make vinyl medical equipment flexible) in the treatment of male neonates.

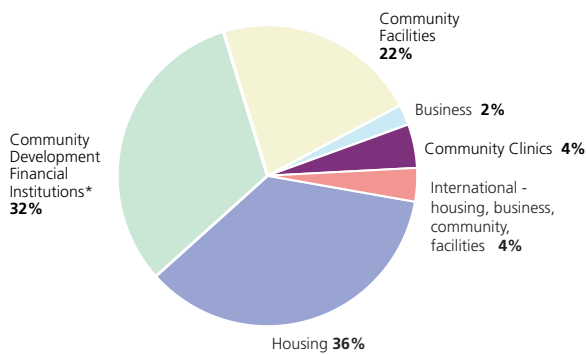
C. Community Investments

CHW's Community Investment Program was created to expand access to capital for the historically underserved. Community Investments are below-market interest rate loans to nonprofit organizations working to improve the health and quality of life in their communities. CHW borrowers develop affordable housing for low-income families and seniors, provide job training for unemployed or underemployed persons, and create wealth in low-income and minority neighborhoods.

Since 1992 Catholic Healthcare West has lent more than \$62.5 million to 132 nonprofit organizations. 70.1% of those loans have been repaid; \$18,252,370 is outstanding. In addition, CHW has made seven guarantees amounting to more than \$23 million and equity grants totaling 42.9 million to Mercy Housing, Inc., Seton Institute for International Development, and the Northern California Council for the Community. CHW's Community Investments include a \$300,000 EcoDeposit in ShoreBank Pacific, whose mission is to conserve the environment while improving the economy by encouraging business practices that respect and sustain the natural resource base. We maintain a \$1,000,000 CD at South Shore Bank in Chicago and \$100,000 CD at ShoreBank Detroit. ShoreBank is a community development financial institution that successfully combines finance, development and conservation objectives. Furthermore, CHW owns a \$100,000 Environmental Certificate of Deposit from the Self-Help Credit Union. These funds directly support the growth of locally owned small businesses that create jobs and preserve our natural resources.

Types of Borrowers

Repaid and Outstanding Loans and Investments - 1992 - 2005

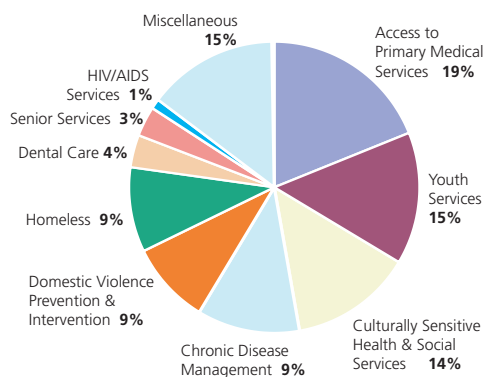


* Community Development Financial Institutions. CDFIs are financial intermediaries (community loan funds, community credit unions, and community development banks) that channel private investment capital to benefit low-income communities. They are organized and governed by people representing diverse constituencies: investors, community development borrowers and professionals with technical skills. They receive investments from individuals or institutions and provide capital and technical assistance to low-income people.

D. Community Grants

Through the Community Grants Program CHW advances its mission and enhances the community benefit initiatives of its hospitals. Every CHW hospital has conducted a community health assessment and has identified strategic priorities based on this assessment. CHW's Community Grants Program awards grants to nonprofit organizations whose proposals respond to the priorities identified in the health assessment and/or community benefit plans of each CHW hospital.

2005 CHW Community Grants Categories



CHW's Community Grants Program is funded by contributions (.05% of total expenses for the last audited year) from its member hospitals. Typically, grant awards range from \$5,000 to \$25,000, and projects funded must involve collaboration with others. Since 1990 when this program began, CHW has made grant awards to 1,189 projects totaling \$19.6 million.

CHW awarded grants to 163 organizations, among them The Community Resource Project, Inc., which serves 1.3 million participants through its Special Supplemental Nutrition Program for Women, Infants and Children.

Through the 2005 Community Grants Program, CHW hospitals contributed \$2,221,618 million to make grant awards to 163 projects.

E. Shareholder Advocacy Program

CHW's investment program integrates the mission and values of the organization into investment decisions. We leverage our investment portfolio to promote corporate social responsibility and accountability on a range of issues that affect the broader health of the community.

Through dialogue with corporate management, proxy voting and shareholder proposals at company annual meetings, CHW uses its rights as a shareholder in certain corporations to raise issues of social and/or environmental concern.

In collaboration with other investors, CHW engaged 30 corporations on 17 social and environmental issues during the 2005 proxy season. Again this year, the program exceeded its benchmark (80% of proposals receiving sufficient support to be refiled the following year or 80% of companies agreeing to requested action) with an overall success rate of 81.3%. The eight shareholder proposals that were included in company proxies received sufficient shareholder support to be returned to the proxy next year. A climate change proposal at ExxonMobil received an unprecedented 28.3% favorable vote, the highest vote on record at the company for a global warming proposal. A proposal on equal employment and promotion opportunity received a notably strong vote at WalMart. Shareholders also gave significant support to proposals seeking a separation of Chair and CEO roles at major pharmaceutical companies.

After dialogue between shareholders and corporate executives, five companies agreed to develop specific policies in response to shareholder requests. CHW then withdrew the proposals.

Regular dialogues continue at seven companies to ensure steady progress toward established goals. A recent meeting with executives from Washington Mutual indicated that the bank's subprime subsidiary has developed and implemented effective policies and procedures to prevent predatory tactics in lending to persons with little or poor credit history.

Just three years after CHW and other investors pressed General Electric to assess and reduce its greenhouse gas (GHG) emissions from both products and operations, GE has rolled out a “comprehensive investment, marketing and policy initiative” that includes a doubling of the conglomerate’s investment in “green” technologies. Such spending would increase to \$1.5 billion by 2010. Seeking to profit more from the global push toward tougher environmental regulation, GE aims to achieve \$20 billion in sales of cleaner products by 2010, or double its current amount — a target that would comprise as much as 20% of the company’s estimated industrial sales. GE also pledged that, in the next seven years, the company’s energy efficiency would improve by 30 percent and its worldwide greenhouse gas emissions would decrease by 1 percent – as opposed to a 40 percent increase if action was not taken to reduce emissions.

F. Stewardship In The Community

Each CHW facility collaborates with community partners to assess community health assets and needs. Based on that assessment, each facility identifies community health priorities and develops programs to meet specified health outcomes.

CHW is acutely aware that, while our hospitals provide a vital service to the community, they also have an impact on that community by their very presence. Our means of reducing those impacts are discussed elsewhere in this report, but a few of those efforts are listed below.

