

Sustainability Highlights

Fiscal Year 2014



What lies behind us and what lies before us are small matters compared to what lies within us.

Ralph Waldo Emerson



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

This year, we continued to build momentum for our humankindness movement. Hello humankindness is more than a campaign. It is a powerful idea that reflects our shared heritage and future hopes. As members of the Dignity Health family, we believe that humanity and kindness are at the heart of our healing mission, creating something that this world – not just this industry – needs. For this reason, Dignity Health has always felt a special obligation toward the communities we serve and the environment we are called to protect. We understand that our health is inextricably connected to the health of our planet, and that the decisions we make as an industry can either harm or benefit the safety and well being of the families in our care. How Dignity Health contributes to the surrounding environment and quality of life will continue to be a key measure of our organization's success.

During FY2014 we experienced both successes and challenges:

- We delivered \$2 billion in charity care, community benefits, and unreimbursed patient care, despite declining revenue from government-sponsored patients.
- We reduced our employee indemnity injury rate to 1.45 per 100 FTEs, which is among the lowest rates in our industry.
- Recognizing the public health impacts of climate change, we reduced carbon emissions to 217,000 tons, a 20.1% reduction from the CY2010 baseline.
- The level of change we have experienced as an organization and an industry continued to impact employee retention and engagement, but we have made listening to employee concerns a top priority, and have developed and deployed multiple strategies to address them.

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

Lloyd H. Dean



President and CEO

About Us

Dignity Health, one of the nation's largest health care systems, is a 20-state network of nearly 9,000 physicians, 55,000 employees, and more than 380 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality and affordable patient-centered care with special attention to the poor and underserved. In FY2014, Dignity Health provided nearly \$2 billion in charitable care and services.

Our Mission

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

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

Our Values

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

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

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

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

Excellence: Exceeding expectations through teamwork and innovation.

Our Vision

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

Statistics: Fiscal Year 2014

Assets: \$15.8 billion

Net Operating Revenue: \$10.7 billion

General Acute Patient Care Days: 1.6 million

Community Benefits and Care of the Poor: \$2 billion

Acute Care Beds: 8,500

Skilled Nursing Beds: 700

Acute Care Hospitals: 39

Active Physicians: 9,000

Total Employees: 55,000

Introduction

Dignity Health has been reporting on its environmental, social, and economic/governance performance for nearly two decades, using the format developed by the Global Reporting Initiative. As we prepare to transition to the Global Reporting Initiative – Revision 4 (GRI 4), we have conducted an ESG materiality assessment, which will inform our FY2015 Sustainability Report. We are pleased to present here highlights of our FY2014 accomplishments and challenges. At Dignity Health sustainability encompasses all elements of Dignity Health’s operations, including our:

- Patients • People • Communities • Purchases • Buildings • Waste

Dignity Health is a not for profit healthcare system headquartered in San Francisco, California. This report highlights the sustainability initiatives of our 39 acute care facilities serving communities in California, Arizona, and Nevada.



Our Patients

Quality Care

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. We strive to achieve top decile performance in national publicly measured and reported standards of care. In FY2014 our hospitals achieved a 99% composite score in the Hospital Quality Reporting Measures.

Patient Experience

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. In the National Hospital Consumer Assessment Provider Survey (HCAHPS) approximately 70% of patients rated Dignity Health at a 9 or 10, on a 10 point scale for the Hospital Overall Rating.

Palliative Care

Dignity Health's palliative care programs are dedicated to high quality care for patients with serious illness. Thirty six of our facilities have palliative care services that engage all stakeholders to relieve distressing symptoms and to enhance quality of life at any stage of serious illness.

No Harm Campaign – Hospital Engagement Network

Dignity Health is proud of the results over the past three years as a Hospital Engagement Network (HEN) participant through the Health and Human Services (HHS) Partnership for Patients initiative. Over 16,000 lives were favorably impacted (on hospital-acquired conditions compared to the base line) and an estimated savings of over \$60 million (using information from literature/research) was realized.

