



Sustaining Our Healing Ministry

Fiscal Year 2012
Social Responsibility Report

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GRI Content Index

Note: This report was created to be read online. Links in the table of contents and content index provide navigation to specific sections of the report.



*I believe there is
nothing more important
than the work we all are
doing to redefine
human health to include
a healthy environment,
a healthy planet....*

Lloyd H Dean
CleanMed 2011

A Message From Dignity Health President/Ceo Lloyd H. Dean

On behalf of the 64,000 caregivers and staff of Dignity Health it is my pleasure to introduce our Social Responsibility Report for Fiscal Year 2012. What you will read in this report is a testament to the women and men of Dignity Health who work every day to deliver excellent care to all in need, to partner with others in their communities to improve the quality of life, and to advocate on behalf of the poor and underserved. I am so proud to stand beside such devoted people in the service of this ministry.

As I reflect on the year, two important events stand out. The first, and perhaps most visible, is our new name. In January 2012 we announced a change in our governance structure, which we made in recognition of our current composition of both religiously sponsored and community sponsored hospitals, and our intention to continue partnering with both. This change also meant a new name for the organization. Our name, Dignity Health, reflects one of our longstanding core values – one that is deeply embedded in our culture and clearly describes who we are and what we stand for.

The second is the Supreme Court's decision to uphold the Affordable Care Act. While this legislation is not perfect, we continue to support it because it begins to correct an injustice that has left more than 45 million people without access to health insurance. It also incentivizes providers and payers to work together to modernize the health care delivery system so that it works better and costs less.

The future will continue to bring challenges. But change and challenge are not new for us. Our work in quality improvement, patient safety, and patient satisfaction, combined with the stewardship we are showing by being more efficient, is helping us prepare.

I am very pleased to report that we again surpassed both our patient safety and employee safety goals. We also delivered \$1.6 billion in charitable care and services. Like all organizations nationwide, however, we continued to be impacted by the economic downturn. While we ended the fiscal year with operating revenues of \$59 million, I am confident that we have the right people and processes in place to sustain our ministry going forward.

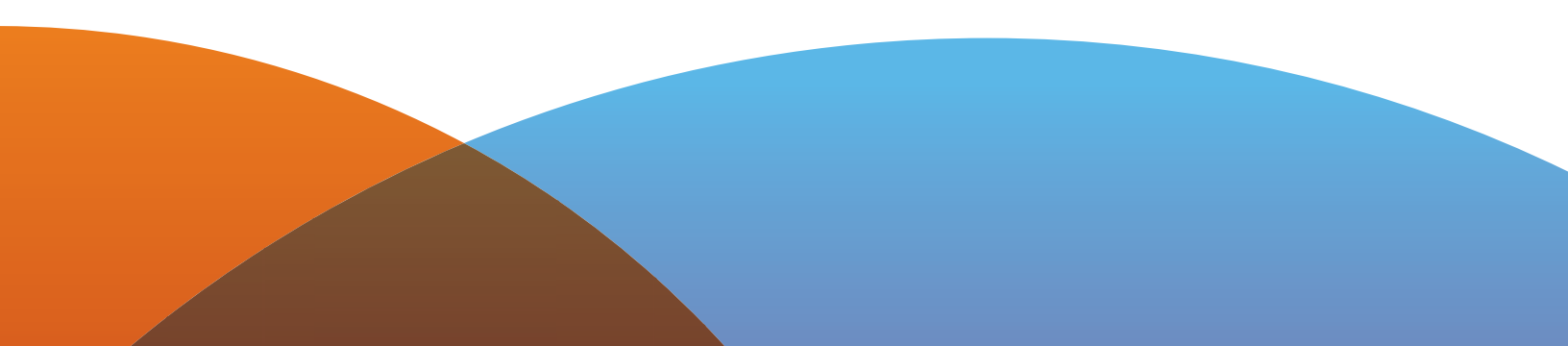
How we contribute to the quality of life and the environment in our communities has always been a key measure of our success and it will continue to be so as we move forward. We strive to manage our resources and advance our healing ministry in a manner that benefits the common good now and in the future.

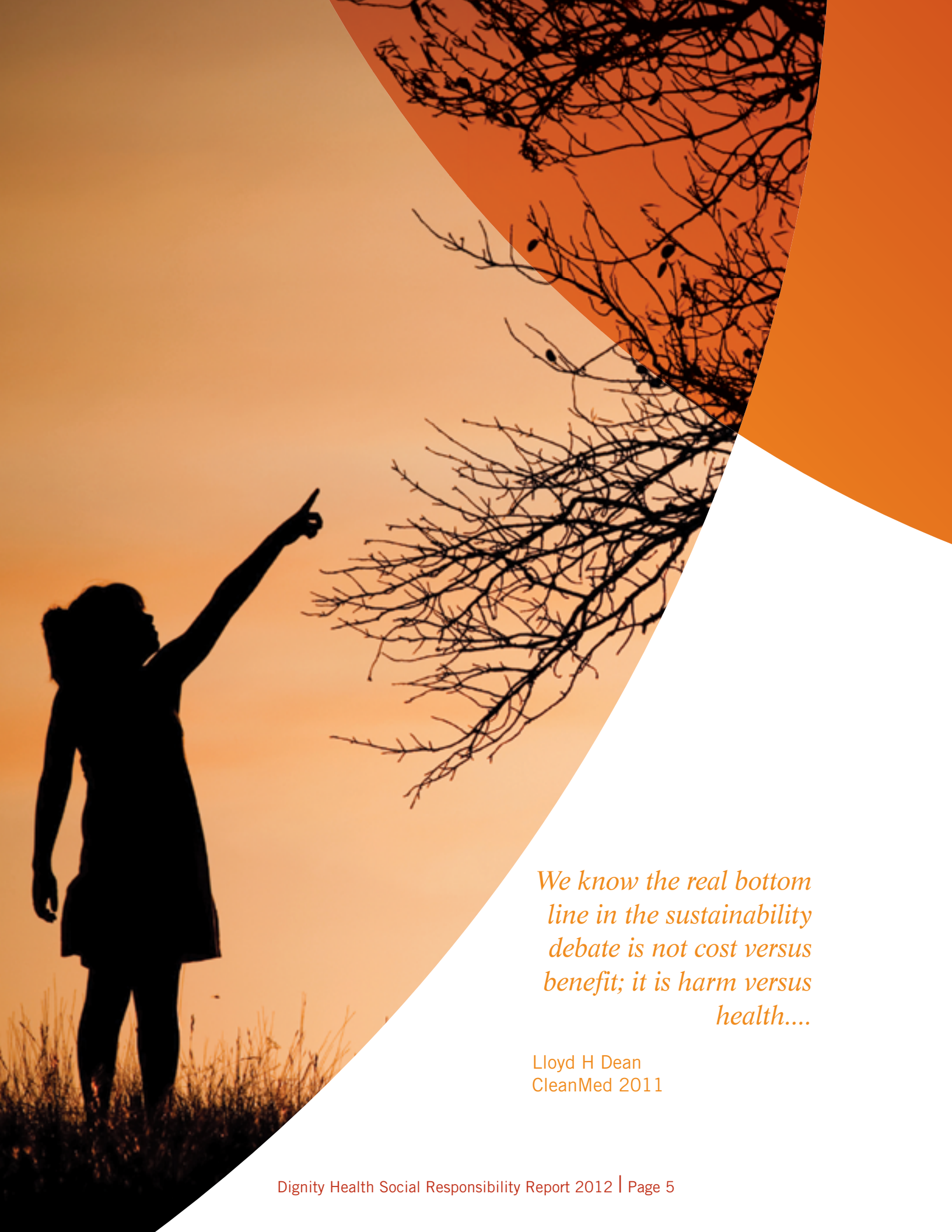
Despite today's challenges I see this as a time of great hope and opportunity for the future of health care and for sustainability. I want to acknowledge and thank the vibrant women and men who have devoted their energy and passion to the initiatives described in this report.



Lloyd H. Dean

President and CEO





*We know the real bottom
line in the sustainability
debate is not cost versus
benefit; it is harm versus
health....*

Lloyd H Dean
CleanMed 2011

Dignity Health Profile And Reporting

Dignity Health, formerly known as Catholic Healthcare West, is a not-for-profit health care system headquartered in San Francisco, California with 39 facilities serving communities in California, Arizona and Nevada. In FY 2012 we sold our Reno, Nevada facility, Saint Mary's Regional Medical Center.

Our mission, vision and values drive our commitment to social and environmental responsibility.

Our Mission

Dignity Health is committed to furthering the healing ministry of Jesus. We dedicate our resources to:

- Delivering compassionate, high quality, affordable health services
- Serving and advocating for our sisters and brothers who are poor and disenfranchised
- Partnering with others in the community to improve the quality of life

Our Vision

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

Our Values

- Dignity
- Collaboration
- Justice
- Excellence
- Stewardship

Defining Sustainability

For Dignity Health sustainability includes providing excellent care in a manner that optimizes patient outcomes, enhances patient and employee safety and minimizes environmental impact. Following is a description of our strategic plan, Horizon 2020, which serves as a roadmap to help us fulfill our mission over this decade. The plan outlines our long-term goals and guides us in setting short and mid-term goals for our various functions.

Our Strategic Priorities: Horizon 2020

Goals	Measurement
Deliver the right care at the right place, cost, and time for every patient	Dignity Health will achieve top decile quality performance at all care sites
Become America's best health system at which to work	Dignity Health is recognized nationally and locally as the best place to work and practice
Become the health care system most valued nationally as a leader, partner, and successful model of reform	Dignity Health will triple the size of the organization and individuals served as measured by a tripling of net revenue

Strategies

Quality	Implement changes and initiatives necessary to raise Dignity Health's clinical quality, patient safety, and service measures to top decile performance nationally
Cost	Implement changes in Dignity Health's clinical and administrative processes that lower Dignity Health's costs below Medicare reimbursement levels
Growth	Grow our healing ministry by expanding access and market share within existing service areas, entering new service areas, and significantly expanding our community based wellness, ambulatory, and non-acute services
Integration	Offer patients the full spectrum of care, from prevention to post acute, through the development of health plan capacity, new partnerships, greater physician alignment, and Accountable Care Organizations. Through clinical integration, build new partnerships among physicians and our hospital systems, improve our outcomes on hospital pay for performance measures, and establish a competitive advantage across our service areas
Connectivity	Develop industry-leading levels of electronic connectivity with and between our physicians, nurses and patients to achieve superior service experiences, higher quality outcomes, and more efficient care delivery and management
Leadership	Strengthen Dignity Health as an organization through new investments in employees and physicians, a more active role in advocacy and public policy, continued development of a culture of innovation and collaboration, and a greater role for foundations in raising community funds to help build and maintain the programs, structures and systems necessary to maintain healthy communities

Reporting Standards and Scope

As the first health care system in the nation to endorse the [Ceres Principles](#), a model code of environmental conduct, Dignity Health issued its first environmental report in 1998. Our fifteenth annual report, for fiscal year July 1, 2011 to June 30, 2012, demonstrates our efforts to implement meaningful programs and recognizes our opportunities for improvement. Because they account for the vast majority of our impacts, our acute care facilities are the primary contributors to this report. This report uses the [Global Reporting Initiative Standards for Sustainability Reporting \(GRI\)](#). We have included a GRI Content Index, based on the G3.1 standard. [The content index](#) indicates where GRI reporting components can be found in the Dignity Health report.

This report discusses each of the indicators we believe is relevant and material to our organization, including past commitments, current status, and goals for the future. In addition to assessing patient care and employee safety initiatives, these indicators assess the impacts of what we purchase, what we dispose, how we construct and operate our buildings, and how we engage the communities we serve.

Assurance

Ceres Stakeholder Team Review: Each year we review a draft of this report with a Ceres Stakeholder Team of coalition representatives and peer reporters and make an effort to integrate feedback from the review in the published version. We use additional suggestions as we prepare future reports. The major recommendations from the FY 2011 Report review and our response follow.

Ceres Stakeholder Team Review:

FY 2011 Stakeholder Input	FY 2012 Dignity Health Response
<p><u>Goals and Targets:</u> Establish more measurable, time-bound long-term goals, particularly in areas outside of environment; further align sustainability goals with the Horizon 2020 plan</p>	<p>Expanded disclosure of goals and targets; included discussion of how goals and performance relate to Horizon 2020 plan</p>
<p><u>Communication:</u> Ensure all charts and tables are labeled; expand use of call-out boxes</p>	<p>Labeled all tables and charts; expanded use of call-out boxes</p>
<p><u>Integration:</u> Create linkages between/ among individual sustainability initiatives</p>	<p>Discussed linkage between environmentally preferable purchasing and effective waste management, as well as linkage between responsible management of e-waste and health of communities around the globe; underscored the linkage between advocacy initiatives and reduction of toxic chemicals</p>
<p><u>Collaboration:</u> Participate in ongoing initiatives and forums to overcome barriers and find common solutions</p>	<p>Highlighted several collaborative initiatives ranging from Healthier Hospitals Initiative to partnerships with community based clinics</p>

Contact

Sister Susan Vickers, RSM is Dignity Health’s Vice President for Community Health and the system-wide point of contact for our sustainability report. Sister Susan can be reached at 415.438.5511 or susan.vickers@dignityhealth.org. More information on Dignity Health can be found at www.dignityhealth.org

Dignity Health at a Glance

Statistics	2008	2009	2010	2011	2012
Assets	\$10.9 b	\$11.1 b	\$11.8 b	\$13.1 b	\$13.5 b
Net Operating Revenue Annualized	\$160 m	\$261 m	\$83 m	\$243 m	\$59 m
Net Income Annualized	\$170 m	(\$126 m)	\$485 m	\$961 m	\$133 m
Number of Acute Care Facilities	41	41	40	40	39
Acute Care Beds	8,660	8,800	8,800	8,800	8,400
Skilled Nursing Beds	955	900	900	800	800
Physicians	9,754	9,800	10,000	10,000	10,000
Employees	44,851	54,000	55,000	55,500	54,000
% Workforce Unionized	57%	58%	58%	60%	60%
Acute Patient Care Days	1.8 m	1.8 m	1.8 m	1.8 m	1.6 m
Community Benefits & Care of the Poor*	\$967 m	\$1.2 b	\$1.3 b	\$1.4 b	\$1.6 b

* Includes traditional charity care, shortfalls from government-funded programs including Medicaid and Medicare and other proactive programs for the poor and the broader community.

For more information regarding Dignity Health's Consolidated Financial Statements [click here](#).

For a listing and map of Dignity Health facilities [click here](#).



*Providing quality
affordable care,
accessible to all is critical
to our sustainability...*

OUR PATIENTS

Providing quality, affordable care, accessible to all, is critical to Dignity Health's viability – indeed it is critical to the sustainability of the U.S. health system. Our Horizon 2020 vision is to be “*A growing and diversified health care ministry distinguished by excellent quality and committed to expanding access to those in need.*” We strive to achieve top decile performance in national publicly measured and reported standards of care.

Continuously Improving Quality

Dignity Health is a strong advocate for measuring the quality of care delivered at the nation's hospitals and publicly reporting performance. Doing so helps us all deliver better care and helps patients make informed decisions about the services they receive.

We participate in a number of public measurement and reporting programs. One such program that Dignity Health participates in is the Hospital Quality Reporting Initiative (for both inpatient and outpatient hospital based services). The [Hospital Quality Reporting Initiative](#) (HQRI) is sponsored by the Centers for Medicare and Medicaid Services (CMS). This program requires hospitals to submit and report quality measures of process, structure, outcome, and patient perspectives on care. These measures are updated on an annual basis. The HQRI program requires hospitals to submit and report data on a total of 57 measures for inpatient care and an additional 25 measures for outpatient care in calendar year 2013 through the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) patient survey.

A subset of the inpatient measures are included in the CMS Value Based Purchasing (VBP) program where a hospital can earn incentives up to 2% (by 2017) of their total reimbursement based on performance. Conversely, poor performance can result in penalties of up to 2%. We are pleased to report that Dignity Health hospitals continue to achieve high levels of performance in these measures with a combined composite score of 98%. We set high targets to maintain the quality and further improve the consistency of care we provide to our patients in these important clinical conditions. Performance in all of these measures for each Dignity Health Hospital can be found on the CMS website for public reporting www.hospitalcompare.hhs.gov.

Advancing Palliative Care

Dignity Health's palliative care programs are dedicated to high quality care for patients with serious illness. 36 of our 39 facilities have palliative care services that continue to engage physicians, nurses, social workers, chaplains, and other caregivers in providing care that seeks to relieve distressing symptoms and to enhance quality of life at any stage of serious illness. From its early focus on end-of-life patients and concerns, palliative care has evolved to address patient and family issues that arise when any serious illness or condition is first diagnosed – sometimes years before a terminal stage of the illness develops. In the 9 years of its palliative care services, Dignity Health has tracked quality measures in order to assess the effectiveness of its programs.

