

Taking a sustainable leap forward.

Healing our planet, our patients, and our communities.

[Dignity Health FY 2016 Sustainability Report](#) →



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



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A Message from our CEO

At Dignity Health, we believe that humanity and kindness are at the heart of our healing mission, creating something that this world – not just this industry – needs. For this reason, Dignity Health has always felt a special responsibility toward the communities we serve and the environment we are called to protect.

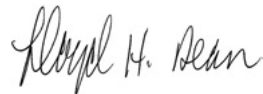
We understand that our health is inextricably connected to the health of our planet, and that the decisions we make as an industry can either harm or benefit the safety and well-being of the families in our care. How Dignity Health contributes to the surrounding environment and the quality of life of the whole will continue to be a key measure of our organization's success.

During FY 2016 we experienced both successes and challenges in promoting sustainability. As a system, we:

- Advanced the Chemical Footprint Project by requesting leading suppliers participate in the first annual business survey.
- Established a Sustainability Council, a multidisciplinary team which serves to advance sustainability initiatives across all functional areas, engaging employees, business partners, and other stakeholders. The Council affirmed its charter, defined sustainability within Dignity Health, and prioritized the issues to be included in the next Sustainability Report.
- Initiated a partnership with Greenhealth Exchange and began to integrate this purchasing concept into our sourcing strategy.
- Divested thermal coal from our portfolio and advocated for meaningful climate policy at COP21 in Paris, at the state and federal levels, and at annual shareholder meetings of companies in which we own stock.
- Made little progress in setting goals and measuring progress toward our commitment to promote sustainable and healthy food systems.

As we continue to further the [humankindness](#) movement both within Dignity Health and throughout our society, it is imperative that we measure, manage, and report our efforts on our interlocking environmental, social, and economic/governance (ESG) initiatives in a manner that allows all of us to see our true impacts on our world and our people. At a time of sweeping change and challenge for the health care industry as a whole, Dignity Health will continue modernizing our delivery system, making higher quality care easier to access at a lower cost, with a special focus on prevention and public health--all areas that we are uniquely talented to address. We will need to look out from our hospitals, care centers, and clinics to the communities we serve and consider the effects of the social and environmental determinants of health on the people we care for.

Despite today's challenges I see this as a time of great hope and opportunity for the future of health care, our communities, and our planet. I want to acknowledge the vibrant, selfless women and men who have devoted their energy and passion to the initiatives described in this report, and look forward to working with all of you to advance our healing ministry in the year to come.



Lloyd H. Dean
President/CEO
Dignity Health

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About Dignity Health

Dignity Health, one of the nation’s largest health care systems, is a 22-state network of more than 9,000 physicians, 62,000 employees, and 400 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality and affordable patient-centered care with special attention to the poor and underserved.

Statistics: Fiscal Year 2016

Assets: \$17 billion

Net Operating Revenue: \$12.6 billion

General Acute Patient Care Days: 1.7 million

Community Benefit and Care of Poor: \$1.26 billion

Acute Care Beds: 8,500

Skilled Nursing Beds: 600

See [Dignity Health/Investor Relations](#) for our most recent audited financial statements, quarterly reports and bond ratings.

See [Dignity Health/Our Locations](#) for our regions of care.

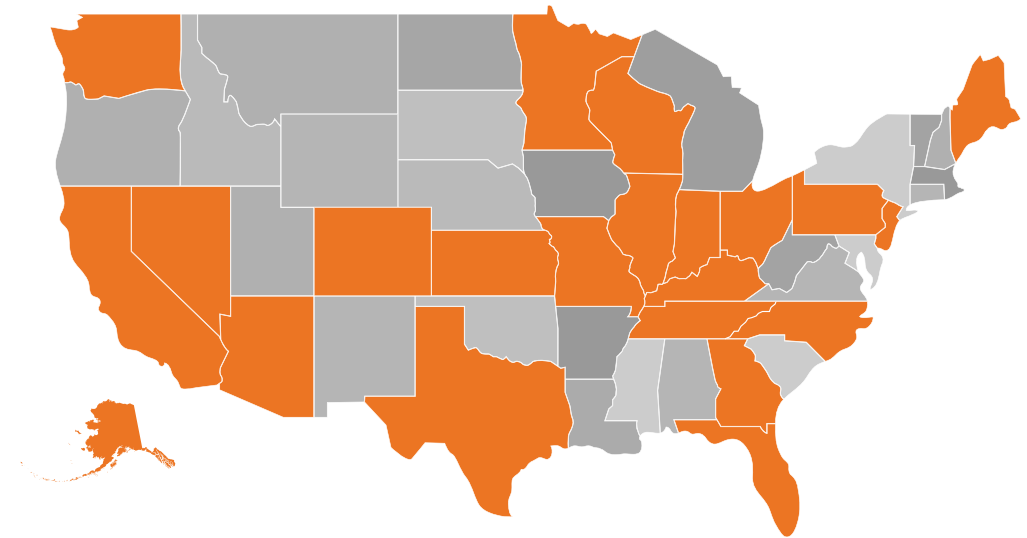


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Our Mission

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.