Innovation

Dignity Health has purposefully worked towards using emerging technologies and business models to accelerate organizational performance, improve quality, and reduce the cost of care, all while employing a variety of investment tools to ensure Dignity Health participates in any potential financial upside.

Since 2013 Dignity Health has invested over \$22 million in health care companies that strategically align with operational goals of the organization. Industries include: analytics, smart sensors, radioactive isotopes for nuclear medicine, and next generation clinical diagnostics. Partnership with philanthropic organizations, such as the California Healthcare Foundation, ensures innovations touch the underserved in local communities. One example is the Propeller Health study in Woodland, CA. In this work, a cross section of patients is provided with GPS sensors on asthma inhalers. These sensors track where, when, and how often inhalers are used. Using the information, patients and their physicians can make appropriate decisions on medication and better educate one another on the causes of asthma at an individual level. We are studying the ability of the GPS sensor as a tool to reduce costly emergency room visits and avoid inpatient admissions for acute asthma.

Our People

Engaged Workforce

Our employees are the reason our healing ministry continues to succeed. The care and compassion delivered by the more than 55,000 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.

Equal Employment Opportunity

We value diversity and inclusion and have programs in place which identify diverse candidates for open positions. Specific policies regarding 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

Labor Relations

Dignity Health respects the right of its employees to be represented and considers itself to have a positive, collaborative relationship with the unions that represent its employees. In fact, nearly 60% of Dignity Health's workforce is represented. In California and Nevada over 32,000 (nearly 70%) of Dignity Health's employees are represented by 11 different labor unions.

Health and Safety

System wide focus to injury prevention and workplace safety is essential to Dignity Health. During FY2014, each facility was tasked to develop and implement Safety Promotion Programs and conduct Safety Walk Arounds to reduce the frequency of injuries and improve workplace safety. Both performance initiatives achieved target goals. The program has reduced the indemnity injury rate of 4.76 per 100 FTEs in FY2003 to 1.45 per 100 FTEs in FY2014.

Our Communities

Promoting Health

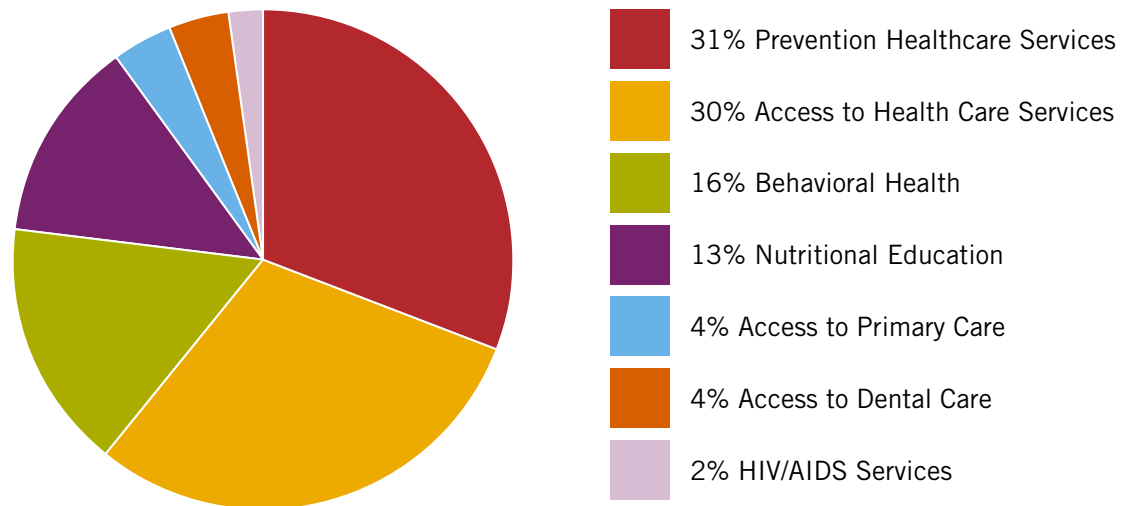
Dignity Health's mission mandates and compels partnering with others to promote the broader health of the community. We have developed a comprehensive approach to community health promotion that addresses not only the pressing health concerns in communities, but also the underlying causes for health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

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. The Dignity Health website provides a mapping tool that allows individuals and organizations nationwide to access their scores and learn where vital community resources are located.