Dignity Health set FY 2012 expectations that hospitals achieve process and outcome goals for improving care for the seriously ill and dying, including advance care planning goals oriented toward helping patients establish goals of care. The system mean on a rolling 12-month cumulative basis for advance care planning for eligible patients was 80.73%, compared to the FY 2011 rate of 82.33%. This fell short of the 90% goal for eligible patients, although 11 facilities met or exceeded the goal. Lack of documentation of discussions regarding prognosis and assessment of spiritual care was the primary element that contributed to the shortfall. Each hospital with a score of less than 90% received a system analysis indicating the factors contributing to the gap between their score and the goal, with recommended actions for improvement in FY 2013. Advocacy for incremental increases in spiritual care staff to provide consistent spiritual care coverage on weekends and evenings is key to this element of advance care planning. Education and advocacy with hospitalists and medical staff regarding the importance of articulating and documenting prognosis in the patient conversation with respect to goals of care is ongoing.



Moving Toward Patient Centered Care

Patient and family centered care is another part of the quality equation. Ask any patient about the quality of their health care and they are likely to talk about their experience of that care – about the doctors and nurses, about the way they were treated, about whether or not they were kept informed about their condition and their treatment program. For patients, quality is personal.

We recognize that we must partner with, not merely serve, patients. Consequently, Dignity Health provides meaningful venues for patients and their families to provide input. Every hospital has established a Patient and Family Advisory Council (PFAC). These Councils serve as the “patient voice” in hospital decision-making and are comprised of recent patients, their families, staff and leadership. Patients and their families help establish priorities; provide critical insights regarding patient needs and concerns; participate in new program development; encourage patient and family involvement; and strengthen communication between patients, families and caregiver teams.

Dignity Health participates in the national Hospital Consumer Assessment of Healthcare Providers Survey ([HCAHPS](#) [pronounced “H-caps”]) process that is tied to reimbursement through the VBP program described above. The VBP will withhold payment from hospitals that do not achieve patient experience scores in the range between the 50th and 100th percentile.

The HCAHPS is a survey instrument and data collection methodology for measuring patients’ perceptions of their hospital experience. While many hospitals have collected information on patient satisfaction for their own internal use, until HCAHPS there was no national standard for collecting and publicly reporting information about patient experience of care that allowed valid comparisons to be made across hospitals locally, regionally and nationally.

Dignity Health continues to perform at close to the top quartile in the patient’s overall assessment of the hospital (percent of patients who rate the hospital 9 or 10 on a 10 point scale), which is the result of initiatives we have had in place since FY 2007. In FY 2012, Dignity Health focused on increasing our performance across all measures (i.e. total VBP point increase). We achieved a 75% increase in the total VBP points as compared to baseline.

Our Patients

Goals	Baseline	FY 2012 Target/Actual	FY 2013 Target
<p><u>Quality Care</u> Continuously improve patient care outcomes</p>	<p>FY 2011 96% compliance in all publicly reported measures</p>	<p>Target: Maintain >96% compliance in all publicly reported measures</p> <p>Actual: Achieved 98% compliance</p>	<p>Target: Maintain >96% compliance in all publicly reported measures</p>
<p><u>Palliative Care</u> Continuously improve patient outcomes and patient and family experience with Palliative Care</p>	<p>FY 2010 80% of eligible patients received advance care planning</p>	<p>Target: Achieve advance care planning and quality goals for 90% of patients</p> <p>Actual: Achieved advance care planning and quality goals for 80.73% of patients</p>	<p>Target: Achieve advance care planning and quality goals for 90% of patients</p>
<p><u>Patient Centered Care</u> Continuously improve patient satisfaction with care</p>	<p>FY 2011: 39% of possible VBP points received</p>	<p>Target: Improve by 7% the number of possible VBP points received</p> <p>Actual: Achieved a 75% increase in the number of VBP points received</p>	<p>Target: Improve by 7% the number of possible VBP points received</p>

Ensuring Patient Safety

In FY 2012, Dignity Health hospitals focused on providing timely treatment in the Emergency Department, reducing early elective deliveries and reducing hospital acquired conditions.

The performance in the one-year patient safety goal involving timeliness of care in emergency departments (EDs) was exceptional. EDs across the system adopted new processes to ensure patients received timely assessment of vital signs, screening for possible sepsis, and evaluations by physicians or other providers. The table below shows the system-wide performance from January 1, 2012, through June 30, 2012.

Patient Safety Results 1/1-6/30/2012

Metric	Target	System Baseline	System Results
Vital Signs	≥ 80% of patients within 15 min	81%	90%
Sepsis Screening	≥ 90% of patients within 30 min	58%	92%
Provider Evaluation	≥ 75% of patients within 30 min	59%	73%

A majority of the hospitals achieved exceptional levels of performance with 80% meeting or exceeding each of the three goals. The remaining hospitals showed significant improvement from their initial baseline.

Dignity Health continues to receive national recognition for its remarkable and rapid reduction of early elective deliveries (EED) before 39 weeks. Eliminating elective deliveries before 39 weeks minimizes the risk of infection and other complications to newborns. The current system-wide EED rate is one percent which is significantly reduced from the preliminary 7% baseline. In August 2012, Brenda Chagolla, RN, Perinatal Safety Specialist, represented Dignity Health in Washington D.C. on a distinguished panel. Ms. Chagolla presented the successful strategies from both the system office and hospital levels, including strict adherence to no EED unless there is documented medical necessity based on standardized evidence-based criteria. The following table shows the system-wide results for Fiscal Year 2012.

Early Elective Deliveries FY 2012

Baseline	6 Month Average	Goal	Results
7%	1%	≤ 5%	Exceptional

Dignity Health is one of five health systems and one of 26 networks to be awarded a two year contract with the Center for Medicare Services (CMS) Partnership for Patients (PfP) program. The goal is to reduce preventable hospital-acquired conditions (HAC) by 40%, and reduce readmission by 20% by December 2013. Dignity Health received \$8 million to develop, scale, and adopt best practices at each hospital. This commitment also includes collaborating with other systems and the National Content Developer, which is the body that CMS has designated to assist with development of this program. Dignity Health will share best practices and innovative strategies that contribute to achieved successful improvements for patients. Dignity Health has titled the system-wide efforts as the “No Harm Campaign”.

Hospitals will receive funds to utilize at their facility for bedside evaluation of patients and coaching of care providers (termed “Measure-Vention”). Measure-Vention is the act of measuring for compliance to the patient safety program, and then intervening in real-time to correct missed opportunities. There are 13 designated focus areas for the No Harm Campaign, as identified in the following chart.

Designated Focus Areas for the No Harm Campaign

No Harm Campaign Area of Focus	Baseline	Goal
#1 Hypoglycemic Rate	0.27	0.16
#2 Catheter Associated Urinary Tract Infections	1.73	1.04
#3 Central Line Associated Blood Stream Infections	0.81	0.49
#4 Falls	0.11	0.06
#5 Perinatal Safety - Early Elective Deliveries	7%	≤1%
#5 Perinatal Safety - Oxytocin Management	69%	90%
#6 Hospital-Acquired Pressure Ulcers	2.13	1.28
#7 Surgical Site Infections	1.17	0.70
#8 Venous Thromboembolism and Pulmonary Embolism	4.43	2.66
#9 Ventilator Associated Pneumonia	1.63	0.98
#10 Readmissions within 30 Days	7.33%	5.86%
#11 ED Holds and Facility Decompression	394	295
#12 Culture of Safety - Just Culture	43%	80%
#13 Culture of Safety - Safety Attitude Questionnaire	65	72

Additional information can be found at www.CMS.gov/media/press.



*Addressing
pressing health
concerns and their
underlying causes...*

OUR COMMUNITY ENGAGEMENT

Dignity Health's mission mandates and compels partnering with others to promote the broader health of the community. In response we have developed a comprehensive approach to community health promotion that addresses not only the pressing health concerns in communities, but also the underlying causes for health problems.

Preparing for Health Care Reform

The Affordable Care Act created the National Prevention Council and called for the development of a National Prevention Strategy to realize the benefits of prevention for the health of all Americans. "The National Prevention Strategy is critical to the prevention focus of the Affordable Care Act and builds on the law's efforts to lower health care costs, improve the quality of care, and provide coverage options for the uninsured." The overarching goals of the strategy are to empower people, ensure healthy and safe community environments, promote clinical and community preventive services, and eliminate health disparities – goals that mirror our own.

The National Quality Strategy complements the goals of the National Prevention Strategy and includes three broad aims:

- Better Care - Improve the overall quality, by making health care more patient-centered, reliable, accessible, and safe
- Healthy People/Healthy Communities - Improve the health of the U.S. population by supporting proven interventions to address behavioral, social and environmental determinants of health in addition to delivering higher-quality care
- Affordable Care - Reduce the cost of quality health care for individuals, families, employers, and government

Assessing Community Health

Dignity Health, in partnership with Thomson Reuters, pioneered the Community Need Index (CNI) in 2005, which pinpoints the level of community need for every zip code in the United States. In 2011, Dignity Health launched an [online mapping tool](#) that allows individuals and organizations nationwide to access their scores and show where vital community resources are located.

The CNI is helping to build coalitions between hospitals, health departments, clinics, health associations, and neighborhood centers. With continued strategic use of the CNI to address the underlying causes of health disparity we can help improve health, control costs, and positively affect the quality of life across our nation.

Setting Community Health Priorities

At the local level, each hospital assesses its community's health assets and needs on a triennial basis and then develops and annually updates a community benefit plan that addresses unmet health priorities identified in collaboration with community stakeholders. The community health priorities are integrated into the hospital's strategic planning and budgeting processes to assure adequate resources are devoted to planning, developing, managing and reporting community benefit initiatives. [Click here](#) to see each hospital's current community benefit plan/report.

Community benefit programs take into consideration the socioeconomic barriers that often lead to poor health and offer programs that evidence supports can have a measurable effect. In Dignity Health communities, 100 percent of the community health needs assessments identified chronic disease as an unmet health need. A system-wide community benefit initiative focuses on improving health and avoiding hospitalizations. Special attention went to teaching evidence-based self-management techniques to community residents with chronic care needs. Being proactive with this chronic care education helps individuals better manage their own conditions and measurably reduces the need for health care services. In 2012, Dignity Health hospitals invested \$2 million in evidence-based, chronic disease self-management programs that served more than 13,000 individuals, resulting in only 5 percent of the program participants using hospital or emergency room services in the six months following the intervention. Most participants report increased confidence in management of their conditions and improved quality of life.

Dignity Health's community investment program strategically invests funds to help promote the overall health of its communities. A recent focus on investments in community clinics has helped to increase primary care capacity and improve access to health care services. Among the programs are the following:

- The Northeast Community Clinic (NECC). In operation since 1972, this clinic provides medical, psychological, social and other related services to the Greater Los Angeles community. It became a federally qualified health center (FQHC) in 2009. In recent years the health center, which began operating with one clinic and one mobile van, has since acquired five clinic sites and three interim sites. Currently, NECC has 11 clinics located throughout central and south central Los Angeles and serves approximately 120,000 visits annually. Dignity Health provided a \$1.6 million loan to NECC to purchase and renovate a new clinic located less than five miles from the Dignity Health facility in Long Beach.

- Midtown Medical Center for Children and Families (MMC). This Sacramento-based community clinic provides high quality health care to low-income and underserved individuals residing in the Greater Sacramento area. It serves an average of 25,000 patients annually, providing primary and preventive medical care, pediatric services and well-child exams, prenatal care and immunizations. Dignity Health provided a \$1 million working capital loan that enabled Midtown Medical Center to transition from a fee-for-service community clinic to a cost-based FQHC.
- The Effort is an integrated health, mental health and addiction treatment organization serving California's Sacramento and Placer counties. Each year The Effort serves approximately 43,000 people, including populations of high-risk, low-income children and adults, many of whom are homeless and unemployed. Dignity Health provided a \$1 million working capital loan to assist The Effort to become an FQHC. An additional investment of \$2.8 million will enable The Effort to expand services in the Sacramento region.
- The California Primary Care Association (CPCA) Ventures Loan Program received a \$2.5 million loan to provide lending capital for the construction and expansion of health clinics in California. CPCA Ventures provides financing opportunities to California's community clinics and health centers that may not be able to access traditional financing and allows clinics to remain open for their communities during financial duress.
- North East Medical Services (NEMS) received an \$800,000 loan to remodel the Stockton Street health clinic in San Francisco, enabling NEMS to significantly expand and improve service to the medically underserved Asian population in San Francisco.
- Homeless Services Center in Santa Cruz, Calif., received a \$500,000 loan to construct a recuperative care center. The investment will allow the center to address the need for a safe, secure place of recovery for homeless individuals discharged from Dignity Health's Dominican Hospital, as well as other local hospitals.

Investing in Our Community

Dignity Health's community investment program is an expression of our commitment to promote the total health of the community by channeling financial resources to institutions or projects that promote the social good.

The Community Investment Program's FY 2012 allocation was \$80 million for loans and \$10 million for guarantees. As of June 30, 2012, there were \$40.5 million in outstanding loans to 54 organizations, and an additional \$6.8 million in loans were approved, but not disbursed to 8 organizations. From inception-to-date, the Community Investment Program has lent over \$131 million to 217 organizations, and \$89 million in principal has been repaid. For FY 2012, the program received \$2.6 million in principal repayment and \$1.4 million in interest payments; and the program renewed \$2.7 million in loans to 7 existing borrowers. On June 30, 2012, the program had a blended interest rate of return of 3.4%, exceeding the benchmark of 1.7% for the program, which is the rolling three-year average of the Consumer Price Index (CPI).

In FY 2012 the Community Investments Program provided loans for the construction of 16,324 units of affordable housing, and 13 non-profit facilities that provide services to low-income families and individuals. Investment in national microlending funds financed 200 small businesses in Nevada and 120 small businesses in California. Dignity Health's community investments leveraged over \$160 million in capital.

New borrowers in FY 2012

California Primary Care Association Ventures Loan Program: \$2,500,000 loan to provide lending capital for the construction and expansion of health clinics in California.

North East Medical Services: \$800,000 loan to remodel the Stockton Street health clinic in San Francisco.

Homeless Services Center (HSC): \$500,000 loan to construct a Recuperative Care Center in Santa Cruz. HSC will address the need for a safe, secure place of recovery for homeless individuals discharged from Dignity Health's Dominican Hospital and other local hospitals.

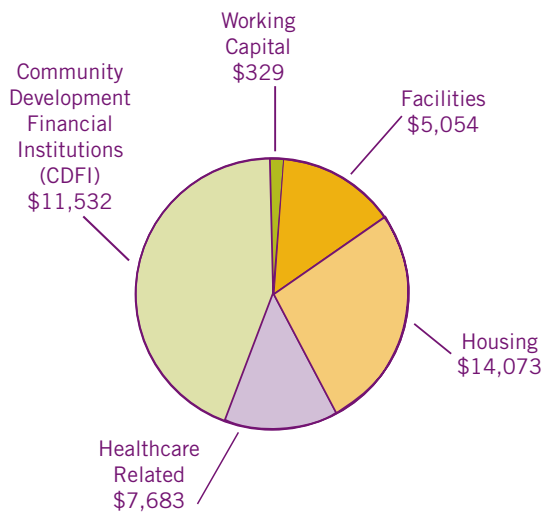
The Disability Opportunity Fund: \$250,000 loan to finance projects that provide housing and opportunity for people with disabilities throughout the U.S.

Chandler Christian Community Center: \$150,000 loan to finance the expansion and renovation of the food bank and family resource center in Chandler, Arizona.

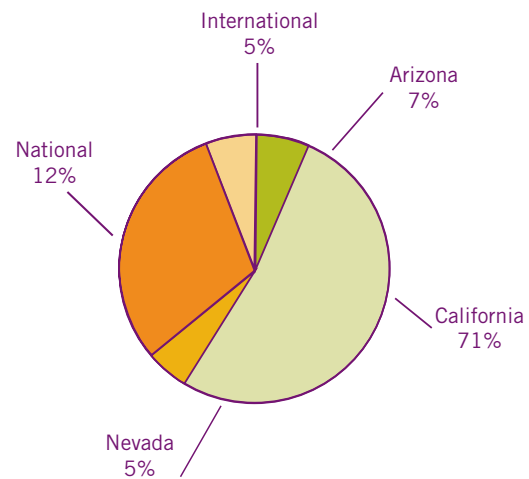
Los Angeles House of Ruth: \$75,000 loan to manage cash flow from grant and government contracts in Los Angeles, California.

Self-Help for the Elderly: \$300,000 loan to manage federal, state and county contract receivables.

Investment Allocation (\$000s) FY 2012



Investment by Region FY 2012



Partnering with Community Organizations

Dignity Health’s hospitals fund the Community Grants program. This is one way in which Dignity Health partners with community organizations to support and facilitate healthy communities.

Grant funds of up to \$50,000 are awarded to nonprofit organizations in Dignity Health’s service areas, whose programs align with our hospitals’ Community Health Assessment strategic priorities. Grantees must provide services to underserved populations through a focus on access to jobs, housing, food, education, and health care.