- ❖ Management and reduction of solid, medical, and hazardous waste
- ❖ Removal of mercury, and reduction of PVC from our waste streams
- ❖ Implementation of Environmentally Preferable Purchasing and Sustainable Building programs
- ❖ Energy and water reduction programs
- ❖ Removal of equipment which contains ODCs
- ❖ Donation of usable equipment and commodities to charities at home and abroad

We also strive to improve the environment around us. Examples of activities with an ecological focus include:

Mercy & Mercy Southwest Hospitals, Bakersfield, CA

- In collaboration with Kern County Emergency Medical Services, secured new decontamination equipment (including tents, cots, and additional decontamination products). This is significant for our region, since pesticide exposure is one of our highest field worker injuries
- Sponsored a training program to drill on pesticide exposure and spills

Mercy Healthcare Sacramento, CA

- Sponsored a thermometer exchange to remove mercury from the community

Methodist Hospital, Sacramento, CA

- Sponsored “Car Seat” awareness and give away events to raise parental awareness

St. Joseph’s Hospital and Chandler Regional Medical Center, AZ

- Directed a \$205,000 CHW low-interest loan to Homebase Youth Services in Phoenix, AZ, enabling the organization to help fund low-income housing for run-away or homeless youth

Glendale Memorial Hospital & Health Center, CA

- Worked with City Community Services to find employment for challenged individuals in the recycling program. This year one of the individuals, hired by City Community Services, is now employed by Glendale Memorial

St. John’s Regional Medical Center & St. John’s Pleasant Valley, Oxnard, CA

- Collected cell phones that were then re-built and sent overseas to our Armed Forces with 100 minutes of free air time donated by cell phone companies
- Initiated Shots for Kids to provide 100% screening of children’s immunization cards and updates of the children’s immunizations
- Provided food baskets for 315 families, impacting 1,376 people

Saint Francis Memorial Hospital, San Francisco, CA

- Named one of the Bay Area’s “Best Place for Commuters”
- Sponsored Earth Day Education Fair
- Collected and donated used eyeglasses to the Lion’s Club

Mercy Medical Center Redding, CA

- Donated older cellular phones to the elderly for 911 emergency use
- Sponsored a “Fun Run” to raise funds to create a new park
- Donated funds for a new slide for the community pool
- Donated funds to support the new Shasta County Library
- Contributed \$20,000 per year for a three-year program to reduce youth violence
- Donated Infection Prevention Kits to the Redding Police Department for each patrol car

St. Elizabeth Community Hospital, Red Bluff, CA

- Sponsored a community-wide Health Faire, Earth Day recognition event, and anti-smoking events. Initiated a collection of eyeglasses and books for donation to local charities and to our troops in Iraq

Sequoia Hospital, Redwood City, CA

- Donated about \$2,000 worth of furniture to Samaritan House, a free clinic servicing the uninsured in Redwood City.
- Limited vendor delivery hours to reduce noise in the community

Mercy Medical Center Mt. Shasta, Mt. Shasta, CA

- Created and distributed frozen food packs from leftovers to senior citizens

St. Joseph’s Medical Center Stockton

- Participated in planning and implementing a city sponsored domestic preparedness program (Metropolitan Medical Response System—MMRS). An exercise was conducted to assess the status of our county and region’s readiness in the event of a “Weapons of Mass Destruction Effort”

Community Hospital of San Bernardino, CA

- Developed a “Healing Garden” that features a wooden bridge over a dry riverbed of rocks, a gazebo, water fountain, and benches for employees’ and visitors’ enjoyment. Drought resistant plants and artwork donated by local high school students beautify the gardens.

Sierra Nevada Memorial Hospital, Grass Valley, CA

- Installed new cooling tower equipment (in part) to reduce noise in the community
- Sponsored annual Community Wellness Walks and Kids Runs to promote community health.

Marian Medical Center, Santa Maria, CA

- Successfully advocated with the Recreation and Parks Commission to implement a “Tree of Life Program” which provides a way for community members to honor or memorialize someone by planting a tree. The various trees to choose from are moderate to allergy free species. Marian purchases trees from this program and selects allergy free ones, which assist in cleansing our air of pollutants as well as beautifying our environment.

St. Rose Dominican Hospital, Henderson, NV

- Launched a program to provide healthcare services to underserved local public school children of the working poor.
- Assisted in vacant lot clean-up program

Northridge Hospital Medical Center, Northridge, CA

- Launched a program to provide 24/7 access to free clinical assessments, emergency intervention and/or referral services to nearly 10,000 persons annually throughout Los Angeles County.
- Recycled medical equipment and supplies to Flying Doctors for Mission Work and donated medical supplies and material to Our Lady of Peace Mission

Mercy Medical Center, Merced, CA

- Worked with the Asthma Coalition to sponsor the Air Alert System and to fly the Air Quality Condition Alerts from the hospital flag pole

Numerous Facilities

- Participated in local area litter and graffiti removal programs
- Collected used needles from anyone in the community to ensure proper disposal
- Sent old but usable medical equipment to communities and countries in need of such equipment
- Delivered excess food to homeless assistance programs
- Participated in Habitat for Humanity housing construction projects

G. Emergency Preparedness

Each CHW hospital maintains an Emergency Preparedness Committee that works with civil authorities and local Emergency Medical Service organizations to ensure coordination of efforts when responding to community disasters. CHW emphasizes emergency preparedness through a high level of coordination among hospital departments, involving Security, Housekeeping, Engineering, and Environmental Services. Many of our hospitals have arrangements in place with response contractors in the event that extra assistance is needed for a larger emergency. By nature of being medical facilities, CHW hospitals have close relationships with fire, ambulance, police, and rescue services. Many facilities invite outside agencies to participate in their internal disaster meetings. CHW builds on these relationships with regularly scheduled joint training exercises and drills. All facilities have practiced various levels of response to terrorist attacks using chemical, biological and nuclear agents. California facilities have participated in statewide drills, which included a radiation (dirty bomb) terrorist event.

The hospitals' emergency response plans include procedures for chemical spills. Each hospital has developed and trained staff, or contracted with vendors to respond to both large and small chemical spills. Staff is taught to safely identify and isolate a spill and then to notify appropriate authorities. Hospitals maintain up-to-date information on chemicals and other materials that emergency personnel may encounter in an emergency response. CHW hospitals annually update current chemical inventories with the appropriate local agency, and identifies locations and average on-hand daily quantities. Material Safety Data Sheet binders, or electronic databases, are maintained for all required chemicals.

VII. Performance

A. Purchasing Programs And Guidelines

CHW is using its purchasing power to work with and influence our vendors to achieve environmental goals.

Purchasing Guidelines

CHW's environmental purchasing guidelines, implemented through its Supply Chain Management department, cover many elements, including evaluation of a product's:

- Energy and water efficiency
- Durability
- Packaging
- Manufacturing process (e.g. use of hazardous materials or ODCs)
- Hazardous materials and Recycled content
- Recycling Potential/Disposal options
- Ergonomics
- Ease of Maintenance

Our Materials policy pursues several environmental goals. First, we seek to reduce waste at its source by redesigning processes and purchasing practices to reduce the amount of virgin materials purchased. Second, once a procurement need is identified, we try to purchase goods with recycled content that can specifically be recycled, and have a low life cycle impact on the environment. Once our purchases reach the end of their initial use, we focus on recycling, reuse within the hospital, transfer to another user (such as the community or needy organizations), and finally to proper waste disposal. A cross-functional decision making group, the "Value Analysis Committee," at the local facility level implements and reports the results of these purchasing decisions.