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 view each hospital's current community benefit plan.

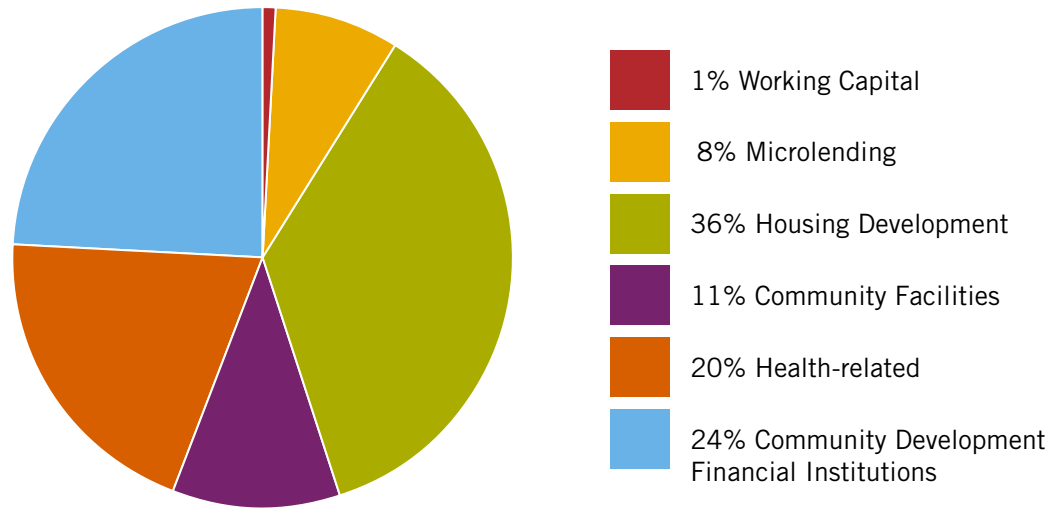
Community Grants

Begun in 1990, our Community Grants Program awards grants to non-profit organizations addressing health priorities identified in our hospitals' Community Health Needs Assessments. Since inception, we have awarded more than \$51 million in community health grants to over 3,000 projects in the following areas:



Community Investments

Our 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 provide social good. In FY2014 the program provided \$59 million in loans to 56 organizations that develop affordable housing and/or provide services to low income families and individuals.



Our Purchases

Environmentally Preferable Purchasing

The sheer volume of the products we purchase each year makes environmentally responsible purchasing a critical sustainability issue. As the fifth largest health care system in the nation, Dignity Health is committed to purchasing products and services that promote health and well-being for people and planet, while maximizing patient safety and satisfaction. We believe in leveraging our scale to influence the world around us and to address the environmental impacts of our products and services throughout their life cycle.

Our current priorities center on increasing the diversity of our suppliers; incorporating reusable, recyclable and compostable materials in both clinical and non-clinical areas; reducing the use of products and supplies containing hazardous chemicals; promoting environmentally-preferred purchasing options to our affiliates, members, and staff; and promoting food systems that are ecologically sound, economically viable and socially responsible.

FY2014 Initiatives and FY2015 Priorities

We focused on transitioning our nutrition and environmental services to a single vendor, which has helped us reduce variation within those services. We have minimized food waste by tracking patient census numbers and designing menus specific to patients' needs. However the transition has foiled our efforts to reduce/phase out the use of bottled water and to track our purchases of locally sourced and sustainably raised food products in support of our commitment to the Healthier Hospitals Initiative Healthy Food Challenge. We continue to seek access to the necessary data.

Other FY2014 initiatives included:

- Diverting more than 291,000 pounds of medical waste from landfills by utilizing reprocessed, single-use medical devices, resulting in a savings of \$8.2 million.
- Implementing Quiet Kits™ for patients made from eco-friendly materials.
- Utilizing environmentally-preferred, disposable blood pressure cuffs.
- Transitioning from vinyl to nitrile exam gloves, a PVC and DINP free product.
- Installing new printing, copying and scanning equipment to reduce paper usage.
- Eliminating Styrofoam cups from all our facilities.
- Increasing spend on green cleaners in lieu of chemical cleaning.