2012 Grant Season	
Total Contributions (\$ Millions)	Number of Projects
\$4.1	200
Since Inception in 1990	
Total Contributions (\$ Millions)	Number of Projects
\$42.5	2,577

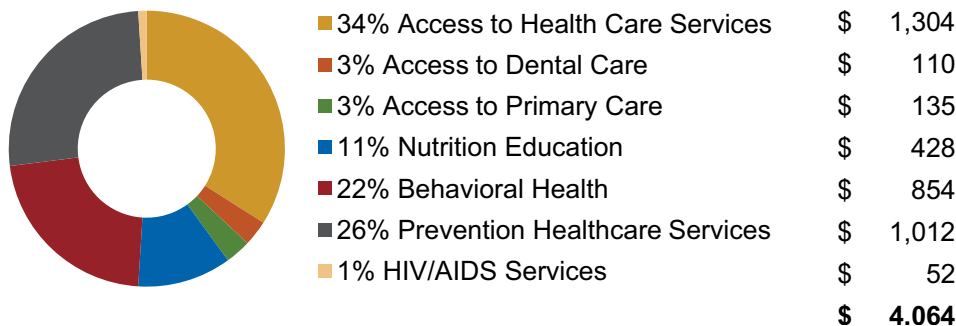
Representative Grant: Samaritan House (Sequoia Hospital)

Samaritan House provides services to help meet the essential daily needs of more than 12,000 low-income people within San Mateo County, California. They provide an interim "safety net" for individuals and families in need while ultimately helping them move toward self-sufficiency.



Samaritan House collaborates in carrying out the Sequoia Hospital Homecoming Project. This innovative, multifaceted program is designed to bridge the gap between a patient’s discharge from the hospital and a strong recovery. Dignity Health funds are providing transitional care intervention for seniors discharged from the hospital, through in-home visits and telephone follow-up. Services may include case management, assistance with groceries and meals, and self-care management skills training. The goal is to help recovering seniors avoid the use of a skilled nursing facility or readmission to the hospital.

Grant Purposes (\$ Thousands)



Advocating in the Public Policy Arena

Dignity Health remained focused on and successfully addressed the following priorities specifically designed to support Dignity Health's mission, vision, values and the strategic imperatives presented in Horizon 2020:

- **Health Care Reform:** Advancing and influencing the implementation of health care reform by advocating for the transformation of health care delivery across the continuum, promoting true improvement in quality while advancing financing and insurance reform in a way that sustains our ability to address the needs of the vulnerable and underserved.
- **Fiscal Solvency:** Protecting the viability of compassionate, high-quality, affordable care by advocating for adequate and fair reimbursement, advancing and protecting the availability of Medicaid provider fees and working toward balanced technology and privacy and security standards to support the implementation of health information technology.
- **Foundational Expectations:** Supporting Dignity Health's commitment to address the unmet needs of the communities we serve by promoting access to care for all, advocating on behalf of the poor and disenfranchised, and advancing community and environmental health.

The following public policy and advocacy efforts were developed to advance Horizon 2020 imperatives addressing quality, cost, growth, integration, connectivity, and leadership.

QUALITY

- + Advance standardized, efficient quality measures; advocate to contain the explosion of publicly reported quality measures
- + Ensure alignment of quality measures between programs such as Hospital Acquired Conditions (HAC) and Value-Based Purchasing (VPB)
- + Encourage appropriate incentive structures for high-quality, coordinated, patient-centered care under CMS' payment bundling and Shared Savings programs
- + Influence development and implementation of Readmission regulations
- + Advocate for care coordination throughout the spectrum of care, including prevention and chronic disease management

COST

- + Protect government funding for health care programs
- + Prevent attempts to eliminate Medicaid provider fees
- + Influence development and implementation of worker and patient safety laws
- + Protect viability of not-for-profit health care
- + Address changing medical liability coverage issues
- + Support hospital and physician alignment to improve the medical malpractice litigation climate
- + Protect providers from additional underfunded programs by advocating for fair and competitive negotiated rates as state health insurance exchanges are implemented

GROWTH

- + Evaluate and support implementation of ACA provisions
- + Influence the development of state health insurance exchanges and ensure the newly eligible have meaningful coverage options and Dignity Health affiliated plans are eligible to participate
- + Protect the coverage expansion included in ACA
- + Support the viability of community clinics and medical foundations

INTEGRATION

- + Advocate for elimination of the ban on the corporate practice of medicine
- + Address legal barriers to clinical integration
- + Evaluate opportunities to participate in the Medicare Shared Savings Program, including supporting local implementation efforts to create Accountable Care Organizations
- + Support engagement in Centers for Medicare and Medicaid Innovation (CMMI) demonstration projects

CONNECTIVITY

- + Influence establishment of Health Information Exchanges (HIE)
- + Encourage development of attainable IT and connectivity standards
- + Support data integration efforts to facilitate the electronic extraction of quality measures
- + Prevent attempts to eliminate Electronic Health Records (EHR) incentive funding
- + Ensure patient connectivity while safeguarding privacy and security

LEADERSHIP

- + Share positive health reform outcomes to educate the public about what is achievable
- + Advocate for solutions to physician, nursing and allied health workforce shortages
- + Foster shared interest and common ground with business, labor, and community partners
- + Address health disparities and promote cultural competency
- + Champion social and eco-justice issues

Disclosing Political Contributions and Lobbying

As a nonprofit organization, Dignity Health is prohibited by US law from contributing to candidates' political campaigns. Within certain restrictions, we are allowed to advocate for/against issues that affect our mission and operations. Annually, the Dignity Health Board of Directors Strategy and Planning Committee approves public policy and advocacy priorities. Occasionally, Dignity Health makes contributions to initiative/issue campaigns that align with our priorities. The Executive Leadership Team reviews and approves those expenditures. Dignity Health and related entities made a total of \$1,106,355 in contributions used for lobbying purposes to the following organizations in FY 2011. FY 2012 expenditures will not be available until later in 2013.

Lobbying Firm or Political Contributions and Lobbying

Lobbying Firm or Other Organization	Amount Paid Related to Lobbying Activities >\$1000	Purpose
Alliance of Catholic Healthcare	\$64,544	Portion of membership dues used for lobbying activities
American Hospital Association	\$110,437	Portion of membership dues used for lobbying activities
American Medical Rehabilitation Providers Association	\$1,248	Portion of membership dues used for lobbying activities
AZ Chamber of Commerce	\$7,000	Portion of membership dues used for lobbying activities
AZ Hospital and Healthcare Association	\$30,450	Portion of membership dues used for lobbying activities
California Hospice and Palliative Care Association	\$1,077	Portion of membership dues used for lobbying activities
California Hospital Association	\$370,579	Portion of membership dues used for lobbying activities
Catholic Health Association	\$438,202	Portion of membership dues used for lobbying activities
Cerrell Associates	\$4,936	Public affairs issue and relationship management
Ferraro	\$36,067	Consultant-Government Relations
Gilbert Chamber of Commerce	\$1,599	Portion of membership dues used for lobbying activities
Goodman Schwartz LLC	\$67,660	Consultant-Government Relations
Griffen Crowley Group	\$55,000	State Issues Lobbying
Innovative Federal Strategies	\$166,757	Federal Appropriations Lobbying
National Association Homecare & Hospice	\$1,649	Portion of membership dues used for lobbying activities
Nevada Hospital Association	\$5,667	Portion of membership dues used for lobbying activities
Private Essential Access Community Hospitals Inc. (PEACH)	\$102,400	Health care Initiatives
Strategic Health Care	\$21,500	Federal Appropriations Project
The Ferraro Group	\$36,067	Government Affairs
The Real Arizona Coalition	\$5,000	Public education and dialog on comprehensive immigration reform
Trauma Center Association of America	\$1,320	Portion of membership dues used for lobbying activities
Valley Industry & Commerce Association	\$1,250	Portion of membership dues used for lobbying activities
Waypoint Advisors LLC	\$10,000	Health care & general business legislative representation
Yes on 410	\$2,500	Campaign contribution to public safety proposal in Sedona, AZ

Exercising Shareholder Leverage

Dignity Health advances its mission through both public policy and shareholder advocacy. In collaboration with the members of the Interfaith Center on Corporate Responsibility (ICCR), we address corporate responsibility issues that impact the health of individuals, communities and our planet. Currently celebrating its 41st year, ICCR is the pioneer coalition of active shareowners who view the management of their investments as a catalyst for promoting justice and sustainability in the world. During the 2012 proxy season Dignity Health engaged 28 companies on corporate governance, social and environmental issues.

2012 Shareholder Advocacy Priorities

Access to Capital	28	Engagements		
Access to Health Care and Medicines				
Environmental Responsibility and Disclosure				
Health and Environmental Impacts of Chemicals and Technologies			17	Ongoing dialogues
Human Rights				
Political Spending and Lobbying				
Sustainable Food Supply				

2012 Proxy Season

81.8%	11	6	Will return for Proxy in 2013
Success Rate			
Benchmark: 80%		2	No action taken

Health and Environmental Impacts of Chemicals and Technologies

With continued advancements in chemicals and technology in food production and consumer products, there is growing focus on advocacy for the safety of the consumer and the environment. Dignity Health engaged in dialogues with Kroger, Heinz, Monsanto and Dow this year to encourage corporate policies and practices that ensure that the chemicals and technologies used to manufacture products do not threaten the long-term safety of the consumer and the environment.

Access to Health Care and Medicines

Part of Dignity Health's mission is to advocate for the underserved on issues such as access to health care and needed medicines. This year Dignity Health participated in dialogues with executives at Bristol Myers Squibb, Johnson & Johnson, and Pfizer on global access to and affordability of branded pharmaceuticals, and on initiatives to promote health system reform in the United States to achieve greater access at affordable cost.

Through engagement with [ICCR](#), Gilead Sciences, Inc. recently became the first American company to join the Medicines Patent Pool, licensing several key products and helping provide affordable medicines to developing nations.

Partners in Justice



Human Rights

Long-term advocacy efforts with Halliburton came to fruition this year, as the company agreed to develop a human rights policy, after six consecutive years of shareholder proposals on the issue. Halliburton also asked shareholders to provide input on the policy and on the implementation process. Advocacy work continued at Cisco Systems, where a proposal asking for development and implementation of a human rights policy received 42.5% shareholder support. Seeing support for ICCR's proposal grow over the last several years has led Cisco to work to enhance its human rights policies and increase efforts to enforce its policies.

Human trafficking is a growing problem, with 800,000 to 900,000 people - mainly women and children - trafficked within or across international borders every year. Fifty thousand people are trafficked into the United States alone each year. Human trafficking typically multiplies wherever there are large gatherings of persons. Dignity Health joined with a broad coalition to develop and support the Celebration without Exploitation Campaign in preparation for the London Olympics. http://www.iccr.org/issues/subpages/olympics_aboutthecampaign.php





Leading Communities to a Healthier Future

The Healthier Hospitals Initiative (HHI) is a national mobilization strategy to implement a completely new approach to help hospitals embed sustainability into the culture and daily operations of health care, for improved health of patients, staff, and the community; reduced environmental impact by the sector; and considerable fiscal savings that reduce the overall national health care costs through better public health. With HHI, hospitals use their collective sustainability experience, purchasing power and industry representation to speed the process of greening the health care sector.

- Data shows that approximately 75 percent of all health care costs are for the treatment of chronic diseases. By addressing the root causes, participants can reduce the burden of chronic disease.
- There is widespread agreement that the current healthcare system is not economically sustainable and that significant changes need to be made in healthcare delivery. HHI will help participants reduce the cost burden and shift savings towards patient care.

Twelve of the largest, most influential U.S. health systems, comprising over 500 hospitals with more than \$20 billion in purchasing power, are working with Health Care Without Harm

(HCWH), The Center for Health Design and Practice Greenhealth to create HHI as a guide for hospitals to reduce energy and waste, choose safer and less toxic products, and purchase and serve healthier foods. With these twelve systems as anchors, the initiative will enroll at least 2,000 hospitals in 50 states and the District of Columbia over the next three years to implement sustainable operations, and will measure the impact on improved patient, worker and community health and reduced costs. As a *comprehensive, sector-wide initiative*, HHI is fully consistent with and builds upon the Centers for Medicare and Medicaid Services (CMS) Triple Aim – Better Health, Better Care and Lower Costs, and will institute frameworks and implementation tools that can be used by every healthcare facility in the nation, at no charge.

Over the years, portions of HHI have been implemented in hospitals across the country. Today, the results of these programs have yielded a body of evidence that demonstrates superior environmental performance within these institutions. From leadership engagement to healthier foods, less waste to safer chemicals, and leaner energy to smarter purchasing, healthcare systems are making a positive impact.

Sponsoring Health Systems

Advocate Health Care*
 Bon Secours Health System
 Catholic Health Initiatives
 Dignity Health*
 Hospital Corporation of America*
 Kaiser Permanente*
 Inova Health System*
 MedStar Health*
 Partners HealthCare*
 Stanford University Hospital
 Tenet Healthcare
 Vanguard Health Systems

Sponsoring NGOs

Practice Greenhealth*
 Health Care Without Harm*
 The Center for Health Design*

* Founding sponsors

"I believe there is nothing more important than the work to redefine human health to include a healthy environment. All of us must be advocates to help leaders in healthcare see the value of sustainable practices and to see environmental quality as preventive care."

Lloyd Dean, Chief Executive Officer, President and Director, Dignity Health

¹Health Education Advocate.org, "Preventing Chronic Disease is Critical to Controlling Health Care Costs." http://www.healtheducationadvocate.org/factsheets/chronic_disease_factsheet_2009.pdf



*Environmentally
preferable purchasing
is a critical
sustainability issue...*

OUR PURCHASES

The sheer volume of the products we purchase each year makes environmentally responsible purchasing a critical sustainability issue. Dignity Health is committed to purchasing products and services that are inherently safer to human and environmental health and that address environmental impacts throughout their lifecycle. Dignity Health's environmentally preferable purchasing policy is implemented through our Supply & Service Resource Management (SSRM) department.

The SSRM team has reached beyond Dignity Health to influence the purchasing policies of Premier, a hospital group purchasing organization (GPO) in which Dignity Health holds membership. We are working with Premier to implement Practice Greenhealth's Standardized Environmental Questions for Medical Products (Version 1.0), which can be used to guide the identification, selection and procurement of environmentally preferable medical products.

Our current goals are to increase the use of reusable products, reduce the use of hazardous chemicals, green the operating room and promote food systems that are ecologically sound, economically viable and socially responsible.

Our Purchases

Goals	Baseline	FY 2012 Target/ Actual	FY 2013 Target
Increase use of reusable products through the Stryker Sustainability Solutions Reprocessing System	<ul style="list-style-type: none"> • Cost avoidance: \$2 m • Waste diversion: 13,635 lbs in FY 2008 	Target: <ul style="list-style-type: none"> • Cost avoidance: \$ 5.5 m • Waste diversion: 140,000 lbs Actual: <ul style="list-style-type: none"> • Cost avoidance: \$8.3m • Waste diversion: 240,000 lbs 	Target: <ul style="list-style-type: none"> • Cost avoidance: \$8.18m • Waste diversion: 230,000 lbs
Support and promote food systems that are ecologically sound, economically viable and socially responsible	FY 2012 spend on locally sourced food products	NA	20% increase in spend on locally sourced food products over FY 2012

Performance and Challenges

Reprocessing: Dignity Health has contracted with Stryker Sustainability Solutions, Inc., an independent third-party reprocessor of single-use medical devices (SUDs). This company reprocesses selected items, such as electro-physiology catheters, orthopedic burrs, bits and blades, trocars, arthroscopic instruments, making them safe for repeated use. We have been working diligently to assure a responsible approach to reprocessing, which conserves resources without placing our patients at risk. In FY 2012 Dignity Health eliminated 240,702 lbs of medical waste from the waste stream at a fiscal cost avoidance of \$8,357,382, exceeding both our waste diversion and cost avoidance goals. We have set our target for FY 2013 to a level we believe is achievable.

Reprocessing: Dignity Health Cost Avoidance Results

Over \$33M in
Cost Avoidance
through Oct
2012



DVT Agreement Impact

1

Reprocessing: Dignity Health Environmental Avoidance Results



2

Reprocessing In Dignity Health Laboratories: Reprocessing of cuvettes for Dignity Health medical laboratories has represented an excellent opportunity for reducing the cost of laboratory operations and reducing the impact to the environment. Reprocessing protects the environment by eliminating the need for disposing of millions of individual pieces of biohazardous nonbiodegradable plastics each year. The quality of cuvettes and rotors that undergo L.E.S.S reprocessing is well established and accepted by the laboratory community. L.E.S.S., Inc. is a Premier reprocessing vendor that employs a method that allows the same cuvettes to be decontaminated, thoroughly cleaned, quality inspected and reused from 10 to 100 times. The reprocessing of cuvettes results in the following benefits:

- \$47,114 in savings in the purchase of cuvettes
- Savings by eliminating the need for the disposal of 189,025 cuvettes as biohazardous waste
- Protecting the environment by eliminating the need for burying millions of non-biodegradable plastic in landfills

Reducing Hazardous Chemicals: In 2010 Dignity Health adopted a comprehensive chemical policy which articulates our commitment to create an environment for patients, employees, and visitors that is free from the hazards posed by chemicals harmful to humans, animals, and the environment. Implementing the policy has proven to be challenging in that the issues are complex and the constituencies that need to be educated are numerous and diverse.