Examples Of CHW's Environmentally Sensitive Purchases

- In November of 2005 CHW awarded B. Braun Medical Inc. a five-year, \$70 million contract to supply all 40 of our hospitals with plastic IV solution containers and tubing free of PVC/DEHP.
- CHW contracted with Vanguard, a company that specializes in reprocessing "single use" items to allow for multiple uses. Items range from surgical instruments to

cardiac cath lab supplies. The goal for June 2005 was to achieve 60% of the best-demonstrated national practice for the savings tied to purchase of reprocessed single use devices. We achieved the 60% reuse goal, resulting in \$1.98 million saved and 26.8 tons of medical devices recycled and eliminated from the waste stream. The goal for FY2006 is to sustain 60% of the best-demonstrated practice and savings of \$2.5 million.

- CHW contracted with a reusable sharps container vendor following a product analysis and competitive bid process by a collaborative team of CHW hospital and system employees. CHW hospitals began the process of eliminating disposable sharps containers that would reduce solid waste by 248 tons.
- Under Supply Chain Management's tutelage, CHW's textile supplier provided resources to better manage hospital linen, thereby reducing utilization by two million pounds annually, and conserving more than four million gallons of water, 180 thousand kilowatts and 56 thousand therms of natural gas as well as \$700K in direct cost.
- Nearly 15% of CHW's office supplies/minor equipment purchases met recycled content or other environmentally preferred product criteria.

B. Sustainable Building Programs

CHW is in regular discussion with the Healthy Building Network and the American Society of Healthcare Engineering (ASHE), to investigate and implement sustainable building practices for our facilities. Efforts include designing for patient health and recovery, choosing building materials wisely to provide for future disassembly, and minimizing use of natural sources.

CHW has developed a sustainable design policy and project delivery model that is used to ensure all new building construction is done under a Sustainable Building framework. These standards are required to be applied to any large (\$5 million and greater) project and are recommended for smaller projects as well. These cradle to grave guidelines address a wide range of issues from construction debris recycling, to materials selection, water and energy efficiency, and ultimate disassembly and recycling of the built facility. We are proud of this tool and are happy to share it with other hospital facilities should they be interested.

THE WALL STREET JOURNAL.

Intravenous Bags, Tubes Redesigned for Safety

By PETER WALDMAN

April 19, 2006; Page D3

Responding to the rising demand for safer hospital products, Hospira Inc., the nation's second-largest maker of intravenous bags and tubes, plans to announce its first major overhaul of IV gear in more than 30 years.

Specifically, the Lake Forest, Ill., company said it plans today to introduce a new line of IV equipment made of propylene rather than polyvinyl chloride, or PVC, a common plastic that public-health advocates say poses environmental and health hazards at every stage from production through disposal. Hospira also said its new propylene bags and tubes will be made without diethylhexyl phthalate, or DEHP, a plasticizer used to soften PVC that can leach from medical equipment into the bloodstreams of hospital patients. Other studies have shown DEHP can disrupt the body's hormone system.

"This is a wonderful step forward," said Ted Schettler, a physician with the Boston Medical Center who has helped lead a medical campaign to prod hospitals and their suppliers to find alternatives to gear made with PVC and DEHP.

The nation's largest hospital-gear supplier, Baxter Healthcare Corp., announced yesterday that it was introducing IV equipment made without PVC and DEHP. But Baxter, a unit of Baxter International Inc., said the launch of its "premium line" would be limited to a "pilot program" and was targeted at "niche applications...such as neonatal, pediatric and oncology patients."

In contrast, Robert Felicelli, who heads Hospira's IV-product unit, said the company expects the new propylene gear eventually to replace its line made with PVC and DEHP. Accordingly, he said Hospira plans to price the new gear "competitively," to promote broad adoption. At first, the propylene equipment may cost more per unit than PVC gear, but Mr. Felicelli said the overall cost to hospitals should be less. That's partly because propylene bags don't require the extra layers of preservative wrapping that PVC bags do, eliminating some 20 million pounds of hospital waste, he says.

U.S. hospitals spend about \$1.2 billion a year on IV solutions and gear, and Baxter and Hospira dominate about 90% of the market. New health regulations have shrunk DEHP demand in Europe, but its production has remained stable in the U.S. — where restrictions on DEHP use are voluntary — at about 120,000 metric tons of DEHP a year.

However, with a rising number of hospitals demanding safer products, and suppliers now responding, that may change. In November, for example, Catholic Healthcare West awarded a five-year, \$70 million contract for IV gear to B. Braun Medical Inc. of Bethlehem, Pa., because the B. Braun products don't contain PVC or DEHP. The 40-hospital chain had been buying its IV equipment from Baxter, says the Catholic Healthcare West's Sister Mary Ellen Leciejewski, "but B. Braun had alternatives ready to go and Baxter didn't," she said.

A spokeswoman for Baxter, Erin Gardiner, said: "We're looking at this as a specialty, niche market. We put in the time and the focus needed to launch a specialty product line."

St. Joseph's Hospital Medical Center BNI Tower Sustainable Design Initiatives



Architect: Perkins & Will

Constructor: Kitchell

Stage: In construction December 2003, scheduled for completion April 2006

Construction: New

Key green construction elements:

Site Planning:

- ❖ Implement Storm Water Pollution Prevention Plan (SWPPP) including:
 - Barriers to protect storm sewer inlets in jobsite from construction debris run-off
 - Oil separator for surface parking prior to municipal storm sewer connection
 - Diverter system and holding tank to capture heli-pad foam fire suppression prior to municipal storm sewer connection
- ❖ Design surface parking on east and north side of building to minimize heat absorption
- ❖ Minimal surface parking; remainder of parking is in multi-deck parking structure to reduce heat island effect
- ❖ Minimal use of high water consuming turf areas
- ❖ Use of native plants in landscaping
- ❖ Installation of bicycle racks
- ❖ Lease parking facility for construction workers adjacent to site (across the street)
- ❖ Hospital food service delivered to jobsite to reduce trips from site for lunch
- ❖ Urban site adjacent to future light rail project

Integrated Design:

- ❖ Utilize day lighting in 2nd floor Waiting Areas, Patient Corridors, and Staff Lounges
- ❖ Reduce solar gain on exterior windows by:
 - Installation of perforated stainless steel solar shades on exterior
 - Use of roller shades on interior side of windows
 - Specify low emissivity glass
- ❖ High performance building envelope including:
 - R-19 wall insulation and R-30 roof insulation
 - Reflective surface roofs and exterior wall
- ❖ Renewable materials such as linoleum flooring

Energy Systems:

- ❖ Fully integrated building automation system
- ❖ High efficiency motors on all fans and pumps
- ❖ Use of variable frequency drives on all motors with variable demand
- ❖ Commission all building systems prior to Owner occupancy
- ❖ Use of high efficiency lighting and task lighting
- ❖ Insulate all heating and cooling process piping
- ❖ HVAC systems have economizer mode

Water and Wastewater Management:

- ❖ Specify low-flow toilets and urinals
- ❖ Landscape areas will have automatic zone valves and rain sensors

Materials/Waste Management:

- ❖ Recycle all copper wire remnants during construction
- ❖ Recycle all shipping pallets
- ❖ Recycle all shipping cardboard
- ❖ Reuse of existing parking lot lighting equipment
- ❖ No HCFC's or Halon
- ❖ Use of local sourcing of materials
- ❖ Use of fly ash in concrete

Indoor Environmental Quality:

- ❖ Focus on indoor air quality:
 - Seal all ductwork/dampers/vav's etc. during shipping, storage, and after installation in field prior to start-up
 - Protect air handlers and ductwork from construction dust during construction-phase operation
 - Pressure test all ductwork to ensure proper pressurization
 - Use of ultraviolet lamps inside ahu's
 - Use of carbon filters on roof mounted outside air intakes in proximity to helipad
- ❖ Specify low VOC finishes
- ❖ Minimal use of carpet

C. Computer Purchasing and Disposal Guidelines

CHW currently possesses nearly 20,000 computers, all of which have a defined life. Disposal of these computers has become not only a CHW issue, but also a community-wide problem. CHW is working directly with computer manufacturers, such as Dell, and with the Silicon Valley Toxics Coalition to encourage computer manufacturers to

- ❖ Produce computers with fewer hazardous materials
- ❖ Create a manufacturer take-back program
- ❖ Take responsibility for the disposal of the large volume of existing computers

In parallel, we are working with our information technology vendor (Perot Systems) to ensure that patient privacy is ensured and that the computers we dispose of are handled only by reputable disposal companies, who will protect the environment and their employees during the recycling/disposal process. We have recently signed a contract with a computer disposal company, Redemtech, Inc. After an exhaustive evaluation of deconstruction, recycling and disposal practices, we are confident that our e-waste will be disposed in an ecologically sound manner.

CHW also met with a representative from Dell to discuss our desire for improved procurement and end-of-life management practices including a take back program, labeling, reduction of toxic constituents and a corporate commitment from Dell to sign the Electronic Recycler's Pledge of Stewardship. In addition, we provided Dell with the environmentally preferable procurement guidelines for electronic products and other resources which were prepared by the Computer TakeBack Campaign in Collaboration with Health Care Without Harm.

CHW is pleased with Dell's recent commitment to continuously improve the environmental quality of its products as evidenced by its new toxics policy. Included in the policy is a plan to avoid the use of "substances of concern" that could seriously harm the environment or human health. More specifically, Dell is working to eliminate all remaining uses of brominated flame retardants by 2015 and is in the process of phasing out PVC chassis parts.

D. Waste Management

In conjunction with our efforts to reduce, reuse and recycle materials, we manage our waste streams to ensure that all waste is properly captured, recycled, and treated or disposed. Such material, including medical, hazardous, non-hazardous, and construction debris, originates from a myriad of activities that we conduct in the course of providing health care services.

Non-Hazardous Waste

Many non-hazardous waste streams are generated from hospital operations, among them food, beverage and office wastes. Many of these waste materials are recycled, including aluminum cans, metals, paper, cardboard, plastics, bottles and "universal wastes" such as batteries and fluorescent tubes.

CHW has determined that we generate 13.2 pounds of non-hazardous waste and 1.4 pounds of medical waste for a total of 14.6 pounds of total waste per adjusted patient day that is disposed of via landfill. This represents a slight increase from last year, but a 27% decrease since the year 2000. Our longtime goal of reducing this number to 15 pounds per adjusted patient day has been met for the second consecutive year. While we will continue to look for methods of reducing this volume, it appears that 15#/apd is the practical goal for waste reduction given the current hospital environment. It is also important to disclose that the statistics presented below do not include the two new facilities which recently joined CHW, whose waste disposal numbers are much higher than are found in any CHW facility to date. One of our goals for the coming year is to work with these two new facilities to bring their waste numbers in line with the existing CHW facilities.

Year	Total Landfill Waste*	Percent Decrease From 2000
2000	18.5	N/A
2002	17.6	5%
2003	15.5	19%
2004	14.4	28%
2005	14.6	27%

* Pounds/adjusted patient days

Besides the landfilled waste discussed above, the two other main components of our waste stream are hazardous waste and recycled materials. The table below shows the total (non-normalized) amount of waste we generate and how those wastes are distributed. As shown below, currently nearly 30% of our total waste stream is recycled.

Waste Type	Waste Volume (Pounds)	Percent of Waste Stream
Solid Waste	34,500,000	65%
Medical Waste	3,360,000	6%
Hazardous Waste	20,000	<1%
Recycled Materials	15,160,000	29%

Creative Methods of Reducing Waste

When Marian Medical Center in Santa Maria discovered that there was no greenwaste (landscaping)-recycling program in the community, the hospital created its own.

The greenwaste is now being sent to a local company for composting. When this composted material is applied to the agricultural fields, the farmers use less water, fertilizer, and pesticides. 25,500 lbs./year of greenwaste has been diverted from the Santa Maria landfill. Other facilities have developed similar programs.

To improve our operations, meet changing demands, and respond to new safety and building codes, CHW constantly is renovating, demolishing, and building facilities. This activity generates construction debris. Through its contractors, CHW ensures as much of this debris as feasible is recycled. Examples of materials include steel studs, aluminum, copper, and cardboard. Old concrete is segregated, crushed, and used as backfill material. Additionally, CHW requires that new facilities be built, to the extent possible, with recycled materials and with an eye toward proper deconstruction when the facility reaches its end of life, ensuring that the facilities we build today can be properly reclaimed many years from now.

CHW has implemented a system-wide program for recycling inkjet and printer cartridges. In agreement with AAA Environment Inc. postage paid envelopes are available in each facility. Cartridges are simply dropped in the mail and a \$1.00/cartridge refund is sent to CHW, which is held in a fund for each facility to pay for future environmental programs.

Every facility has investigated methods of reducing waste in food service areas. Such innovative programs as using cornstarch utensils, eliminating Styrofoam coffee-cups, donating excess food to charities, and making maximum use of washable dishware, are being implemented in various areas throughout the system.

Medical Waste

“Medical waste” refers to materials generated as a result of patient diagnosis, treatment, or immunization of human beings or animals. “Infectious waste” refers to that portion of medical waste that could transmit infectious diseases. CHW hospitals work towards medical waste reduction through a variety of programs. The most successful programs involve improving training and implementing procedures to ensure non-medical waste is properly segregated from true medical waste. There are also parts of the medical waste stream, such as sharps (i.e. needles), that can be recycled.

CHW is attempting to reduce the amount of sharps produced by moving to needleless technology where possible. Also, CHW has signed a 3-year Agreement with Stericycle, Inc., for a Reusable Sharps Containers Management Program. The program, known as Bio Systems, is designed to increase safety, ensure compliance and mitigate the impact of sharps container use on the environment. Full reusable sharps containers are picked up at each facility by a Bio Systems technician and replaced with empty ones. The full containers are taken to Stericycle’s medical waste transfer station where they are opened by a robotic mechanism and the contents emptied for processing as medical waste. The emptied containers are then washed and sanitized before being sent back to the hospital for reuse. The containers are designed to be simple and easy to use. Each container can be re-used at least 500 times.