In FY2015 we will focus on significantly reducing our print and ink usage through the managed print service program across the organization, and in collaboration with BizNGO piloting the Chemical Footprint Project questionnaire with several of our suppliers to determine their overall chemical management performance.

Our Buildings

Dignity Health is committed to building and operating our buildings to promote the health of our patients, employees and communities.

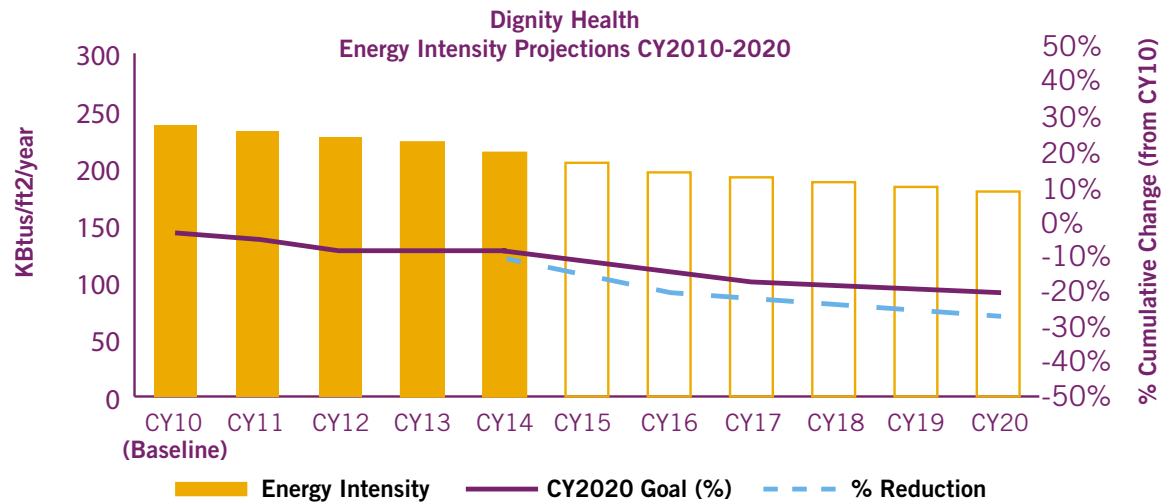
FY2014 Achievements

- Continued decrease in system wide energy consumption.
- Submitted and verified Dignity Health's greenhouse gas emissions with The Climate Registry for the fourth consecutive year.
- Developed water conservation goals with a target reduction of 5% annually.
- Collected and reported construction waste diverted from landfill.