Assisting us in developing strategies for promoting, developing, and using chemicals that are environmentally preferable across their entire lifecycle are NGO stakeholders from Health Care Without Harm, Practice Greenhealth, and Clean Production Action. Participating on monthly conference calls we used the BizNGO Working Group's Guide to Safer Chemicals <http://www.bizngo.org/> and its four Principles for Safer Chemicals as a resource and tool.

These four principles (#1 - Know and Disclose Product Chemistry, #2 - Assess and Avoid Hazards, #3 - Commit to Continuous Improvement, #4 - Support Public Policies and Industry Standards) have as their aim the reduction and elimination of chemicals of concern to our health and the health of our environment. The principles and accompanying questions assist organizations by increasing the level and quality of information that vendors are required to disclose on product content and toxicity throughout the supply chain. The questions signal the market that organizations such as ours prefer to purchase products that do not contain chemicals or materials that are inherently toxic, and eventually will prefer to purchase high performing products that are designed and made without high hazard chemicals. We will continue to:

- Promote the use of chemicals, processes and products with inherently lower hazardous potential
- Educate staff and key councils within Supply and Services Resource Management to adopt safer chemicals and sustainable materials

Snapshot

DYE-FREE PRODUCTS

As part of our commitment to a greener environment, we began using pigment-free patient plastics manufactured by Medline Industries, Inc. in all of our hospitals and other care centers. Under the new initiative, Medline manufactures everyday products for Dignity Health that are used at the patient's bedside such as bed pans, wash basins, water pitchers and drinking cups, without pigments used to make the products a certain color. The removal of these pigments supports "greener manufacturing" since it eliminates potentially harmful chemicals during the manufacturing process. In fact, based on Dignity Health's annual usage of these products, removing the pigment from the plastics will divert 2,935 lbs (1.33 tons) of pigment from leeching into the soil and groundwater. Dignity Health's commitment to purchase products containing chemicals and/or materials that are the least toxic throughout their lifecycles is part of its larger scope to be environmentally responsible to patients, employees and communities that are served. It's a small step that will make Earth a less toxic place.

Promoting Sustainable Food Systems: In 2006, the Dignity Health Food and Nutrition Services Vision Statement was approved by the Food and Nutrition Services Council. This vision statement serves as a framework for Food & Nutrition Managers in addressing the many issues that relate to the environmental and social issues around food supplies. Starting in FY 2008 we required that the Food & Nutrition Council establish annual goals including targets to improve and enhance Dignity Health's environmental/sustainability efforts. In FY 2009 100% of Dignity Health F&N Managers completed the Green Guide to Health care self-certification questionnaire to provide Dignity Health with a good baseline on Environmental/Sustainable Food Service programs. The results of the assessment revealed the need for focused education. In response, we continually educate Dignity Health Food & Nutrition Managers on various environmental/sustainable initiatives, concerns and programs available.

All of our facilities have food management programs wherein food waste is reduced through tracking patient census numbers, asking patients their food preferences, purchasing and preparing in proper amounts, and minimizing leftovers and waste. Excess food, if any, is generally donated to local organizations such as senior homes or homeless shelters. In support of the Healthier Hospitals Initiative's Food Challenge, our FY 2013 goal is to increase the percentage of local and/or sustainable food purchases by 20 percent annually or 15 percent of total. Additionally, SSRM is exploring a system-wide vending contract which will allow Dignity Health to incorporate healthier vending options.

Dignity Health Food & Nutrition Services Vision Statement

Dignity Health recognizes that food production and distribution systems have wide ranging impacts on the quality of ecosystems and their communities, and so Dignity Health 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; Dignity Health 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 health care system, we understand our role in health promotion and will effectively communicate and model healthy food choices and programs across our organization and local/ national communities.
- We will work to promote and source from producers and processors who 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 that are free of unnecessary hormones, pesticides, antibiotics and which protect 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.

Dignity Health recognizes that realizing this vision statement will require attention and sustained efforts touching every aspect of our nutritional services:

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

Dignity Health Food & Nutrition Council

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

Snapshot

Jerry Roek Memorial Garden St. Joseph Stockton

The vision for our garden is to cooperatively create a tranquil, healing environment that is beautiful and nourishes our Medical Center and community. A dedicated and diverse group of employees and volunteers identified a 4000 square foot area behind St. Joseph's Behavioral Health and transformed it into a garden with 16 raised beds in a sun burst design including 2 round flower beds for trees with circular benches, work sink and preparation table to clean and prep produce, tool shed, drip irrigation which runs on solar power. The garden is managed by St. Joseph's and benefits patients, employees and community members. Fruits and vegetables are distributed through the cafeteria, on our mobile clinics, through our community education classes and a Farmer's Market. The Roek Brothers and family have played an integral role in building the hospital. They provided the in-kind donations of labor and material to construct the garden (boxes, prep area, shed, gazebo, bridge). Together we have created a beautiful and fun tribute for the community.






*Advancing our healing to
benefit the common good
now and in the future...*

Our Buildings

Dignity Health's Corporate Real Estate Department works collaboratively with individual facilities to: 1) ensure limited capital resources are efficiently utilized and yield the best possible outcomes through the planning, design, and construction of Dignity Health facilities; 2) align energy efficiency, energy procurement services, and renewable energy sources to increase energy efficiency, decrease energy costs, and reduce Greenhouse Gas emissions in new and existing buildings; and 3) assist with site selection, conduct due diligence for property acquisitions and dispositions, and provide oversight for design and construction of medical office buildings incorporating economically viable energy efficiency and renewable energy opportunities in addition to other sustainable alternatives.

FY 2012 Achievements

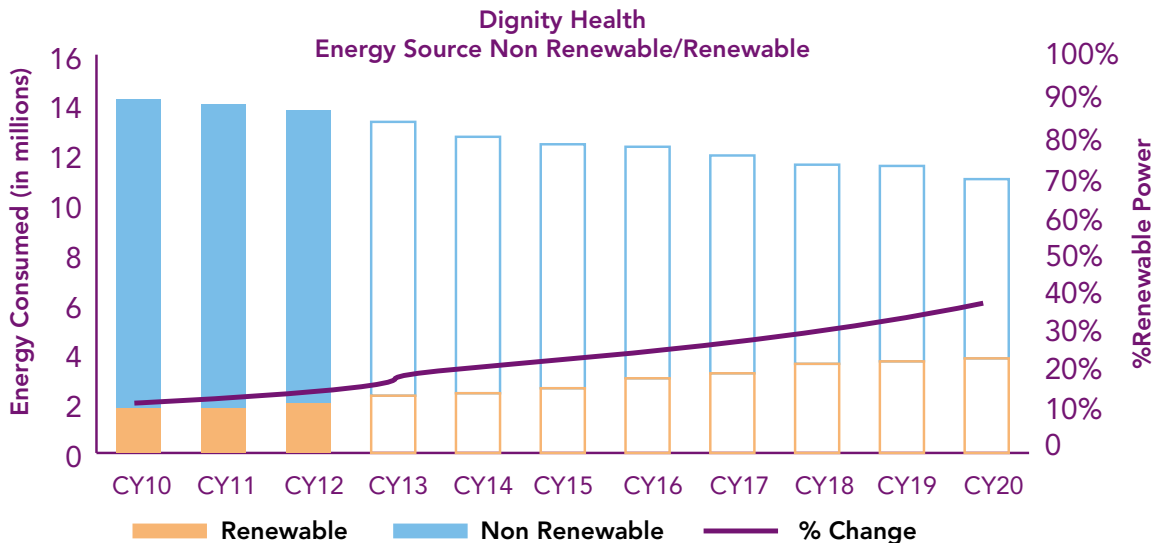
1. Continued decrease in system wide energy consumption
 2. Inaugurated quarterly reporting on Dignity Health's energy efficiency and renewable goals
 3. Submitted and verified Dignity Health's greenhouse gas emissions for the second consecutive year
 4. Collected water consumption data for all hospitals with a goal to develop water conservation goals in FY 2013
 5. Used Pharos/Greenspec for material selection
 6. Adopted LEED 2009 Building Design Standards
 7. Collected and reported construction waste diverted from the landfill
 8. Improved tracking of sustainable efforts across the system
- 

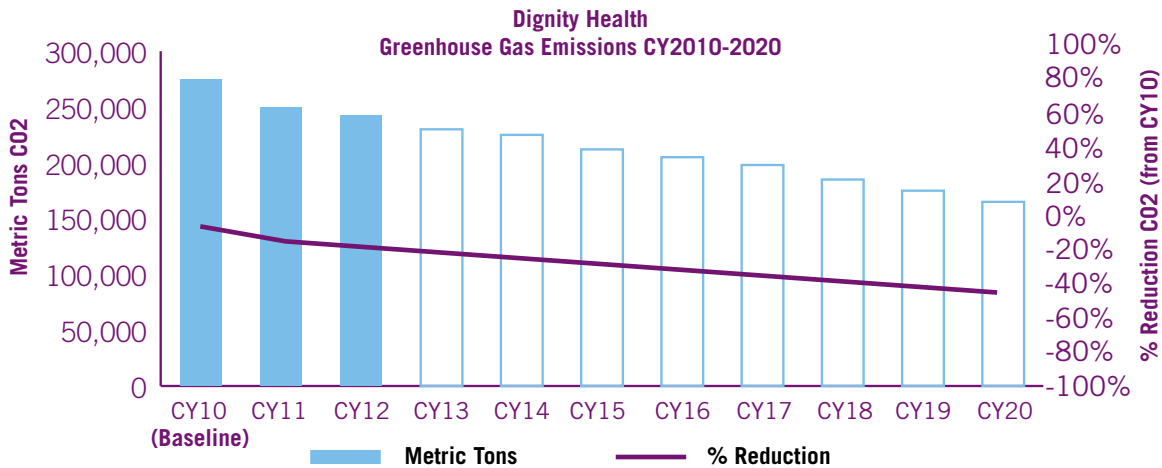
Dignity Health's 2020 Energy Efficiency and Renewable Goals

Dignity Health developed its 2020 Energy Efficiency and Renewable Goals in mid 2011 which include energy efficiency and renewable targets for new construction, existing buildings, and for acquired buildings. Results are reported in comparison to calendar year 2010 on a quarterly basis to track progress and allow for any necessary changes in implementation. Goals include:

- Reduce system wide energy intensity in existing buildings by 2.2% per year; 20% cumulative by CY2020
- Increase use of renewable energy sources to 35% of total annual energy consumption by CY2020
- Reduce greenhouse gas emissions by 40% by 2020
- Design new buildings to operate at least 15% below ASHRAE standards
- Include economically viable renewable energy sources in new buildings

Each new construction project is evaluated using the Department of Energy software modeling tool eQUEST during project design so that economically viable energy conservation measures can be incorporated into the design effort. Energy modeling for all construction projects is reviewed internally and externally for energy efficiency so that economically viable measures are implemented and energy and renewable goals can be met.

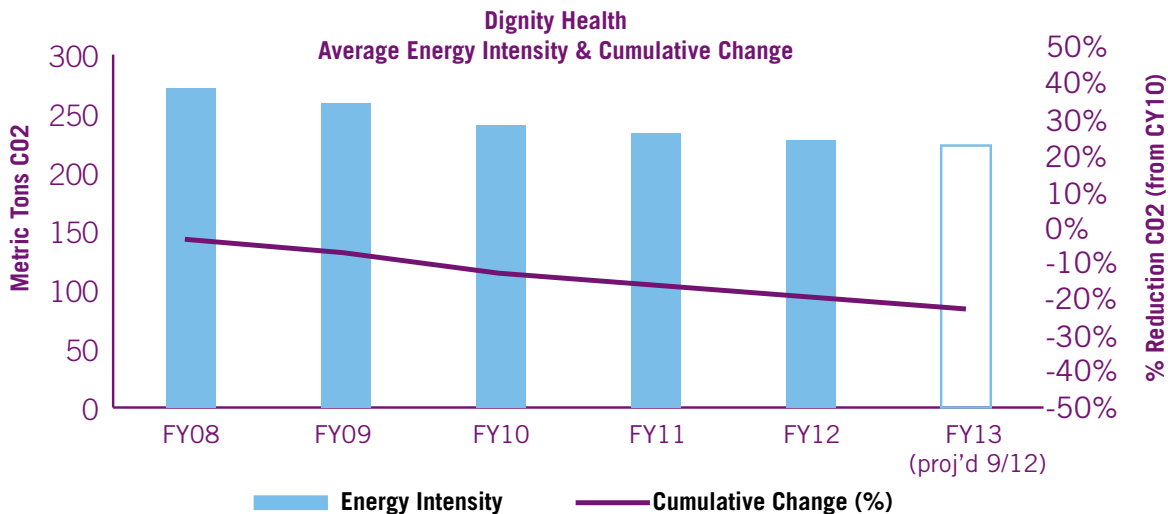




Historical Energy Use

Over the past 10 years, Dignity Health has been tracking electric and natural gas consumption at each hospital, normalizing for climate zone, building type, and clinical service lines. This data is used to compare each hospital’s energy consumption to hospital averages published by the Commercial Building Energy Consumption survey (CBECS). Comparing each hospital’s energy consumption to nationally recognized benchmarks provides a target to strive for, potential project scope of energy conservation opportunities, and estimated reductions to be expected from conservation programs. This information is used to prioritize conservation programs.

The following chart trends Dignity Health’s average energy intensity (kBtu’s/ft²/year) over the past five years and projected energy intensity for FY 2013 based on energy conservation projects underway:



Energy intensity has decreased 2.5% from FY 2011 to FY 2012 for a four year (FY 2008 - FY 2012) cumulative decrease of 16.1%. Energy conservation programs underway are expected to further decrease energy intensity through FY 2013 and beyond.

Tracking and Reporting Greenhouse Gases



Climate Registered™

Dignity Health has reported carbon dioxide emissions since calendar year 2006. From 2006 to 2009, Dignity Health reported carbon dioxide emissions through the California Climate Action Registry. In 2009 we transitioned our carbon dioxide reports to The Climate Registry, a greenhouse gas registry serving all of North America. Dignity Health has successfully had emissions verified and publically reported for both calendar years 2010 and 2011 through this registry.

Dignity Health is partnered with Johnson Controls, Inc. to input electric and natural gas consumption data into Johnson Controls E2MS software. This software tool will be used to report electric and natural gas consumption in addition to production of greenhouse gases. During calendar year 2010, Dignity Health reported production of 284K metric tons of carbon dioxide attributed from the following sources:

- Direct emissions from mobile source combustion
- Direct emissions from stationary combustion
- Indirect emissions from electricity use and imported steam, district heating and cooling
- Direct process emissions

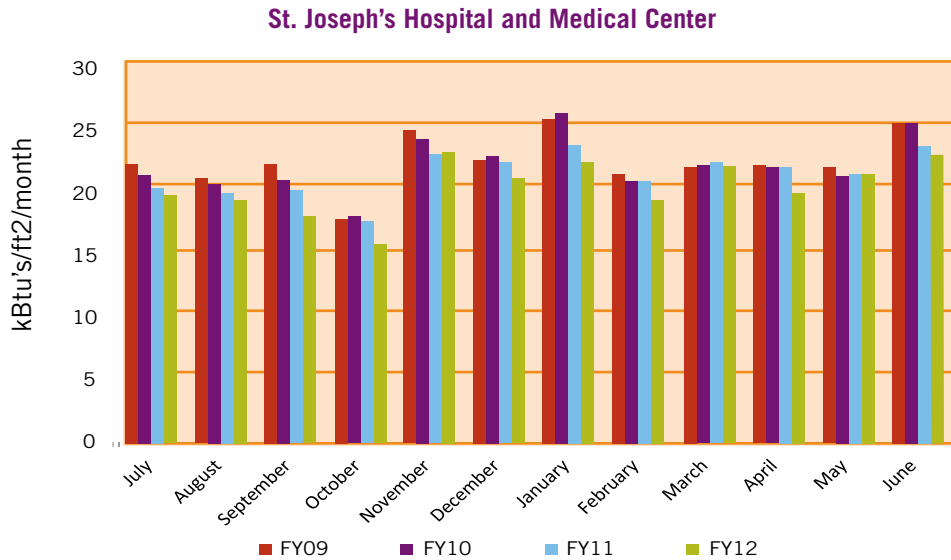
Dignity Health's success in reducing our carbon footprint will be measured against these numbers.

Operational Energy Efficiency Program

Dignity Health's energy strategy begins with an operational energy efficiency program focused on improving the energy efficiency of existing mechanical, electrical, and plumbing equipment and building systems. Hospitals with equipment and systems operating outside the original design intent participate in an operational energy program through one of Dignity Health's energy service providers. This program is focused on retro commissioning of existing equipment and systems with the intent to maximize energy efficiency. Typical operational energy efficiency measures identified include airside and waterside reset strategies, functionality of two and three way valves, leaking steam traps, functionality and coverage of building automation systems, chiller and boiler operational strategies, and correcting simultaneous heating and cooling issues. Energy reductions have ranged between 5% and 22% of the hospital's total energy consumption at the 23 hospitals where operational energy efficiency programs have been implemented.

St. Joseph’s Hospital Medical Center, Phoenix, AZ has participated in various operational energy efficiency programs. The 24-month program identified and eliminated simultaneous heating and cooling issues, expanded building automation system with new controls, and balanced supply air. Subsequent to completing the program, St. Joseph’s Hospital and Medical Center is 12.6% below the energy benchmark.