Use of the reusable sharps containers eliminates the need for millions of single use disposable sharps containers to be manufactured and disposed. In addition, they significantly reduce the medical waste stream by removing the weight of the single-use container. A Stericycle/BioSystems study showed that a 250-bed hospital would reduce its medical waste stream by 13 tons per year from just the weight of the single-use containers. This elimination of plastic reduces the burden on our landfills and contributes to the reduction of hazardous emissions where containers are incinerated. Bio Systems containers have no packaging, which translates into the elimination of thousands of cardboard boxes annually. Twenty CHW facilities are now using the recyclable sharps container system.

Sterilization renders 98% of all medical waste non-hazardous. Medical waste with higher biological hazards, such as pathological waste, is required by law to be incinerated. CHW uses only the best commercial incineration vendors and does not operate any of its own incineration facilities. We are also working with our vendor, Stericycle,

to develop processes to eliminate all incineration from the medical waste disposal process.

Hazardous Waste

Hazardous waste disposal volumes decreased by 12% from 685 pounds per facility in FY 2001 to 612 pounds per facility in FY 2002. We continued this decline to 496 pounds per facility in FY 2003, a further 23% decline. In FY 2005, hazardous waste volumes remained essentially flat as compared to the previous year. This volume is the equivalent of less than two 55-gallon drums of hazardous waste per facility per year. This waste consisted primarily of small amounts of chemicals used in our hospital laboratories, such as gluteraldehyde, formaldehyde, and stains and dyes used in medical analyses. In addition, we continue to generate small amounts of asbestos from remodeling projects at our older facilities.

We have achieved these reductions through substitution of some hazardous materials with non-hazardous substances (where such alternatives exist), and innovative recycling of formalin, xylene, and other laboratory chemicals. Asbestos waste will continue to be generated at a similar volume in the future as ongoing remodeling of older facilities continues. Although our facilities are virtually mercury-free, small amounts of mercury will continue to be disposed of in the coming years due to our facility’s outreach activities in which we offer the general public free digital thermometers in exchange for mercury thermometers.

All chemicals used in hospitals are labeled and stored in proper storage containers. Hazardous chemical waste areas are inspected weekly by the Haz-Mat coordinators, and licensed treatment facilities dispose of hazardous waste. Many of our facilities have programs in place to audit their waste disposal vendors.

In addition, several of our facilities, including Marian Medical Center in Santa Maria, Dominican Hospital in Santa Cruz, St. John’s Regional Hospital and Medical Center in Oxnard, Saint Francis Memorial Hospital in San Francisco, French Hospital Medical Center, and St. Elizabeth’s Community Hospital in Red Bluff, operate “Reusable Stores”. These stores are areas where any clean, but not needed hospital materials are placed. Hospital employees and community members are welcome to come and take items for free. Items may range from plastic containers and dressing gowns to furniture and older, but usable, computer equipment. In this way thousands of pounds of useful items find new life, instead of heading for the landfill.

Franciscan Store

The Partners for the Environment Committee of Marian Medical Center, Santa Maria, CA sponsors a Franciscan Store that is modeled after one which began earlier at Dominican Hospital, Santa Cruz. The Franciscan Store offers items for reuse to employees and volunteers. The store is open once a week and is staffed faithfully by Mr. Bob Michael, a volunteer of Marian.

Items such as worn blankets, boxes, packing material, etc., are placed in the store for reuse. During 2004-2005, 2,605 items were given for reuse. There were 391 (8%) more items taken from the store for reuse this year when compared to the prior year. This is a great example of reuse before recycling the goods of Mother Earth.

Marian Medical Center, Santa Maria, CA

- Increased volume of articles sent to Vanguard pre-processing: DVT sleeves, open unused suture kits, bits/burs/blades, trocars, harmonic scalpels, angio balloon inflation devices, open unused surgical packs, etc

Mark Twain St. Joseph's Hospital, San Andreas, CA

- Gave unused O/R basins to local auto mechanics for various garage activities as well as to local school children for school supplies
- Used blue wrap as wrapping material for moving, paint drop cloths and "smocks" for local school children

Saint Francis Memorial Hospital, San Francisco, CA

- Gave approximately 500 pieces of large, used furniture to interested Community Partners and staff

St. Rose Dominican Hospital, Henderson, NV

- Installed ground water sensors that decrease water use by detecting water content, and stopping sprinklers if watering is not needed

Mercy General Hospital, Sacramento, CA

- Implemented cardboard, blue wrap, fluorescent tube, and alcohol recycling programs

Glendale Memorial Hospital, Glendale, CA

- Used recycled water to operate the hospital's cooling towers

Mercy Medical Center Mt. Shasta, Mt. Shasta, CA

- Continued to purchase environmentally friendly material when possible, including low energy electrical fixtures, low water plumbing fixtures, and high efficiency utilities

Arroyo Grande Community Hospital, Arroyo Grande, CA and Mercy & Mercy Southwest Hospitals, Bakersfield, CA

- Changed to 3M cleaning materials that consume fewer amounts of cleaning chemicals, reduce the volume of water used, and minimize employee exposure to chemicals and injury due to weight lifting

St. Mary's Medical Center, San Francisco, CA

- Installed the Dornoch System for disposing of contaminated liquid waste in the Operating Room as a pilot program to determine the expense, ecological and exposure minimization benefits of this trial system. Results to date have been reduction to the solid waste stream estimated at 50%.

Mercy Medical Center Redding, Redding, CA

- Donated old computers to a local high school, Bishop Quinn, to use as a learning tool for students to dismantle and assemble with possible upgrades. Computers are also donated for use at Mistletoe Elementary and Liberty Christian. Liberty Christian School also receives our old toner cartridges, recycles them for us and in return receives monetary compensation.

St. Elizabeth Community Hospital, Red Bluff, CA

- Implemented an ECO friendly pest control method to reduce respiratory and allergic reactions from staff and patients. This method uses plant oils and natural ingredients for pest control reducing the risk to people and helps protect our ecology as well.

San Gabriel Valley Medical Center, San Gabriel Valley, CA

- Installed a dry laser digital camera that eliminated the use of fixer (a hazardous material) in the x-ray rooms and decreased the use of water to cool the now eliminated processors

Sequoia Hospital, Redwood City, CA

- Commenced Green Waste recycling
- Replaced Gluteraldehyde (a hazardous material) with non-hazardous Cidex OPA
- Donated surplus medical equipment, supplies, and office furniture

St. Bernadine Medical Center, San Bernardino, CA

- Increased paper and cardboard recycling by 28%
- Implemented the use of brown paper towels for the facility, that compost quicker than bleached towels in the landfill
- Recycled over 12,000 pounds of electronic waste
- Donated excess items to KidCare International

St. Joseph's Hospital & Medical Center, Phoenix, AZ

- Adopted a solvent distillation system that recycles alcohol and xylene for laboratory use achieving approximate savings of \$6000

Chandler Regional Hospital, Chandler, AZ

- Assists local Police and Fire Departments with disposal of their hazardous waste, and participates on city-wide Hazardous Waste Committee

St. Joseph's Medical Center, Stockton, CA

- Incorporated the green and healthy buildings initiatives (including LEED principles) and established an in-house "green team" to review current building-related policies and procedures, and develop green specifications, requiring architects to specify commercially available, cost-competitive materials and products as substitutes for products that compromise environmental quality and human health
- Switched to reusable surgical gowns eliminating over 60,000 disposable gowns being tossed into landfills. The same "disposable to reusable" program has been implemented for isolation gowns and under pads.