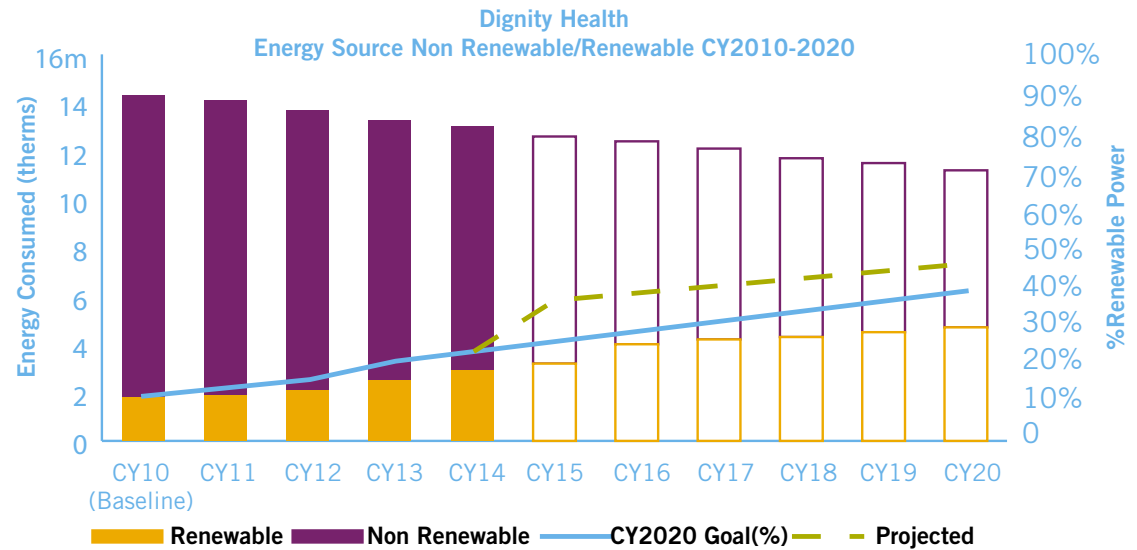
Goals looking forward

- 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 CY2020.
- Reduce water consumption by 5% per year; 23% cumulative by CY2020.
- Design new buildings to operate at least 15% below ASHRAE standards.

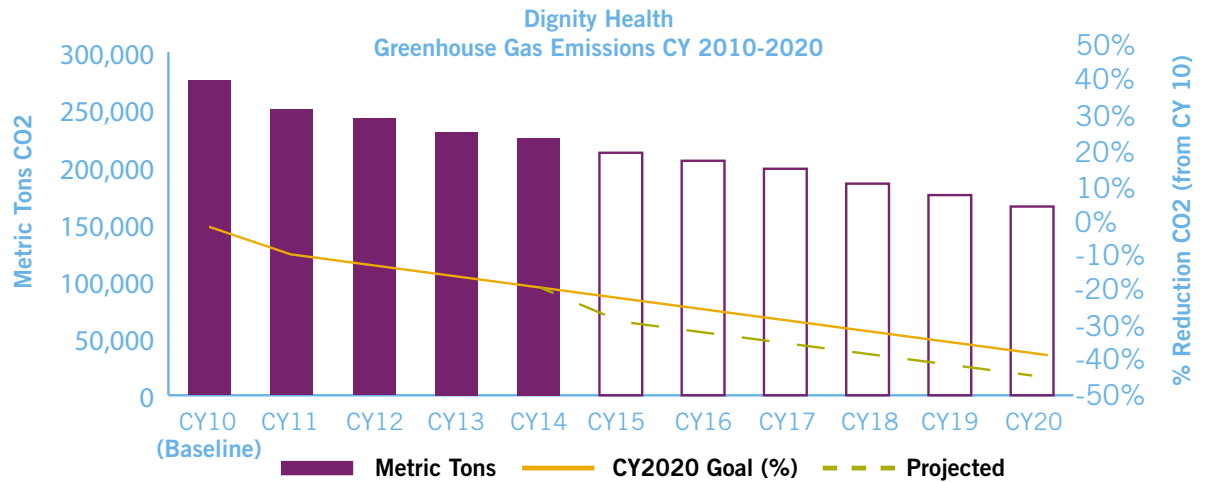
Goal #1 - Reduce energy intensity in existing buildings by 2.2% annually and 20.0% in aggregate by CY2020.



Goal #2 - Increase use of renewable energy sources to 35% of total annual consumption by CY2020.



Goal #3 - Reduce greenhouse gas emissions by 40% by CY2020.