The chart below depicts monthly energy intensity per square foot (electric & natural gas) over a 4 year period.



Energy costs and environmental benefits are as follows:

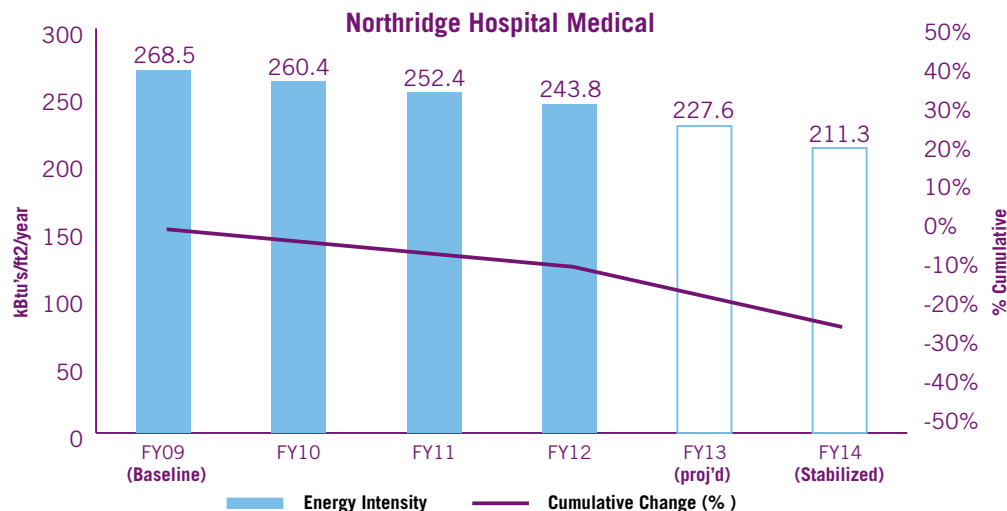
- Annual cost savings - \$368K
- Electric reduction - 4,930 MWh’s
- Natural gas reduction - 665K therms
- CO2 reduction - 6,376 metric tons
- Equivalency - 1,210 automobiles driven 15K miles per year @ 25 MPG

Capital Energy Conservation Program

The second phase of Dignity Health's energy strategy is to evaluate existing mechanical, electrical, and plumbing equipment prioritizing the replacement of equipment at, or near the end of its serviceable life. This evaluation process consists of annual infrastructure assessments completed by each hospital documenting condition of equipment and estimated cost of replacement. Cost/benefit analysis is conducted on each piece of equipment and projects are evaluated for potential rebates and incentives. This program provides two significant benefits; 1) reduces energy consumption and carbon emissions while minimizing the potential of equipment downtime and possible interruption to service line operations and; 2) minimizes the need for rental equipment while equipment is rebuilt or replaced through seasonal scheduling. Typical conservation measures identified in this phase include, but are not limited to, replacement or modernization of chillers, cooling towers, boilers, air handling units, motors, pumps, and building automation systems.

Northridge Hospital Medical Center located in Northridge, California is completing a comprehensive modernization of mechanical and electrical infrastructure nearing the end of its useful life. The four year program started in FY 2011 and is expected to reduce energy consumption by 21.3% once fully implemented.

The chart below depicts annual energy intensity per square foot (electric & natural gas) over a 4 year period and projected for FY 2013 through FY 2014.



Energy cost and environmental benefits are as follows:

- Annual cost savings - \$234K
- Electric reduction - 1,552 MWh's
- Natural gas reduction - 46K therms
- CO₂ reduction - 734 metric tons
- Equivalency - 140 automobiles driven 15K miles per year @ 25 MPG

Renewable Energy Program

The third phase of Dignity Health's energy strategy is to evaluate renewable technologies. While not materially reducing energy consumption, renewable projects reduce greenhouse gases such as carbon dioxide and energy expenditures. A typical utility owned power plant produces electricity, electricity is transmitted via high voltage power lines, and voltage is transformed down to a useable voltage for end use customers. Along this path, the heat from the utility owned power plant is lost, voltage is lost across the transmission lines, and additional voltage is lost through the transformer. Renewable energy projects produce energy on-site, reduce line losses, and capture heat rejected from the engine and the exhaust. Dignity Health currently has 11 cogeneration engines operating at seven hospitals, one landfill gas generation plant, and one photovoltaic system.

Renewable projects are considered after operational energy programs are implemented to reduce the potential of oversizing the system at hospitals with above average energy consumption. Renewable projects include cogeneration projects where waste heat recovery is at least 70%, landfill or methane gas projects, solar hot water, photovoltaic (traditional and hybrid), fuel cell projects, and geothermal. Dignity Health continues to evaluate the economics of renewable projects on a case by case basis and has seven photovoltaic projects, three fuel cell projects, two solar hot water projects, and one additional landfill gas cogeneration system under review.

Mercy Elk Grove, a new Medical Office Building, Ambulatory Surgery Center and Imaging Center opened in June 2012 with a fully functional photovoltaic system. The building was designed and constructed using energy efficient technologies and includes a 197 kW solar array to offset approximately 35% of the building's base building common area electric consumption. The solar arrays are integrated in parking canopies which also provides covered parking for approximately 80 automobiles. To date, the system has produced 251K kWh, reduced CO2 emissions by 180 tons, and saved over 20,000 gallons of gasoline.

Gauging Water Use

Dignity Health has collected water consumption data for FY 2012 at 39 hospitals and beginning in FY 2013 will use a third party to collect and organize all utility bills and make information available from a single web portal. This will speed the data collection efforts and make information timelier given the large number of water meters at each facility. Dignity Health has started developing water conservation goals and expects to publicize these goals in FY 2013 and begin reporting on these goals in FY 2014 once water consumption trends can be established for each facility.

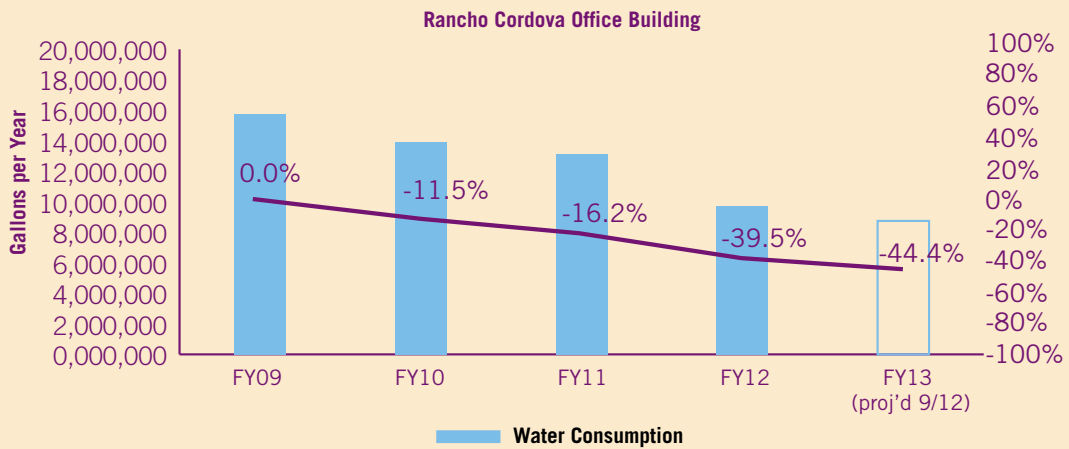
Representative water consumption samples indicate that consumption has decreased year over year for a cumulative reduction of 8.8% from FY 2008 through FY 2012 although a full analysis of historical water consumption at all hospitals is not available. Dignity Health hospitals consume between 25 and 35 million gallons of water per year per hospital with a significant percentage of this water lost through evaporation and drift in cooling towers and water consumed for irrigation.

Dignity Health hospitals have reduced water usage through retrofitting existing plumbing fixtures, improved landscaping choices, repairs to steam traps, and implementing water saving technology in the x-ray film developing and kitchen processes. Several examples of projects completed include: 1) St. Joseph's Hospital in Phoenix, Arizona installed 5 water-less urinals as a test pilot and over the last two years has expanded this to 76 which has reduced water consumption by approximately 1.8M gallons/year; 2) Glendale Memorial Hospital and Health Center modernized their cooling towers minimizing water losses from drift and blow down reducing water consumption by 5.4M gallons/year; and 3) Northridge Hospital Medical Center is modernizing their cooling towers to reduce water losses from drift and blow down which is projected to reduce water consumption by 4.8M gallons/year. Facilities located in areas such as natural deserts are designed to meet state and local low water use requirements.

Water Conservation Project

Dignity Health’s Business Office located in Rancho Cordova, California completed several water conservation projects including adding low flow urinals and aerators in each bathroom, modernizing cooling towers to reduce water lost through drift and evaporation, and adjusting water schedules for landscaping.

The chart below depicts the water consumption over a 4 year period and projected for FY 2013.



Water savings highlights are as follows:

- Project cost – \$17,860 • Rebates/Incentives – \$12,280
- Net cost – \$5,580
- Annual savings – \$7,954
- Simple payback – 8.4 months
- Annual water savings – 6.2M Gallons

Designing Sustainable Buildings

Recognizing the relationship between human health, environmental quality, and building related activities, the goal of the sustainable design guidelines is to maximize opportunities for integrative, cost-effective adoption of green design and construction strategies; emphasize human health as a fundamental evaluative criterion for building design, construction, and operational strategies; and utilize innovative approaches and techniques for green design and construction. The design guidelines concentrate on sustainable building and facility actions that are practical and cost-effective during the planning, design and construction of construction projects. The key elements are: Integrated Design, Sustainable Sites, Water Efficiency, Energy & Atmosphere, Material & Resources, and Environmental Quality.

In FY 2012, several new major capital construction projects progressed through the conceptualization and design phase process and incorporated a number of sustainable features.

St. Rose Dominican Hospital Siena Campus located in Henderson, Nevada includes a new five-story patient tower addition (205,698 SF), central plant (6,000 SF) and remodel of existing space (20,568 SF) which adds 111 inpatient beds. A 4-story parking garage with 195,000 SF is also included. Sustainable elements incorporated into the design of this project include:

- Sustainable Sites - Heat Island Effect: 12% of parking spaces will be covered following construction of the new parking garage. A 1.4 MW photovoltaic system is currently being pursued by Dignity Health that is expected to cover an additional 26% of parking spaces. 25% of hardscape areas will be shaded by trees or covered parking
- Water Efficiency - Low Flow Fixtures: The project team is pursuing a minimum 30% overall improvement on water efficiency above the amount required by the Energy Policy Act of 1992.
- Energy & Atmosphere - Energy Goals: The project team was given the goal to meet 170 kBtu's/sf/yr for the new Siena Tower project. Through extensive planning with an energy technologies consultant and utilizing the eQUEST energy model, the project design currently projects the energy use for the new tower addition at 161 kBtu's/sf/yr.
- Materials & Resources - Sustainably Sourced Materials: The project is currently targeting a minimum of 20% sustainably sourced materials. The following materials utilized contain recycled content: steel, concrete, flooring, acoustical ceiling tile, insulation, doors, furniture, millwork, and fabrics.

Chandler Regional Medical Center located in Chandler, Arizona includes a five-story tower and basement addition (202,000 SF) with 96 beds and expansion of Emergency Room and Surgery Department. Below are several highlights of sustainable elements incorporated into the design of this project:

- Sustainable Sites - Alternative Transportation: New bicycle racks will be added to increase the current space for bicycle parking. Proposed reserved parking spaces will be identified for carpool/vanpool and for low-emitting or alternative fuel vehicles.
- Water Efficiency - Water Use Reduction: Project is targeting a minimum 20% reduction in building water use than the water use baseline from the Energy Policy Act of 1992.
- Energy & Atmosphere - Energy Goals: The project team has maximized efforts to maintain an energy efficient central plant, incorporate economizer modes and heat/cool recapturing elements, specify energy efficient lighting and automate control solutions, and specify insulated glazing with low-e coating. The E-Quest energy model projects an energy savings of 17% above ASHRAE 90.1 2004 minimum standards. This translates to building energy use of 183 kBtu's/sf/yr.
- Materials & Resources - Sustainably Sourced Materials: The project is currently targeting a minimum of 20% recycled content materials and a minimum of 10% regionally produced materials.
- Environmental Quality - Low-Emitting Materials: The project team has specified low-emitting materials such as interior adhesives and sealants, interior wall and ceiling finishes, interior flooring, composite wood, agrifiber, and batt insulation, and exterior applied products.

Evaluating Sustainable Materials

New major capital construction projects use the Pharos sustainable materials database during the Design Phase for material evaluation. In FY 2012 a few projects were able to use the Pharos site to review criteria for certain products such as carpet, insulation, particleboard, paint, and roofing materials. The Pharos site does not have a robust selection of products for a healthcare environment, but there was enough information to establish some benchmarks. The project teams were able to use the Pharos site as a tool to create product criteria and then expand their search for comparable product selections.

Through the Pharos evaluation, the St. Rose Dominican Hospital Siena Campus project team was able to target a minimum of 20% sustainably sourced materials which include the following:

- Recycled content in steel, concrete, flooring, acoustical ceiling tile, insulation, doors, furniture, millwork and fabrics
- Reused equipment from existing departments
- Regionally produced materials such as concrete and landscaping rock
- Certified wood in doors, millwork and furniture

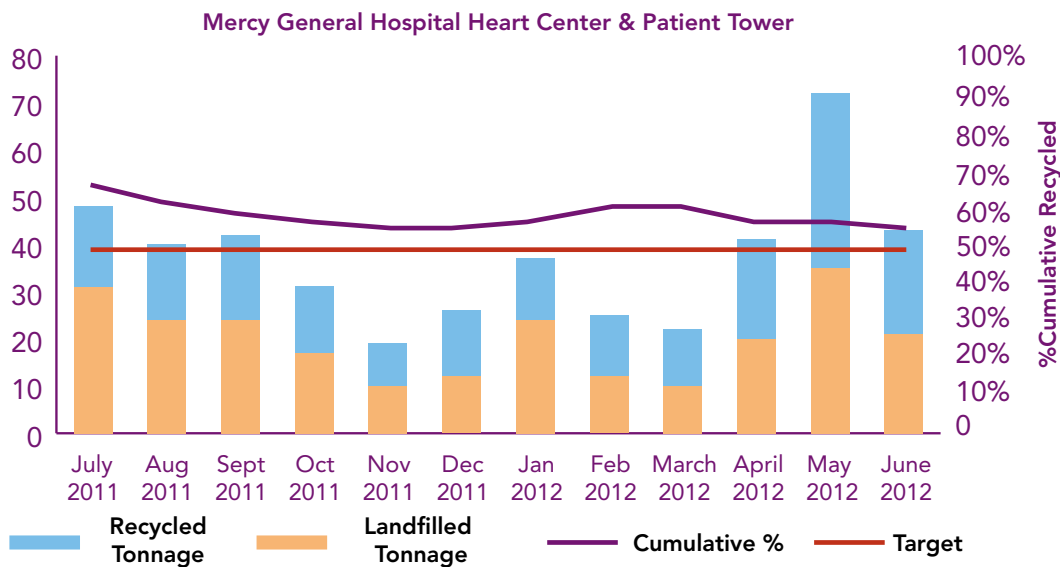
Recycling Construction Waste

Throughout FY 2012, Corporate Real Estate continued documenting the efforts of recycling construction materials from major capital construction projects. Recycling efforts fall under the category of Construction Waste Management in the Materials and Resources section of LEED 2009 for Healthcare. Portions of materials such as concrete, metal, wood, paper and cardboard, wallboard, and drywall that can be recycled are diverted from the landfill. Corporate Real Estate was able to capture a full year of recycling efforts for FY2012 and will continue to promote future construction materials recycling.

Impact of Construction Materials Recycling

Construction of the Heart Center and Patient Tower at Mercy General Hospital located in Sacramento, CA began in April 2008 with completion expected in April 2013. The construction project includes a heart center and patient tower expansion project with 91 bed cardiac center in addition to four cardiovascular operating rooms.

The Mercy General Hospital construction team recorded construction materials recycled from July 2011 through June 2012. The amount of materials recycled for this 12 month period was 256 tons equating to 56% of total waste materials collected. Monthly recycling efforts met the LEED 2009 Healthcare Materials & Resources: achieved 50% material recycled equating to 1 LEED point.



Our Buildings

Goals	Baseline	FY 2012 Target/Actual	FY 2013 Target
Assess, reduce, and report greenhouse gas emissions	CY 2007 ghg emissions	<p>Target: Submit and verify CY2011 emissions data</p> <p>Actual: CY2011 emission data submitted and verified</p>	Target: Submit and verify CY 2012 emissions data
Develop and achieve CY 2020 Energy Efficiency and Renewable Goals	CY 2010 emissions	<p>Target: Track & report progress toward meeting CY 2020 Energy Efficiency and Renewable Goals</p> <p>Actual: Tracked & reported progress toward meeting CY 2020 Energy Efficiency and Renewable Goals</p>	Target: Track & report progress toward meeting CY 2020 Energy Efficiency and Renewable Goals
Reduce water consumption	FY 2012 water consumption	<p>Target: Collect, trend, and report water consumption for each hospital</p> <p>Actual: Collected & reported on water consumption at all hospitals for FY 2012</p>	<p>Target: Collect, trend, and report water consumption for all hospitals</p> <p>Set water consumption reduction goals</p>



*Reduce, reuse,
recycle, redesign...*

OUR WASTE

A hospital's waste stream includes solid, medical, and hazardous wastes. If improperly handled, this waste poses a very real threat to human and environmental health. Waste minimization and management is a critical aspect of our sustainability initiatives. The following section provides a summary of our goals, performance, and many of our waste related activities.