California Hospital Medical Center, Los Angeles, CA

- Assisted community with "in-home" lead paint screening program

Dominican Hospital, Santa Cruz, CA

- Ceased operation of the film processors in Radiology. This means elimination of developer and fixer fumes in the department, the need to dispose of developer or fixer, and reduction of about 100,000 gallons of water used per year. In addition we were able to remove all of the fixer reclamation equipment, and eliminate the risk of chemical spills or eye splashes.
- Approved reuse of existing carpet tile through Milliken's Earthsquare program. The existing tiles will go through washing, fiber shearing and redyeing processes, and then be delivered to a customer in Florida.

E. Energy Use And Climate Change

We are engaged in many programs to reduce energy and water consumption. While making strides in energy conservation, we also face continual challenges with increased patient loads, new clinical equipment requiring more heating, ventilation, and air conditioning than older equipment, and physical plant equipment nearing the end of its useful life. CHW is actively involved in a systemwide energy retrofit program aimed at reducing current utility consumption, shifting load to off peak periods, flattening the load profile during high demand time-of-use periods. The program, estimated to add approximately \$50M in new energy efficient infrastructure, kicked off in October 2001 and is scheduled for full implementation within three to five years. Although we have not completed full construction documents for all projects, \$48M in conservation opportunities has been identified at 22 hospitals with anticipated annual savings of \$12M, resulting in a four-year return on investment. These projects are estimated to decrease electric consumption by 64M kWh (16%) and natural gas consumption by 119K MMBtu (7%). This program will significantly reduce "greenhouse gases" through improved energy efficiency.

Cogeneration facilities, to produce electricity and capture waste heat using more efficient heat rates, are in place at California Hospital Medical Center in Los Angeles, Saint Francis Memorial Hospital in San Francisco, and St. Joseph's Hospital in Stockton. Design efforts for a cogeneration plant fueled by landfill gas are underway at Marian Medical Center in Santa Maria (using methane from a nearby landfill) and being aligned with master plan efforts. Additionally construction is nearing completion for natural gas drive cogeneration plants at Mercy Southwest in Bakersfield, St. Bernadine Medical Center

in San Bernardino, San Gabriel Valley Medical Center in San Gabriel, and St. Mary Medical Center in Long Beach. Two additional cogeneration plants are planned. The cogeneration plant at Bakersfield Memorial Hospital is being reviewed by the Office of Statewide Health Planning & Development and the cogeneration plant at St. Mary's Hospital and Medical Center in San Francisco is in construction with an anticipated completion date of end of FY 2006

Five energy conservation projects are in process including the Phase II project at St. Joseph's Hospital in Phoenix, Phase I project at Bakersfield Memorial in Bakersfield, Phase I at St. Mary Medical Center in Long Beach, Phase I at San Gabriel Valley in San Gabriel, and St. Rose Hospital in Henderson.

Press-Telegram

December 5, 2005
Section: BUSINESS

St. Mary To Get New Power Plant

Nedra Lindsey Staff writer

Long Beach - A local hospital is hoping a new power plant will aid in reducing energy costs by up to a third and employ cleaner burning fuels.

In January, St. Mary Medical Center is hoping to incorporate the concept of co-generation into its energy plan.

"Catholic Healthcare West (owner of the hospital) has a corporate environmental program," said Lani Kono, director of support services at St. Mary Medical Center. "We will be using natural gas which is cleaner. And we're saving electricity because we are making our own."

Co-generation is the process of capturing excess energy from one source and using it for another. The 1.5 megawatt co-generation plant includes two natural gas fired diesel generators, heat exchangers, pumps, valves, and electrical distribution equipment.

"The plant consists of engines that run off of natural gas," said Kono. "When the engines are spinning they create electricity, and they heat up like a car engine heats up. You take that energy (heat) and use it to heat water."

Kono added that heat is a form of waste that usually goes unused.

Currently, St. Mary's electricity comes entirely from Edison, and the heat is generated by boilers that run off of natural gas or diesel.

The center may generate up to 60 percent of its own energy - electricity and heat - after bringing the plant online.

The power bill at the medical center hovers around \$120,000 a month but that is expected to be cut by up to a third.

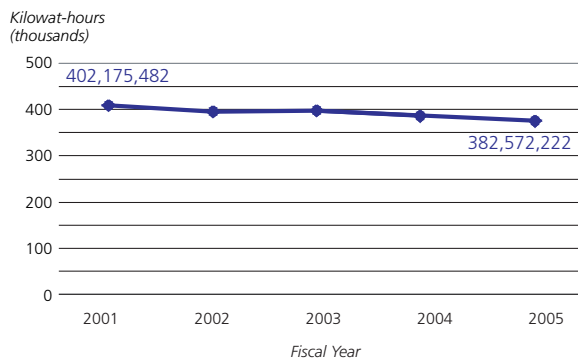
St. Mary Medical Center has been open since 1923. It serves more than 200,000 patients a year and 564 beds.

Three additional projects under consideration are expected to move into design Q3 FY 2006. Equipment being replaced includes electric and natural gas chillers, pumps, motors, variable frequency drives, lights, boilers, building automation systems, and water devices.

The following graphs trend our electrical and natural gas consumption for the past five years. Consumption has been normalized to include consumption data from recent acquisitions and exclude consumption data from dispositions that have occurred during the past five years.

Annual Electric Consumption

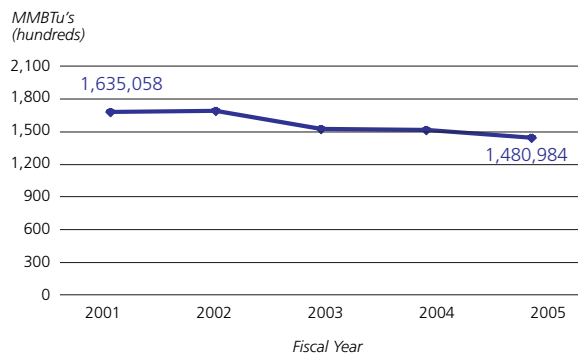
FY 2001 to FY 2005



Electric consumption has remained relatively flat from FY 2004 to FY 2005 and decreased by 4.9% from FY 2001 to FY 2005. Two conservation projects and five cogeneration projects are scheduled for completion in FY 2006 further decreasing electric consumption.

Annual Natural Gas Consumption

FY 2001 to FY 2005



Natural gas consumption has decreased by 3.0% from FY 2004 to FY 2005 and decreased by 9.4% from FY 2001 to FY 2005. FY 2005 natural gas consumption equated to 87,585 metric tons of CO2 representing a

6.5% decrease while FY 2005 electricity usage equated to 120,067 metric tons of CO2 representing a 1.2 % decrease.