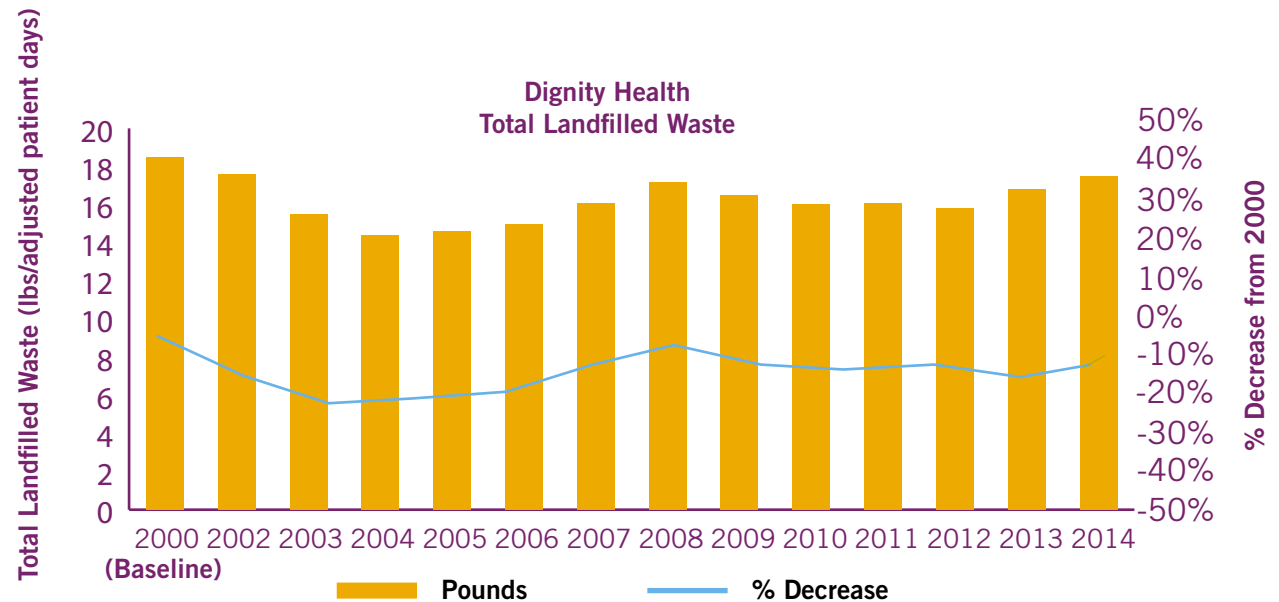


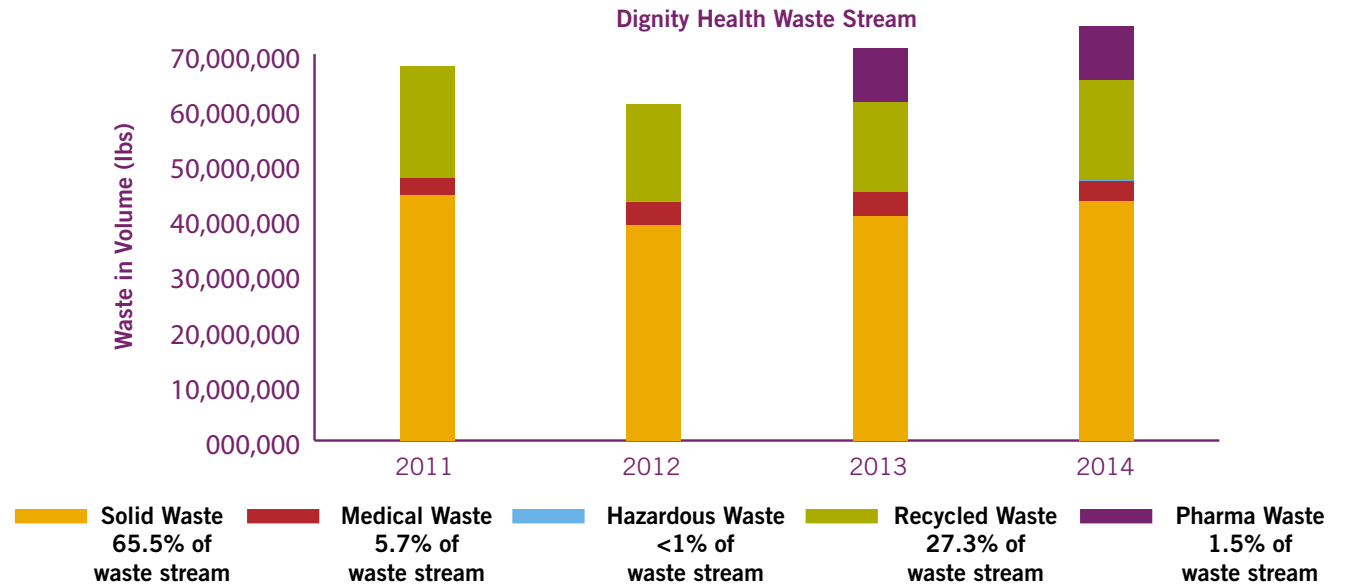
Our Waste

A hospital's waste stream includes solid, medical, electronic, 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.