Our Waste

Goals	Baseline	FY 2012 Target/Actual	FY 2013 Target
Reduce the volume of land filled waste stream	Averaged 18.5 pounds/adjusted patient day in FY 2000	Target: 15 lbs/APD Actual: 15.8 lbs/APD	Target: 15 lbs/APD
Responsibly manage the disposal of e-waste	62% of facilities compliant with Redemtech contract or other disposal firm with similar environmental credentials.	Target: 100% compliance Actual: 90% compliance	Target: 100% compliance

Performance and Challenges

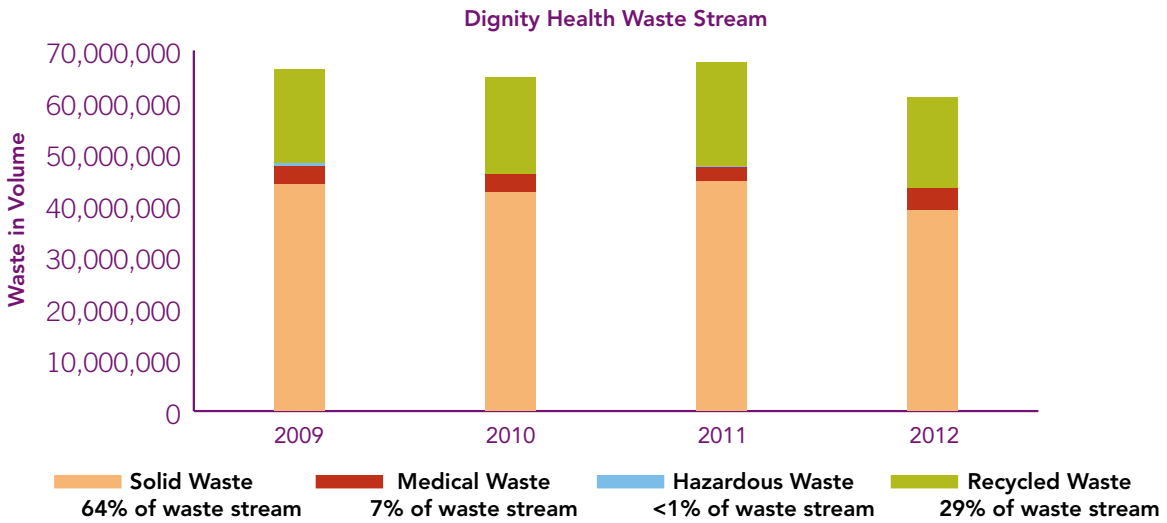
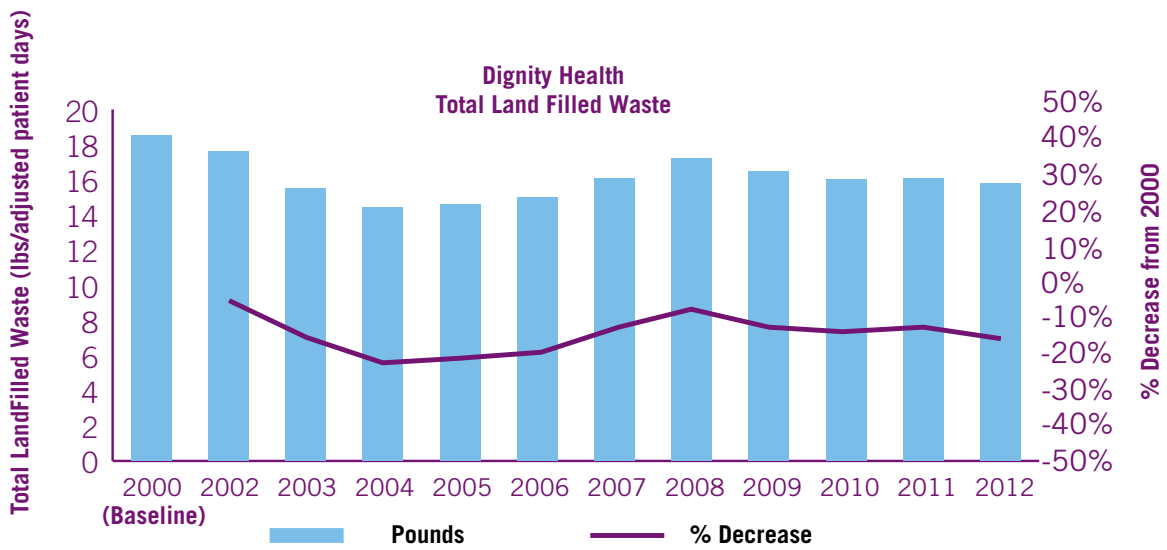
In conjunction with our efforts to reduce, reuse and recycle materials, we manage our waste streams to ensure that all waste is properly captured, recycled, and treated or disposed. Such material, including medical, hazardous, and non-hazardous waste, originates from a myriad of activities that we conduct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

In 2012, Dignity Health generated 14.3 pounds of non-hazardous waste (compared to 15.1 pounds last year) and 1.5 pounds of medical waste (compared to 1.0 pounds last year) for a total of 15.8 pounds of total waste per adjusted patient day (#/apd) that is disposed of via landfill (compared to 16.1#/apd last year). This represents an increase from our lowest years (2004-2006), where we had achieved our goal of 15 #/apd or less of solid and medical waste combined. However our FY 2012 performance is a 15% decrease from our baseline year 2000 numbers, and a 2% decrease from our 2011 waste totals.

We remain impacted by our few but large facilities in Arizona and Nevada, states that do not have the benefit of the recycling infrastructure our California facilities have. That being said, Chandler Regional Medical Center (Chandler, AZ), and Mercy Gilbert Medical Center (Gilbert, AZ) did achieve waste volumes under our 15#/apd goal, proving that progress can be made. In addition, Mercy Medical Center-Redding (CA) and Saint Francis Memorial Hospital (San Francisco, CA) produced a disproportionate amount of waste. One of our goals for the coming year is to continue to work with these large facilities to bring their waste numbers in line with other Dignity Health facilities and our goals.

Electronic waste is another major concern to us. We successfully moved forward with one of our goals, 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. We have established a standard for purchasing only the most environmentally sound computers, and implemented a contract with Redemtech, an e-Steward certified vendor, to serve as our single source for electronic equipment disposal. Efforts continue to fully implement both programs.

The following charts provide our normalized and total waste profiles for the past several years. Besides the land filled waste discussed above, the two other main components of our waste stream are hazardous waste and recycled materials. The first chart shows our waste volumes, normalized using “adjusted patient days”, which is the industry standard for defining workload in hospital facilities. The second chart shows the total (non-normalized) amount of waste we generate and how those wastes are distributed. Both our business activity (as measured in adjusted patient days) and total waste generation are down somewhat from past years. About a third of these decreases are due to the sale of our Reno facility, while the remainder is likely due to the difficult economy. Our recycling rate is currently about 29% (up from 26% two years ago).



In 2012, Practice Greenhealth issued its fourth Sustainability Benchmark Report which presents current data and builds on the past three years of data to identify sustainability trends in health care. The report provides statistics on 171 environmentally engaged and award winning hospitals likely to be among top performing facilities in the nation. Practice Greenhealth divided their datasets into those facilities that won the Partner for Change (PFC) Award, Partner for Change with Distinction Award and those that won the highest honor, the Environmental Leadership Circle (ELC) Award.

It is fair to say that hospitals in the PFC category are good performers, and those in the ELC category are even better. For solid waste and recycling, Dignity Health finds itself between the two groups (statistically better than the PFC group and very close to the ELC group). In the medical waste category Dignity Health was equivalent to the ELC group.

Practice Greenhealth Sustainability Benchmark Report

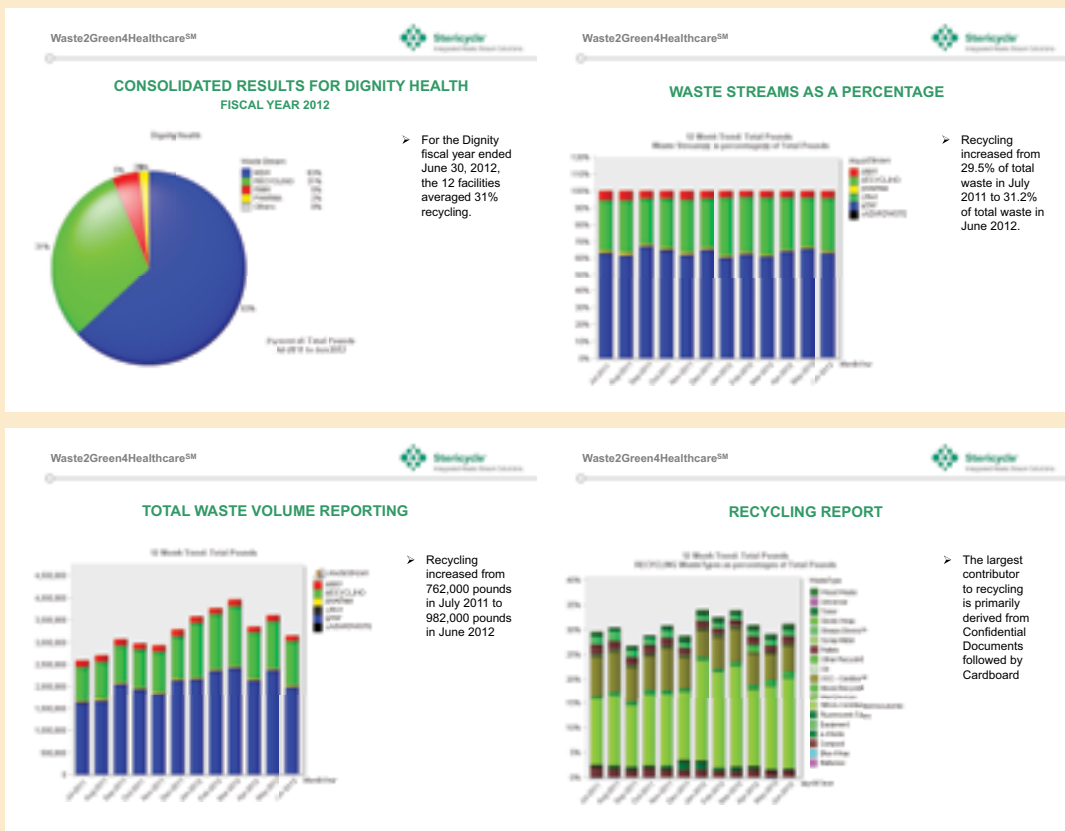
Goals	Recycling Rate	Solid Waste	Medical Waste
Partners for Change	25.5%	17.7 #/apd	3.3 #/apd
Environmental Leadership Circle	37.0%	13.1 #/apd	1.5 #/apd
Dignity Health	29.0%	14.3 #/apd	1.5 #/apd

Integrated Waste Stream Solutions (IWSS)

In order to better manage our waste streams and document cost savings, Dignity Health has implemented Stericycle's Integrated Waste Stream Solutions (IWSS) program. In twelve months, 34 Dignity Health Facilities "kicked-off" the IWSS program. This program will move us closer to our goal of 15 lbs or less of solid and medical waste combined per adjusted patient day by tracking and reporting data on our various waste streams, verifying the accuracy of our data, and enhancing the timeliness of the data collection process. Materials tracked include solid, hazardous, pharmaceutical and regulated medical waste, and recycled items.

The 12 Dignity Health facilities which had begun implementing the IWSS program in FY 2012 increased their recycling from 29.5% of total waste in July 2011 to 31.2% of total waste in June 2012. Recycling increased from 762,000 pounds in July 2011 to 982,000 pounds in June 2012.

Dignity Health IWSS Environmental Scorecard



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. Dignity Health 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.

Sterilization renders 98% of all medical waste nonhazardous. Medical waste with higher biological hazards, such as pathological waste, is required by law to be incinerated. Dignity Health uses only the best commercial incineration vendors and does not operate any of its own incineration facilities. Some of our methods of reducing medical waste are described below.

- **Reprocessing:** Dignity Health has contracted with Stryker Sustainability Solutions, Inc., an independent third-party reprocessor of surgical instruments which are known in the industry as single-use medical devices (SUDs). This company safely reprocesses items labeled for single use, making them safe for repeated use. We have been working diligently to assure a responsible approach to reprocessing, which conserves resources without placing our patients at risk. In FY 2012 Dignity Health logged in over 240,000 lbs of medical waste diversion through our reprocessing programs and realized a cost avoidance of \$8 million.



- Reusable Sharps Containers:** Dignity Health seeks to enhance patient and employee safety and to reduce the amount of sharps produced by moving to needleless technology where possible. Dignity Health utilizes a reusable sharps containers management program known as Bio Systems, which is designed to increase safety, ensure compliance and mitigate the impact of sharps container disposal 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 600 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 and volume of the single-use container. In FY 2012, through this program alone Dignity Health eliminated 429 tons of red plastic from being manufactured and disposed of in landfills. 37,376 pounds of corrugated packaging containers were also eliminated. The use of reusable containers prevented CO2 emissions equal to 24,000 gallons of gasoline during FY2012. The average cost savings by hospital is approximately 15% per year of sharps container purchasing, disposal and management. Presently, 32 Dignity Health member hospitals and 35 associated clinics utilize the Bio Systems reusable sharps management service. Approximately 24 of our hospitals are using a similar type of container for disposing of pharmaceutical wastes.

Waste2Green4HealthcareSM



Your Annual Carbon Savings for (FY 2012)

Congratulations! By using the Stericycle Sharps Management Service, your organization is making significant reductions to its carbon footprint. Your annual carbon emission savings include:

Pounds of CO2 emissions prevented:	408,989
Pounds of plastic kept out of landfills:	688,603
Pounds of cardboard kept out of landfills:	54,549
CO2 emissions prevented equal to not burning this many gallons of gasoline:	21,060
CO2 emissions prevented equal to not using this many tanks of propane gas for barbecues:	7,736



Hazardous Waste

Hazardous waste volumes typically average about 4000 pounds per facility, largely from day to day laboratory activities and periodic “clean up” of old facilities or laboratory closets. This volume is the equivalent of about eight 55-gallon drums of hazardous waste per facility per year. This waste consists 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. Some large cleanup projects increased the amount of hazardous waste we generated this past year.

- **Chemical Waste Reduction:** We are still working to achieve 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.
- **Universal Wastes:** Batteries and fluorescent tubes are known in California as “Universal Waste”, and are a subset of hazardous waste. These wastes are banned from landfill disposal. All of our California facilities (and some of those in Nevada and Arizona, even though it is not required) collect these wastes and ensure proper disposal.
- **Pharmaceutical Wastes:** Dignity Health facilities, as required by law, have specific protocols for disposing of pharmaceutical wastes that are created in the facilities. These protocols ensure that excess and expired drugs are properly sorted, cannot fall into unauthorized hands, and are properly disposed.
- **Mercury:** Removal of mercury from all our facilities has been a goal of Dignity Health 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 achieved.

Where does our e-waste really go?

We recognize that the electronic equipment we at Dignity Health use and how we dispose of it has the potential to adversely affect human and environmental health. It's both what's in and on the electronics that require special handling at the end-of-life. What's on them is data, likely sensitive data that must be appropriately erased with an audit trail to prove it. What's in them – namely the compounds from which they are manufactured – presents many important environmental concerns that warrant safe handling. Electronics contain various toxic compounds that present environmental and worker safety risks if not handled appropriately. If thrown into landfills, these toxins poison the soil and water. If incinerated, they become hazardous gases. Without adequate protection, handling these materials can harm workers.

Dignity Health is addressing these concerns through our longstanding partnership with Redemtech, an e-Stewards® Certified recycler. Redemtech delivers transparent and truly responsible e-waste management. Data-bearing assets are treated with the highest security, ensuring no data is ever discoverable on any asset Redemtech processes. Redemtech does everything possible to extend the life of assets – repairing, refurbishing, and upgrading them so that they can be redeployed, resold or donated. For equipment that can't be fixed, Redemtech harvests serviceable parts to repair other equipment. When nothing usable is left, Redemtech uses e-Stewards certified downstream recycling processors to return every recoverable commodity to the manufacturing stream. Mercury handlers reclaim the mercury – no mercury containing device is shredded. Leaded glass heads to the lead smelter. Plastic to the plastic recycler. No electronic waste is sent to landfill, nothing is incinerated, and no non-functioning equipment is shipped abroad. Pretty much everything used to make electronics can be reclaimed and put back into new manufacture – from plastic to copper to lead and glass. When equipment truly cannot be used further and its salvageable parts have been harvested, appropriate recycling sends materials back into the manufacturing stream. From an energy perspective, the greatest energy expenditure associated with an electronic asset comes in its manufacture, where the energy expended out-strips the energy used in the course of the asset's life. For that reason, it's imperative to make every attempt to extend the usable life.