In CY 2006 we will implement a systemwide operational efficiency program focused on further decreasing energy consumption. The program will begin with a systemwide effort to meter our main hospitals' energy consumption remotely and roll this data up to a common web base. From that, we can measure total energy consumption and make improvements to our energy consumption. While we have some large capital projects (chillers, boilers, cooling towers, etc.) to finish up and some additional projects to begin, this program is tailored toward smaller equipment like valves, motors, air dampers, building automation, etc. This smaller equipment is often overlooked in an energy study. We are confident this exiting program will lead to significant economic and environmental benefits, as well as streamline the data gathering process for the CERES report.

F. Water Reduction

CHW works to reduce water consumption in many ways. All of our facilities are undergoing retrofit to low flow plumbing devices (showers, toilets, etc.). Typically these water devices are replaced using internal resources when existing devices fail. Heating and cooling equipment and steam traps, which also consume large amounts of water, are also being retrofitted to more advanced, efficient models. Since many of our facilities are located in areas that are natural deserts, our landscaping is designed to meet state and local low water use requirements.

CHW is continuing the implementation of the Water Saver/Plus program and the sterilizer metering valve conversions to reduce water consumption and waste stream production. These two programs will purchase about 300 devices to attach to wet film processors to reduce the consumption of water needed to develop quality x-rays. Once fully implemented, this program is expected to save 140,000,000 gallons of water (about 90% of the total water currently used for x-ray production) on an annual basis and reduce wastewater production. Additionally, many facilities are moving to digital x-rays, which result in a 100% water savings.

Digital X-Rays

As of July 2005, X-rays at Dominican Hospital in Santa Cruz are 100 percent digital, meaning film and chemical processing is eliminated in thousands of cases per month. This conversion to Computed Radiography is a major step for Dominican from film-stored images to all-digital radiology, also known as Picture Archiving and Communications System (PACS). Soon, other diagnostic systems such as Computed Axial Tomography (CT) scans will also be film-less. There are several advantages to a PACS system and its soft electronic copies.

- Silver-bearing X-ray films, plastic bases, and paper film jackets are all eliminated. The costs associated with chemical maintenance, hazardous material handling, darkrooms, and silver recovery are also avoided.
- Furthermore, the use of rinse water is reduced by 100,000 gallons per year per processor. In addition to these environmental benefits, the system supports patient safety and care through more efficient handling of their test results and their medical records.

CHW also incorporates energy efficiency and building sustainability in all new construction projects. New construction over the next ten years will grow to unprecedented levels with the need to meet regulatory requirements and continue to serve the public's healthcare needs. CHW strives to meet energy efficiency in new construction through adherence of the Energy Star Building Program and various guidelines contained in CHW's Project Delivery Model.

Promoting Energy Conservation & Sustainable Design

In collaboration with CHW's Real Estate Department, St. Joseph's Hospital and Medical Center, Phoenix, AZ completed Phase I and Phase II energy retrofit projects that made both environmental and economic sense.

The two phase project is currently reducing electric consumption by 4.5 million kWh, natural gas by 740 thousand therms, and water by 23 million gallons. Using the Commercial Energy Consumption survey (CBEC's) authored by the Department of Energy (DOE), these reductions equate to electricity sufficient to power approximately 400 homes, natural gas to heat 1,000 homes, and water sufficient for 320 four-person households.

Equally attractive is the project's economics. This \$4.1M project was structured as a performance contract that

guarantees minimum annual savings of \$994K. Equating to a 4.1-year simple payback, this project is a partnership between St. Joseph's and American Energy Assets have an ongoing partnership working together to reduce energy consumption.

G. Workplace Health And Safety

CHW is dedicated to ongoing efforts to provide a safe and healthy environment for our patients, employees and visitors. Efforts to maintain a clean, pleasant and hazard-free physical environment will minimize the risk of injuries and adverse affects.

Employee Injury Prevention

Facilities are committed to promoting healthy work habits for employees. Special task forces (or the already established Safety Committee) identify specific causation of injuries and formulate programs, procedures and equipment plans that will reduce injuries. In addition, the departments with the highest frequency of injuries develop customized programs for reducing injuries. Corporate Risk Services developed two tools to support their efforts – How to Develop a Safety Promotion Program at a Department Level and the Safety Scorecard (monitoring departments' success). Many facilities have implemented one or more of the following:

- Investment in patient lifting equipment
- Patient handling training
- Employee friendly lift and transfer policies
- Safety rewards programs
- Specialized department programs

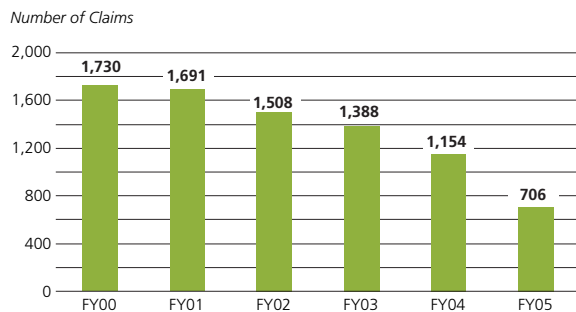
In FY 2005, Corporate Risk Services partnered with Glendale Memorial Hospital and Medical Center and Saint Francis Memorial Hospital to implement a "No Lift Policy" for patient handling. St. Elizabeth's also implemented the same program. Each patient care provider was trained on how to use specific equipment and no longer lift or transfer patients without the use of sophisticated, state of the art equipment. A "Safe Patient Handling" policy was also developed and approved to support the newly learned behaviors for patient handling. All facilities significantly reduced their patient lifting related injuries as shown in the chart below.



In addition to the efforts to identify opportunities to promote a safer workplace, CHW facilities are committed to accommodating injured employees with work restrictions during their healing process. Over the past four years CHW's lost workdays have been reduced 50% (from over 30,000 to approximately 15,000 annually).

Below is a chart showing the reduction of frequency in indemnity (severe) injuries reported in Workers' Compensation. The chart indicates the number of injuries to CHW employees that have occurred during the specific time period. This chart represents the success in reducing injuries in spite of our increase in employees.

CHW Workers' Compensation
Frequency of Injuries - FY 2000 to FY 2005



Includes only indemnity injuries as reported to Workers' Compensation

Injury Severity Programs

Employees who are injured receive prompt and appropriate medical treatment. Each facility has identified a qualified medical professional who will immediately see injured employees for evaluation and treatment. If a specialist is required, each facility has developed a list for

referral. These specialists have the expertise as physician as well as the understanding of compliance with the complicated workers compensation regulations and requirements.

CHW is self-insured for Workers Compensation, however a third party administrator manages the workers' compensation claims. To assure appropriate medical treatment, a registered nurse with standardized treatment protocols is on site at each claims office working with the claims administrators to facilitate early recovery and return to work.

Benchmark and Medical Management Scorecards

To support the efforts at each facility, Corporate Risk Services distributes monthly metrics that measure the facilities' efforts to promote health and safety in the workplace. The metrics, now in their fourth year, clearly show hospital and senior management the effectiveness of each facility's programs. Included in the metrics are the following:

- Reduction of indemnity injuries (i.e. employee injuries resulting in loss days and permanent limitations)
- Further reduction of loss days
- Limited growth in medical costs
- Timeliness reporting on injuries
- Injury investigation within 24 hours
- Percentage of employees treating with initial medical provider

H. Compliance

CHW is committed to maintaining compliance throughout our entire system. We apply the same high standard of care to compliance as we do to our patients' health and wellness.