Solid Waste and Medical Waste

In FY2014, Dignity Health generated 16.1 pounds of non-hazardous waste per adjusted patient day (#/apd) compared to 15.3#/apd last year, and 1.4#/apd of medical waste compared to 1.5#/apd last year, for a total of 17.5#/apd of total waste that is disposed of via landfill. This represents a 5% decrease from our baseline year of FY2000, but is a 16% increase from our lowest years (2004-2006), where we had achieved our goal of 15 #/apd. Our FY2014 performance is also an 8% increase from our 2013 volumes. It is as yet unclear whether this apparent poorer performance is due to improved record keeping with our new waste management company, changes in medical practices over time, or simply failure to properly act. One of our goals for this year is to analyze this issue and put plans in place for improvement.





*2013 is the first year in which pharmaceutical waste was tracked independently; in previous years it was recorded in either medical or hazardous waste

Benchmarking Against our Industry

In 2014, Practice Greenhealth issued its sixth Sustainability Benchmark Report which presents current data on 198 of the best hospital facilities nationwide.

	Recycling Rate	Solid Waste	Medical Waste
Practice Greenhealth Facilities	30.6%	13.2 #/apd	1.4 #/apd
Dignity Health	27.3%	16.1 #/apd	1.4 #/apd

While our performance in minimizing production of medical waste is good, we nonetheless trail in solid waste and recycling performance.

Electronic Waste

We successfully completed 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 Arrow, an e-steward certified vendor, to serve as our single source for electronic equipment disposal.

Results At A Glance

Patient Care

- Achieved a 99% Composite Score in the Hospital Quality Reporting Index.
- Brought palliative care to our sickest, most vulnerable patients; of 19,095 palliative care consults, 7,638 addressed severe illness for critical care patients.
- Favorably impacted over 16,000 lives on hospital-acquired conditions and achieved an estimated savings of over \$60 million.
- Invested over \$22 million in health care innovation.

Investing in the Community

- Provided \$2.0 billion in community benefit and care of the poor.
- Invested \$1.9 million in chronic disease self-management programs for more than 7,900 community residents; only 8% were either hospitalized or seen in the emergency department three months post-intervention.
- Awarded community health grants totaling \$4.6 million to 204 community based organizations.
- Invested \$59 million in 56 community organizations.

Employees/Diversity and Inclusion

- Achieved an Employee Indemnity Injury Rate—1.45 per 100 FTE.
- 75.3% employees are women; 46.5% are diverse (racially and/or ethnically).
- 62.9% managers are women; 21.1% are diverse.
- 30.0% executive leadership are women; 40.0% are diverse.
- 39.0% hospital board members are women; 39.0% are diverse.
- 46.0% corporate board members are women; 46.0% are diverse.

Buildings and Operations

- Reduced energy intensity by 3.8% this year, a cumulative total of 10.3% from our CY2010 baseline, toward our goal of a 20% reduction by CY2020.
- Reduced carbon emissions to 217,000 tons, a 20.1% reduction from the CY2010 baseline.
- Increased energy from renewable sources by 2.1% this year, to a total of 20.8%, toward our goal of 35% renewables by CY2020.
- Increased use of reprocessed medical devices, resulting in \$8.2 m in savings and 291,000 pounds of waste diverted.
- Disposed 100% of e-waste through e-steward certified recyclers.
- By using reusable sharps and pharmaceutical containers, eliminated 493 tons of plastic and 470,718 pounds of cardboard from landfills, and prevented CO2 emissions equivalent to 24,239 gallons of gasoline.