Recycle

Reuse

E-Waste Recycling		Resale, Redeployment & Charitable Donation	
Units	Weight	Units	Weight
19,331	178,595.35	6,033	88,999.44



E-Waste Metals

Steel	Aluminum	Copper	Brass	Br w/Au	Stainless
83,890.54	10,202.48	3,954.50	257.43	90.04	636.39
Elect Brds	Plastic	CRT	Glass	Bulb	Battery
13,026.66	44,883.33	19,485.79	1.97	1.63	254.46



Carbon Offset & Landfill Credit

Demand Reduction	Recycle	Reuse	Units
Energy	286,391.42	17,579,135.00	Kwh
Crude	812.40	49,287.29	Barrel (55 gals)
Landfill Space	949.30	177.99	Cubic Yards



Environmental, Landfill Natural Resource Reductions

Less CO2	1,061.49	Tons
Air contamination prevented	73,944.00	Tons
Landfill diversion	267,594.78	Pounds
Virgin Materials	257,173.45	Pounds
Water pollution prevented	266,781.85	Gallons

E-Waste Soluble Recycling

Toxic Metals	Kilograms	Pounds
Mercury (in mg)		
Antimony	2.48760	5.47272
Arsenic	-	-
Barium	0.64406	1.41693
Beryllium	-	-
Cadmium	-	-
Chromium	-	-
Cobalt	-	-
Copper	2.08580	4.58877
Lead	0.89814	1.97590
Molybdenum	-	-
Nickel	0.34271	0.75396
Selenium	-	-
Silver	-	-
Thalium	-	-
Vanadium	-	-
Zinc	1.28221	2.82086
Tin		
Gold		
Platinum		
Aluminum		
Palladium		
Iron		
Total	7.7405	17.0291

E-Waste Units	
Bulk Item	2,427
Desktop	3,050
Handheld	30
Hard Disk	8,859
Laptop	351
Miscellaneous	1,585
Monitor	1,518
Part	366
Printer	2,852
Server	166
Tower	127
Total	19,331



Measuring Our Green Impact

Energy Savings



Electricity to power 3,248 houses/yr

Greenhouse Gas Reduction



Removing 299 cars from road/yr

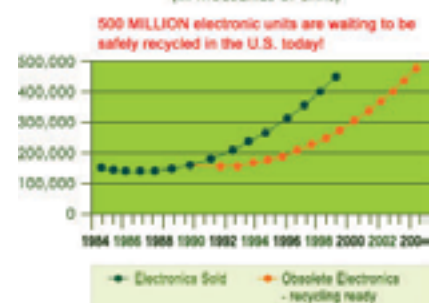
Hazardous Waste Reduction



Weight of 1,681 bricks

Generation of Electronics (U.S.)

(in thousands of units)



E-Waste Toxic Components and their Damage to Human Health

Toxic Materials	Birth Defects	Brain Damage	Heart, Liver, Lung & Spleen Damage	Kidney Damage	Nervous/Reproductive System Damage	Skeletal System Damage
Barium		X	X			
Cadmium	X		X	X	X	X
Lead	X	X		X	X	
Lithium	X		X	X	X	
Mercury	X	X	X			
Nickel	X		X	X	X	
Palladium	X	X		X		
Rhodium			X			
Silver	X	X	X	X	X	

Without safe recycling, most of these toxic components will end up in land fill — poisoning the soil and water.

Recognition and Leadership

Dignity Health and 10 Dignity Health facilities which daily demonstrate courage and leadership while setting the stage for sustainability were among the nation's top hospitals honored by Practice Greenhealth with Environmental Excellence Awards at the CleanMed Conference held in Denver in May 2012. The award winning facilities include:



SYSTEM FOR CHANGE

Dignity Health, San Francisco, CA

ENVIRONMENTAL LEADERSHIP CIRCLE (sustained)

Dominican Hospital, Santa Cruz, CA

Sequoia Hospital, Redwood City, CA

St. Joseph's Medical Center, Stockton, CA

PARTNER FOR CHANGE WITH DISTINCTION

St. John's Regional Medical Center

PARTNER FOR CHANGE

Community Hospital of San Bernardino, San Bernardino, CA

Mercy Gilbert Medical Center, Gilbert, AZ

Northridge Hospital Medical Center, Northridge, CA

Sierra Nevada Memorial Hospital, Grass Valley, CA

St. Bernardine Medical Center, San Bernardino, CA

PARTNER RECOGNITION

Chandler Regional Medical Center, Chandler, AZ

MAKING MEDICINE MERCURY FREE

Sierra Nevada Memorial Hospital, Grass Valley, CA



*Our healing
ministry continues to
succeed because
of our employees...*

OUR PEOPLE

Our employees are the reason our healing ministry continues to succeed. The care and compassion delivered by the more than 54,000 women and men of Dignity Health have established this organization as among the best in the nation. Dignity Health is committed to providing our employees with the tools and resources they need to grow. We cultivate a rewarding work environment that encourages career growth, supports continuing education, and promotes a healthy work/life balance. We are creating tools to assist Dignity Health reach the desired goals of Horizon 2020 through reviewing and evaluating our processes and refining them to align with core organizational capabilities.

Our People

Goals	FY 2012 Targets
Identify, develop and retain top talent in roles designated as pivotal in support of core organizational capabilities	<ul style="list-style-type: none">• Track trends in pivotal position voluntary turnover rates• Assess the talent in pivotal positions to understand where top talent can be identified and where gaps exist• Create a curriculum and development program for individuals in pivotal positions to address core organizational capability gaps• Deploy an employee engagement survey to individuals in pivotal positions, using the data as a baseline
Increase the racial, ethnic and gender diversity of mid-level managers	<ul style="list-style-type: none">• Provide HR facility leadership with an analysis showing leadership diversity levels as compared to diverse leadership levels in their community• Implement the most effective diversity recruitment best practices for vacant mid-level manager positions requiring diverse racial or ethnic slates of candidates

Promoting Workplace Diversity

Dignity Health is an Equal Opportunity Employer. At Dignity Health, it is our policy to prohibit discrimination based upon race, color, age, sex, sexual orientation, marital status, ethnic or national origin, disability, veteran status, citizenship status or any other criteria prohibited by law. Specific policies regarding harassment—including sexual harassment—and those addressing the needs of individuals with disabilities, provide critical support to our goals of ensuring equal employment opportunity and providing an optimal work environment for all employees. Dignity Health is committed to providing a work environment that is free from unlawful harassment.

During FY 2012 we reviewed our policies, dress codes, new employee handbooks and training materials to ensure nondiscrimination based on gender expression and identity.

Dignity Health recognizes the importance and value of a diverse workforce in enabling us to sustain our mission and core values, be representative of the communities we serve, and meet our future objectives. We have programs in place which identify diverse candidates for internal positions, both currently available and for future placement. Additionally we employ a vast array of recruitment and sourcing methodologies to ensure that we attract diverse candidates for all open positions. We also include leadership diversity as one of our key strategic performance metrics.

On an annual basis we sponsor the Dignity Health Fellowship program which was founded to expose high potential diverse students to work experiences within the health care environment, while providing us with a pool of diverse future Dignity Health leaders.

Dignity Health champions the dignity and well-being of all persons without regard to age, gender, sexual orientation, culture, race, ethnicity, economic, immigration or employment status. We believe our patients have a right to considerate, respectful and nondiscriminatory care from doctors, health plan representatives and other health care providers. Patients must not be discriminated against in the marketing, enrollment or delivery of health care services, based on race, ethnicity, national origin, religion, sex, age, mental or physical disability, sexual orientation or source of payment.

In addition we continue our activities related to the Dignity Health Qualified Medical Interpreter Program which provides a minimum standard for testing and training for Dignity Health employees who wish to become medical interpreters. Currently, we have 174 employees that have successfully completed this program and are qualified to interpret at any Dignity Health facility in languages such as Spanish, Russian, Vietnamese, Tagalog, Cantonese, Mandarin or Korean.

Snapshot

Our Workforce

Employed	54,059	Non-Managers	Minorities
Benefited	46,817		23053
Active	45,070		47%
A1 - Full Time	34,527	Non-Managers	Women
Men	8,862		37421
Not Specified	1		77%
Women	25,664		
A2 - Part Time	10,543		Minorities
Men	1,819		32
Not Specified	1	Exec/Senior Officers	10%
Women	8,723		1040
Inactive	1,747	First/Mid-Level	27%
Men	250		1072
Women	1,497	*Total Managers	25%
Non-Benefited	7,242		
Men	1,838		Female
Not Specified	1		152
Women	5,403	Exec/Senior Officers	48%
Grand Total	54,059		2937
Non-Union	23,315	First/Mid-Level	69%
Men	5,940		2785
Not Specified	3	*Total Managers	71%
Women	17,372		
Union	30,744		
Men	6,829		
Women	23,915		
Grand Total	54,059		

*Based on EEO-1 categories

Advancing Labor Relations

Dignity Health respects the right of its employees to be represented and considers itself to have a positive, collaborative working relationship with the unions that represent its employees. In fact, nearly 60% of Dignity Health's workforce is represented. More specifically, in California and Nevada over 32,000 (nearly 70%) of Dignity Health's employees are represented by 11 different labor unions. The vast majority are represented by SEIU (predominantly service and technical employees) and CNA (registered nurses). Dignity Health has included language in our collective bargaining agreements to conduct regular system and local union/management meetings for the purpose of sharing information, resolving issues, and building collaborative working relationships. These meetings include specific collaborative projects, for example, employee safety, education, and wellness.

Gauging Employee Engagement

For the past twelve years, Dignity Health has looked to the Developing Organizational Capacity (DOC) Survey to gauge its organizational effectiveness and values integration. The DOC Survey has provided ongoing feedback regarding employees' perspectives on mission and values integration, the overall effectiveness of the organization, as well as system processes such as teamwork, recognition, innovation, supervision, and work pressure.

In this last year of significant organizational change, a decision was made to administer the DOC Survey at the option of each Dignity Health facility. Accordingly, Dignity Health's 6 system offices and 13 additional facilities participated in the survey including participation by approximately one-third of Dignity Health employees. The updated DOC Survey was administered to those who chose to participate in May 2012.



Dignity Health achieved a score of 73 on key questions regarding overall organizational effectiveness. This represents a decrease of 1 point from the FY 2011 measure of 74, and, equaling the 70th percentile, falls short of the goal of achieving the 85th percentile.

One question that tracks culture and behaviors consistent with core values at the facility level reads: “The core values of Dignity Health: dignity, collaboration, stewardship, justice and excellence, are demonstrated in our day to day work.” The FY 2012 system score of 76 on this question reflected a 75th percentile achievement, even with last year’s score of 76. Dignity Health also looks to its DOC Survey dashboard indices to provide a snapshot of employee engagement and integration of mission and values. These indices provide key information about employees’ likelihood of remaining at Dignity Health based on their degree of engagement, alignment with mission, core values, and workplace spirituality, and the extent to which employees feel recognized and valued. In FY 2012, both indices showed erosion that indicate a greater likelihood of employees leaving Dignity Health (an increase in likelihood of 1.1 percentage points– from 6.2% to 7.3%) and less engagement with Dignity Health’s mission and values (a decrease in mission engagement of 1.6 percentage points).

The lower scores suggest that the degree of organizational change during the last two years at Dignity Health has led to employee judgment that the organization and its mission is less effective than in FY 2011. Communication about changes, encouraging new ideas, employee skill development, constructive feedback and assuring that employees feel valued in the midst of change are crucial to re-engagement.

A primary driver in increasing employee confidence is encouraging new and better ways of doing things. This begins with fostering an atmosphere of trying new things, rewarding employees who come up with new ideas, and making the work place a learning organization that allows employees to risk the effort to find new solutions. Coaching employees in how to create new solutions helps them to feel more valued and reinforces commitment to their work, creating a strong link to organizational effectiveness. Recognition that is specific and concrete, using established awards processes, and removing obstacles that get in the way of completing meaningful work are also key.



Improving Employee Safety

System wide focus on employee safety and commitment to injury prevention initiatives are key elements to improving program results and achieving target goals. For the last ten years, the Dignity Health Workers' Compensation Program has performed well in achieving established Target Goals - going from an indemnity injury rate of 4.76 injuries per 100 FTE in FY 2003 to 1.498 injuries per 100 FTE in FY 2012. Dignity Health experienced an uptick in the injury rate metric during FY 2012. However, the number of indemnity injury claims remains below that of other self-insured organizations and healthcare providers. Our actuary indicates that the frequency of injuries with indemnity payments has been approximately 20-25% less than other comparable health care organizations from FY 2009 through FY 2012. The U.S. Department of Labor Statistics self-insured data of occupational injury and illness reported by the hospital industry indicate an incident rate of 6.8 cases per 100 FTE for FY 2011.

Ongoing efforts to reduce the frequency of injuries and improve workplace safety are essential to the program. Two years ago the Employee Safety Bundle was implemented and remains a significant tool. The Safety Bundle is comprised of two elements:

- 1) Perform an injury cause analysis within 45 days of all new physical movement and slip and fall indemnity injuries to determine the root cause of incidents that occur and to evaluate corrective action to prevent further incidents of injury from occurring
- 2) Conduct a monthly executive safety walk around by the workers' compensation coordinator and site champion (or senior manager), using a process designed to identify and correct potential workplace hazards

Hospitals that ended FY 2011 with in an indemnity injury rate above 1.397 per 100 FTE, or rose above that level in any quarter of FY 2012 were required to implement a Safety Bundle.

FY 2012 Results	FY 2013 Goals and Initiatives
<p><u>Indemnity Injury Rate Metrics:</u> Goal: 1.397 per 100 FTE Actual: 1.498 per 100 FTE</p> <p><u>Safety Bundle Metrics:</u> Goal: 70% of the hospitals that meet criteria will complete the Safety Bundle Actual: 100% of the hospital that met criteria completed the Safety Bundle</p>	<p><u>Indemnity Injury Rate Metrics:</u> Goal: 1.400 per 100 FTE</p> <p><u>Safety Bundle Metrics:</u> Goal: 70% of the hospitals that meet criteria will complete the Safety Bundle</p> <p><u>Safety Bundle Criteria:</u> The Safety Bundle will be implemented by facilities that ended with an indemnity injury rate above 1.397 in FY 2012, and facilities that rise above 1.397 in any quarter of FY 2013 and/or experience a new indemnity physical movement and repetitive motion type injury</p>

Patient Handling Program

AB1136 - The Hospital Patient & Health Care Worker Injury Protection Act was passed in October 2011, and became effective Jan 1, 2012. Key components include a written Safe Patient Handling Policy, staffing/responsibilities, and training on equipment and safe patient handling techniques.

In November 2011, Dignity Health formed a Safe Patient Handling (SPH) work-group comprised of inter-disciplinary system executive staff from Risk Services, Nursing Services, Human Resources, Legal, Performance Improvement and Public Policy & Advocacy to lead in assessment of the system wide readiness in response to the new law. A number of operational tasks were completed to prepare facilities for compliance:

- Provided communication material to inform and assist hospital leadership in their communication and implementation efforts
- Developed and implemented a Safe Patient Handling Survey to assess needs
- Developed a Sample Safe Patient Handling Policy & Procedure for facilities to modify based on patient care unit requirements
- Collaborated with the California Hospital Association (CHA) in developing comments and draft regulations for Cal/OSHA's consideration
- Provided ongoing support to facilities for SPH implementation, equipment assessment, education, and training resources
- Led monthly calls with WC coordinators and SPH champions to provide regulatory updates, share best practices, discuss issues, and products
- Worked with system contract and purchasing directors to establish a system standard for product utilization and special pricing
- Extended The Safe Patient Handling Program implementation throughout the system to include our Arizona and Nevada facilities



*We understand our
interrelationship
with Earth...*

Governance, Management And Ethics

As health care providers concerned with the spirit as well as the body, we understand our interrelationship with Earth and our responsibility to steward its resources. We ponder and probe the spiritual, economic and ecological issues woven into the very fabric of how we provide health care and how we do business.