CHW is pleased to report yet another outstanding year in environmental regulatory compliance. No compliance issues that met the standard for reporting to outside regulators were identified at our facilities this past year.

Our California facilities have recently become subject to new regulations that control pharmaceutical waste in a more stringent manner. These regulations increase waste management costs and may result in increased waste volumes as well. Nonetheless, CHW has implemented these regulations as required by law. More information on these regulations can be found at: http://www.dhs.ca.gov/ps/ddwem/environmental/Med_Waste/default.htm

VIII. Global Reporting Initiative (GRI) Content Index

This report represents CHW's first attempt to integrate components of the Global Reporting Initiative Standards for Sustainability Reporting. (See <http://www.globalreporting.org/>) The following content index indicates where GRI reporting components can be found in the CHW report.

GRI INDICATOR	DESCRIPTION	SECTION
Vision & Strategy		
1.1	Vision and strategy statement	Ex. Letter
1.2	Statement from Executive Director	Ex. Letter
Profile		
2.1	Organizational profile	III
2.2	Major products	II/III
2.3	Operational structure	IV
2.4	Major divisions	
2.5	Countries of operation	III
2.6	Nature of ownership	IV
2.7	Markets served	III
2.8	Scale of organization	III
2.9	List of stakeholders	VI
2.10	Contact person	III
2.11	Reporting period	Ex. Letter
2.12	Date of previous report	Ex. Letter
2.13	Boundaries of report	Ex. Letter/I
2.14	Significant changes	III
2.15	Reporting on joint ventures	
2.16	Restatements	
2.17	Decisions not to apply GRI	
2.18	Criteria/definitions in cost/benefit accounting	
2.19	Changes in measurement methods	
2.20	Internal assurance	IV/V
2.21	Independent verification	IV/V
2.22	Ways to get additional information	III

GRI INDICATOR	DESCRIPTION	SECTION
Governance Structure & Management Systems		
3.1	Governance structure	IV
3.2	Percentage of independent, nonexecutive board	IV
3.3	Process for determining board expertise	
3.4	Board-level process	
3.5	Link to executive compensation	
3.6	Organizational structure	IV
3.7	Mission and value statements	II
3.8	Shareholder resolutions	VI
3.9	Stakeholder identification	VI
3.10	Stakeholder consultation	VI
3.11	Information generated from stakeholders	VI
3.12	Use of stakeholder information	VI
3.13	Precautionary approach	
3.14	External initiatives	VI
3.15	Business association memberships	VI
3.16	Upstream and downstream impacts	V/VII
3.17	Indirect impacts	
3.18	Major operations decisions	
3.19	Performance Programs	
3.20	Management system certification status	
GRI Content Index		
4.1	GRI content index	VIII
Economic Performance Indicators		
EC1	Net sales	
EC2	Geographic breakdown	III
EC3	Cost of goods, materials, services purchased	III
EC4	Percentage of contracts paid in accordance	
EC5	Total payroll and benefits	
EC6	Distributions to providers of capital	
EC7	Increase/decrease retained earnings	III
EC8	Taxes paid	

GRI INDICATOR	DESCRIPTION	SECTION
EC9	Subsidies breakdown by country	
EC10	Donations	III/V

Environmental Performance Indicators

EN1	Total materials use other than water, by type	
EN2	Percentage of materials used that are wastes (external)	
EN3	Direct energy use	VII
EN4	Indirect energy use	VII
EN5	Water use	VII
EN6	Land owned, leased, or managed (biodiversity)	
EN7	Major impacts on biodiversity	
EN8	Greenhouse gas emissions	VII
EN9	Ozone-depleting substances	VII
EN10	Air emissions	VII
EN11	Waste	VII
EN12	Water discharges	VII
EN13	Significant spills	VII
EN14	Environmental impacts of products	
EN15	Percentage of products weight	
EN16	Noncompliance penalties	VII
EN17	Initiatives to increase energy efficiency	VII
EN18	Energy consumption footprint	
EN19	Other indirect energy use	

Social Performance Indicators: Labor Practices and Decent Work

LA1	Geographic breakdown of workforce	
LA2	Employment creation and job turnover	III
LA3	Percentage of employees in unions	III
LA4	Employee involvement in operational changes	III
LA5	Health and safety reporting	VII
LA6	Health and safety committees	V
LA7	Standard injury and lost day rates	VII
LA8	HIV/AIDS program	
LA9	Training	I/V/VI/VII
LA10	Equal opportunity	III

GRI INDICATOR	DESCRIPTION	SECTION
LA11	Female/male ratio in management	III
Social Performance Indicators: Human Rights		
HR1	Human rights	
HR2	Consideration of human rights impacts	
HR3	Human rights within supply chain	
HR4	Nondiscrimination	III
HR5	Freedom of association	III
HR6	Child labor	
HR7	Forced labor	
Social Performance Indicators: Society		
SO1	Impacts on communities	IV
SO2	Bribery and corruption	
SO3	Political lobbying and contributions	
Social Performance Indicators: Product Responsibility		
PR1	Customer health and safety	Ex. Letter
PR2	Product labeling	
PR3	Policy/procedures for consumer privacy	

CHW Food & Nutrition Services

VISION STATEMENT

CHW recognizes that food production and distribution systems have wide ranging impacts on the quality of ecosystems and their communities, and so;

CHW recognizes that healthy food is defined not only by nutritional quality, but equally by a food system which is economically viable, environmentally sustainable and which supports human dignity and justice, and so;

CHW aspires to develop a healthy food system.

- ❖ We will work within our system to develop policies, procedures, supply contracts and education for staff, patients, and suppliers.
- ❖ As a healthcare system, we understand our role in health promotion and will effectively communicate, and model healthy food choices and programs in our system and in local and national communities.
- ❖ We will work to promote and source from producers and processors that uphold the dignity of family, farmers, workers and their communities and support sustainable and humane agriculture systems.
- ❖ We will encourage labeling that tells where a food is from and how it was produced.
- ❖ We will work within our system and with our suppliers and distributors to maximize locally sourced foods, free of unnecessary hormones, pesticides, antibiotics and protective of biodiversity.
- ❖ We will work with our suppliers to promote sustainable food transportation systems and will source, when appropriate, local foods and those which minimize inherent transportation impacts.
- ❖ We will ensure that food waste is minimized and beneficially reused, and support the use of food packaging and products which are ecologically protective of our environment.

Together these will promote health and protect quality of life.

CHW recognizes that implementation requires step-wise progress and presents the challenge of an ecological approach. This approach requires an understanding of the vision statement and the interconnections among its parts. It recognizes that nothing exists in isolation; and that everything is part of a larger system that includes:

- Vending
- Dairy
- Catering
- Education and Communication
- Model Programs
- Food Waste
- Dishware
- Produce
- Meat and Poultry
- Local Sourcing

CHW Food & Nutrition Council:

Annually, the CHW Food & Nutrition Council will adopt strategic goals consistent with the Food & Nutrition Services Vision Statement. These goals will be communicated to all CHW Food & Nutrition Managers. The Council will monitor the progress that each facility makes toward the annual goals and include the results in the annual council report.