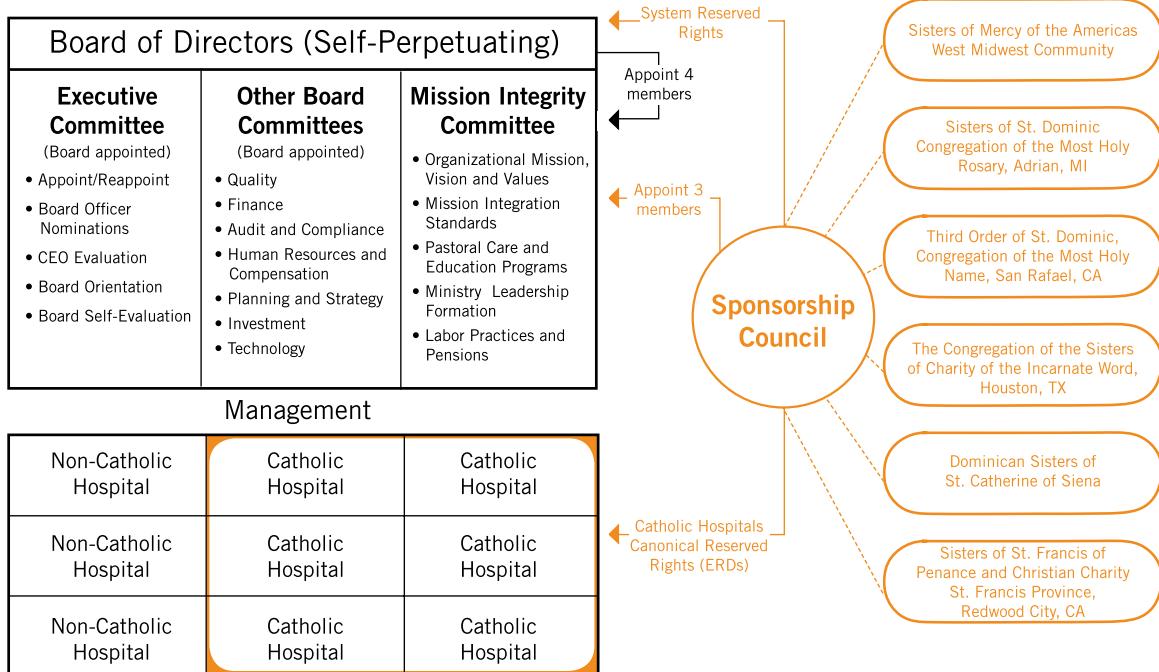
Becoming Dignity Health

This past year brought an evolutionary change in organizational identity to our health care system, with a restructure of governance and name change from Catholic Healthcare West to Dignity Health. The board of directors, sponsoring congregations and senior leadership engaged in a thoughtful and extended process of research, study and discernment that resulted in a structure that changed the relationship of the sponsors to the organization and added new components of mission oversight. In dialogue with the Archbishop of San Francisco, and through his consultative work with the bishops in the dioceses in which Dignity Health has facilities, Dignity Health moved from being a formal ministry of the Roman Catholic Church to a system structure that remains faith-based in the Catholic tradition, but not formally tied to the Church. The result is that Dignity Health's Catholic facilities remain Catholic, and its other than Catholic facilities retain their secular identity.

Representatives from the sponsoring congregations of Dignity Health's Catholic facilities form the Sponsorship Council that oversees the Catholic identity of the Catholic facilities in all their dimensions. In addition, a new board committee, Mission Integrity Committee, ensures that the mission and values of Dignity Health are active in all its endeavors. With a majority of members appointed by the board and three members appointed by the Sponsorship Council, the Mission Integrity Committee brings both continuity and fresh attention to the components of mission integration throughout the system.



Dignity Health



Renewing Our Governance and Management Structure

The Board of Directors includes health care and business leaders, with a range of professional expertise as well as racial, gender and ethnic diversity. 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 Board annually evaluates its performance against established goals.

The Executive Leadership Team (ELT) is charged by the Board of Directors to provide leadership and organizational management in the areas of operations, mission integration, finance, and support services, as well as leadership in the strategic direction of the organization.

The Operations Leadership Council comprises ten service area leaders who are directly involved with the Executive Leadership Team in goal setting, planning, and decision making. They have responsibility for developing and implementing strategies for improving quality and reducing costs.

Members of Dignity Health’s governance and management make conflict of interest declarations on an annual basis.

Learn more about Dignity Health’s Board of Directors, Executive Leadership Team and Operations Leadership Council at www.Dignity Health health.org/who we are.

Advancing Inclusion and Diversity

Minority Representation	2007	2008	2009	2010	2011	2012
Corporate Board	5	5	5	5	5	4
	31%	26%	26%	28%	28%	50%
Hospital Boards	136	146	134	143	143	121
	30%	39%	44%	44.4%	44.9%	43.8%
Corporate Officers	5	2	6	6	6	6
	56%	40%	60%	60%	67%	66%
Executive Leadership	3	3	3	4	4	4
	30%	30%	30%	40%	40%	40%
Managers	423	452	472	461	405	396
	19%	20%	20%	19%	18.3%	19%

Advancement of Women

Female Representation	2007	2008	2009	2010	2011	2012
Corporate Board	9	9	9	9	9	4
	56%	47%	47%	50%	50%	50%
Hospital Boards	166	146	128	134	131	109
	37%	39%	41.8%	41.6%	39.5%	39.5%
Corporate Officers	4	9	4	4	4	5
	44%	47%	40%	40%	44%	55%
Executive Leadership	2	2	2	3	3	3
	20%	20%	20%	30%	30%	30%
Managers	1451	1521	1541	1607	1430	1314
	67%	66%	65%	65%	64.6%	64%

**Based on Dignity Health's Key Employees Program*

Governance and Management Practice

The board, in consultation with the Executive Leadership Team, determines the critical issues facing the organization and sets annual, mid-term and longer-term goals for patient care, employee satisfaction, social and financial performance. Achievement of those goals informs management's incentive compensation. Horizon 2020 establishes the long term goals and strategies considered fundamental to the organization's continued viability. The board and management adjust annual targets based on the previous year's performance.

The goals cited in the Our Patients and Our People sections of this report have been explicitly approved by the Board. In addition the Board has set goals for finance and community benefit. Other goals and indicators included in this report were determined material to Dignity Health's sustainability initiatives by particular departments engaged in and responsible for the function.

- **Environmental Principles and Policies:** In 1996, Dignity Health's Board of Directors issued our first environmental policy based on the Ceres Principles. Key personnel from each of Dignity Health'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 system-wide policy is reviewed tri-annually and was last updated in 2010. The Dignity Health board has also issued a mercury elimination policy and a sustainable design policy. A comprehensive chemicals policy was approved in FY 2009 and an environmentally preferable purchasing policy in FY 2010.
- **Precautionary Principle:** Dignity Health has applied the precautionary principle (seeking alternatives when reasonable scientific studies indicate an ingredient or product could pose significant human health or environmental risks) in many of our actions. Dignity Health has proactively moved to eliminate mercury, phase out PVC in medical supplies, reduce energy use and greenhouse gases, reduce the volume and the toxicity of our waste, and improve the sustainability of our buildings and food supply.
- **Employee Involvement:** Employees are encouraged to identify and correct deficiencies or errors as they see them. To ensure that our staff is qualified to carry out their responsibilities, all hospitals conduct annual competency reviews of all key personnel. Management is responsible to ensure that employees receive the required training and are competent in performance of their duties.

Ethics and Compliance

At Dignity Health, our five core values are the foundation for all our programs in ethics and compliance. Respect for the dignity of the person shapes all we do for patients and our interactions with their families. Our adherence to regulations governing billing, coding, contracting, and research stems from a commitment to stewardship, justice and excellence in our work. Collaboration with others—colleagues, government agencies, vendors, other providers—provides the ground in which our work takes root.

As an organization founded by Catholic religious women, we bring these values to all the work we do, whether it is at the bedside or in the business office. The Catholic tradition of using the gift of reason to think our way through our ethical obligations is strong at Dignity Health. We take our responsibility to ask the right questions and to promote integrity both in patient care and business practices very seriously. [Our Standards for Mission Integration](#) make that responsibility clear.

Ethics Committees at each hospital meet regularly to educate and provide consultation services to caregivers, and patients or families who identify an ethical conflict in their care. Although basic ethics education is now the norm in most hospitals, we are sometimes challenged with bringing the techniques of process improvement to the work of the ethics committees.

Consistent with our values, Dignity Health is also committed to ethical business practices compliant with all applicable laws and regulations. We have developed extensive compliance and business ethics programs that are designed around the standards for such programs as articulated in the Federal Sentencing Guidelines for Organizations as well as the risks that we face as a provider of health care services. These programs are implemented across the Dignity Health care settings, including hospitals, clinics, home health agencies and other business locations of Dignity Health. Among other things, these programs ensure that employees and physicians are legally eligible and qualified to provide care, that our employees are educated about our program, that they receive periodic training regarding the laws, rules and standards that apply to their individual work, and that there are a variety of mechanisms – including anonymous mechanisms – that allow employees to ask questions or raise concerns about ethical issues or possible non-compliance with the laws or Dignity Health policy. Moreover, the program also includes monitoring and auditing processes designed to measure our compliance, a commitment to promptly remediate non-compliance (including restitution where we have been overpaid) and regular reports to senior management and the Audit & Compliance Committee of Dignity Health's board on our progress in executing the programs.

Health care is by far the most highly regulated segment of the U.S. economy, and complying with the plethora of constantly changing laws and regulations is a challenge for Dignity Health and most similarly situated providers. However, our processes to ensure that we monitor and implement program changes, and our efforts to continuously assess compliance, have contributed significantly to reducing our risk of non-compliance. Dignity Health is a best practice leader in this context through its use of objective metrics and the fact that a compliance scorecard based on these metrics (which is tied to a hospital president's participation in the annual incentive program) is used to measure how well each hospital executes the program.

Dignity Health is committed to making all of our business decisions based upon ethical principles, values and integrity. This careful attention to business ethics, in turn, supports the quality of our patient care by providing the right mechanisms for investigating any concerns employees or patients may have and for identifying potential weaknesses in internal systems and management.

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

G3.1 Content Index - GRI Application Level B

Application Level B

STANDARD DISCLOSURES PART I: Profile Disclosures

REPORT FULLY ON THE BELOW SELECTION OF PROFILE DISCLOSURES OR PROVIDE A REASON FOR OMISSION

1. Strategy and Analysis

Profile	Description	Cross-reference/Direct answer
1.1	Statement from the most senior decision-maker of the organization.	CEO Message
1.2	Description of key impacts, risks, and opportunities.	CEO Message

2. Organizational Profile

Profile	Description	Cross-reference/Direct answer
2.1	Name of the organization.	Profile and Reporting
2.2	Primary brands, products, and/or services.	Profile and Reporting
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Governance, Management and Ethics
2.4	Location of organization's headquarters.	Profile and Reporting
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Profile and Reporting
2.6	Nature of ownership and legal form.	Governance, Management and Ethics
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Profile and Reporting
2.8	Scale of the reporting organization.	Profile and Reporting
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	CEO Message; Governance, Management and Ethics
2.10	Awards received in the reporting period.	Environmental Awards

3. Report Parameters

Profile	Description	Cross-reference/Direct answer
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Profile and Reporting
3.2	Date of most recent previous report (if any).	Profile and Reporting
3.3	Reporting cycle (annual, biennial, etc.)	Profile and Reporting
3.4	Contact point for questions regarding the report or its contents.	Profile and Reporting
3.5	Process for defining report content.	Profile and Reporting
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Profile and Reporting

3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Profile and Reporting
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Profile and Reporting
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Profile and Reporting
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	CEO Message; Governance, Management and Ethics
3.12	Table identifying the location of the Standard Disclosures in the report	GRI Content Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	Profile and Reporting
4. Governance, Commitments, and Engagement		
Profile	Description	Cross-reference/Direct answer
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance, Management and Ethics
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance, Management and Ethics
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Governance, Management and Ethics
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Governance, Management and Ethics
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Governance, Management and Ethics
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Governance, Management and Ethics
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Governance, Management and Ethics
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Profile and Reporting
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Governance, Management and Ethics
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Governance, Management and Ethics

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Governance, Management and Ethics
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Community Engagement ; Healthier Hospitals Initiative
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Community Engagement ; Healthier Hospitals Initiative
4.14	List of stakeholder groups engaged by the organization.	Community Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Community Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Community Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Community Engagement

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

REPORT ON THE DISCLOSURES ON MANAGEMENT APPROACH FOR EACH CATEGORY. YOU SHOULD BE ABLE TO DISCLOSE THIS INFORMATION ON THE ASPECT LEVEL FOR EACH PERFORMANCE INDICATOR THAT YOU HAVE REPORTED FULLY ON.

G3 DMA	Description	
DMA EC	Disclosure on Management Approach EC	Cross-reference/Direct answer
Aspects	Economic performance	Profile and Reporting
	Market presence	Profile and Reporting
	Indirect economic impacts	Community Engagement
DMA EN	Disclosure on Management Approach EN	Cross-reference/Direct answer
Aspects	Materials	Our Purchases
	Energy.	Our Buildings
	Water	Our Buildings
	Biodiversity	No facilities being developed in areas of high biodiversity
	Emissions, effluents and waste	Our Buildings, Our Waste
	Products and services	Our Patients, Our Purchases
	Compliance	Our Waste
	Transport	Community Engagement
	Overall	Our Purchases, Our Buildings, Our Waste

DMA LA	Disclosure on Management Approach LA	Cross-reference/Direct answer
Aspects	<p>Employment</p> <p>Labor/management relations</p> <p>Occupational health and safety</p> <p>Training and education</p> <p>Diversity and equal opportunity</p> <p>Equal remuneration for women and men</p>	<p>Our People; Government, Management, and Ethics Our People</p> <p>Our People</p> <p>Our People</p> <p>Our People; Government, Management, and Ethics Our People; Government, Management, and Ethics</p>
DMA HR	Disclosure on Management Approach HR	Cross-reference/Direct answer
Aspects	<p>Investment and procurement practices</p> <p>Non-discrimination</p> <p>Freedom of association and collective bargaining</p> <p>Child labor</p> <p>Prevention of forced and compulsory labor</p> <p>Security practices</p> <p>Indigenous rights</p> <p>Assessment</p> <p>Remediation</p>	<p>Our People; Our Purchases</p> <p>Our People</p> <p>Our People</p> <p>Requirements included in vendor contracts</p> <p>Requirements included in vendor contracts</p> <p>Requirements included in vendor contracts</p> <p>Requirements included in vendor contracts</p> <p>Our People</p> <p>Our People</p>
DMA SO	Disclosure on Management Approach SO	Cross-reference/Direct answer
Aspects	<p>Local communities</p> <p>Corruption</p> <p>Public policy</p> <p>Anti-competitive behavior</p> <p>Compliance</p>	<p>Community Engagement</p> <p>Community Engagement</p> <p>Community Engagement</p> <p>Community Engagement</p> <p>Community Engagement</p>
DMA PR	Disclosure on Management Approach PR	Cross-reference/Direct answer
Aspects	<p>Customer health and safety</p> <p>Product and service labeling</p> <p>Marketing communications</p> <p>Customer privacy</p> <p>Compliance</p>	<p>Our Patients; Our Purchases</p> <p>Our Patients; Our Purchases</p> <p>Our Patients</p> <p>Our Patients</p> <p>Our Patients</p>

STANDARD DISCLOSURES PART III: Performance Indicators

REPORT FULLY ON AT LEAST 20 CORE OR ADDITIONAL PERFORMANCE INDICATORS - AT LEAST 1 FROM EACH CATEGORY (ECONOMIC, ENVIRONMENT, LABOR PRACTICES & DECENT WORK, HUMAN RIGHTS, SOCIETY, PRODUCT RESPONSIBILITY)

Economic

Performance Indicator	Description	Cross-reference/Direct answer
	Economic Performance	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Profile ; Community Engagement
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Our Buildings
EC3	Coverage of the organization's defined benefit plan obligations.	Deferred Benefit Plans Are not Offered
EC4	Significant financial assistance received from government.	Community Engagement
	Market presence	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Local vendors, particularly for food sourcing, are used when practical
	Indirect economic impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community Engagement
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Community Engagement

Environmental

Performance Indicator	Description	Cross-reference/Direct answer
	Materials	
EN2	Percentage of materials used that are recycled input materials.	Our Waste
	Energy	
EN3	Direct energy consumption by primary energy source.	Our Buildings
EN5	Energy saved due to conservation and efficiency improvements.	Our Buildings
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Our Buildings
	Water	
EN8	Total water withdrawal by source.	Our Buildings

	Biodiversity	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	None
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	None
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	None
	Emissions, effluents and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.	Our Buildings
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Our Buildings
EN22	Total weight of waste by type and disposal method.	Our Waste
EN23	Total number and volume of significant spills.	Our Waste
	Products and services	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Our Purchases
	Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Our Waste (none)

Social: Labor Practices and Decent Work

Performance Indicator	Description	Cross-reference/Direct answer
	Employment	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Our People
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Our People
	Labor/management relations	
LA4	Percentage of employees covered by collective bargaining agreements.	Our People
	Occupational health and safety	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Our People
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Our People
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Our People

	Training and Education	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Our People
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	100%
	Diversity and equal opportunity	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Our People
	Equal remuneration for women and men	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	1 to 1 Ratio

Social: Human Rights

Performance Indicator	Description	Cross-reference/Direct answer
	Security practices	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	All security personnel trained to respect the rights and dignity of all our patients and visitors
	Indigenous rights	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	None

Social: Product Responsibility

Performance Indicator	Description	Cross-reference/Direct answer
	Customer health and safety	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Our Purchases
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Our Patients
	Product and service labeling	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Our Patients
	Marketing communications	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Our Patients
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	None

Social: Labor Practices and Decent Work

Performance Indicator	Description	Cross-reference/Direct answer
	Local communities	
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Community Engagement
S09	Operations with significant potential or actual negative impacts on local communities.	Community Engagement
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Community Engagement
	Corruption	
S04	Actions taken in response to incidents of corruption.	None
	Public policy	
S05	Public policy positions and participation in public policy development and lobbying.	Community Engagement
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Community Engagement
	Anti-competitive behavior	
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	None