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Our Strategic Priorities

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

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

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

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

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

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

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



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Highlights at-a-glance



Patient Care: Achieved a 30% improvement in HCAHPS Value Based Purchasing Points (used by Centers for Medicare and Medicaid Services for incentive program to hospitals) from baseline performance.



Innovation: Instituted a precision medicine (PM) joint venture with Catholic Health Initiatives (CHI) in oncology to provide decision support to our physicians at point of care, to empower them to deliver comprehensive care in the communities they serve, especially in the underserved communities.



Community Health: Launched an integrated community health model, called the “Networks of Community Providers” focusing on the most vulnerable patients.



Employees: Provided a sustainable workforce cost structure through successful labor partnering.



Climate Resilience: Replaced all exterior lighting (approximately 17,500 fixtures) across Dignity Health acute care hospitals resulting in annual energy savings of \$508,000 and avoided annual maintenance costs of \$530,000.



Materials Stewardship: Initiated our partnership with Greenhealth Exchange and integrated more aggressively the concept of environmentally preferable purchasing into our sourcing strategy.



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Reporting and Materiality

Dignity Health has been reporting on its environmental, social, and economic/governance (ESG) performance for two decades, using the format developed by the Global Reporting Initiative. As we prepared to transition to the Global Reporting Initiative – Revision 4 (known as the G4 Sustainability Reporting Guidelines), we conducted an ESG materiality assessment, which informs our FY 2016 Sustainability Report. We are pleased to present here the results of our materiality assessment and our FY 2016 report on accomplishments and challenges that we developed in accordance with the GRI-G4 core option. At Dignity Health sustainability encompasses all elements of our operations. This report highlights the sustainability initiatives of our 39 acute care facilities serving communities in California, Arizona, and Nevada. The report does not include the ESG impacts of our multiple joint ventures. Currently we do not have the capacity to capture that data.



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ESG Materiality Assessment

In preparation for transitioning to the Global Reporting Initiative – G4 format, Dignity Health engaged an independent third party (BrownFlynn) to conduct an environmental, social, governance materiality assessment. The assessment:

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

WHAT the issue, risk and/or opportunity is

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

HOW actionable the issue is

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

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

Clarified each topic to a greater level of specificity

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

- Identified 7 competitors and/or industry peers and 3 aspirational peers against which to benchmark the organizations’ material topics to judge our performance and reveal any gaps.
- Identified, prioritized and surveyed/interviewed key stakeholders (both internally and externally) to unveil the issues most material to these groups as well as potential opportunities and risks.
- Enabled Dignity Health to determine how actionable each of the material topics is in the short term and how to use the findings to inform Dignity Health’s strategy and commitments for the next sustainability strategic planning and GRI reporting period, thus moving the organization from retrospective sustainability reporting to prospective planning.

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ESG Materiality Process

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

IDENTIFICATION		PRIORITIZATION		VALIDATION		ADOPTION	
Research & Benchmarking	Impact Mapping	 Stakeholder Engagement	Synthesis & Analysis	 Workshop	 Strategic Integration		
Analyze possible topics using: <ul style="list-style-type: none"> • Peer benchmarking • Industry Standards • CR Standards • Research conducted by Dignity Health • Research gathered through third party resources 	Create a high-level value chain map used to identify sustainability: <ul style="list-style-type: none"> • Impacts • Risks • Opportunities • Boundary 	Gather internal and external perceptions of Dignity Health sustainability practices and future opportunities via interviews and surveys	Create a materiality matrix reflecting: <ul style="list-style-type: none"> • Feedback from stakeholders • Peer benchmarking • Relevant industry standards and studies (e.g. SASB) 	Validate the materiality matrix through discussion with key leaders about prioritized material topics, associated boundaries, and opportunities	Align organizational goals with material topics, and action plan to engage employees		

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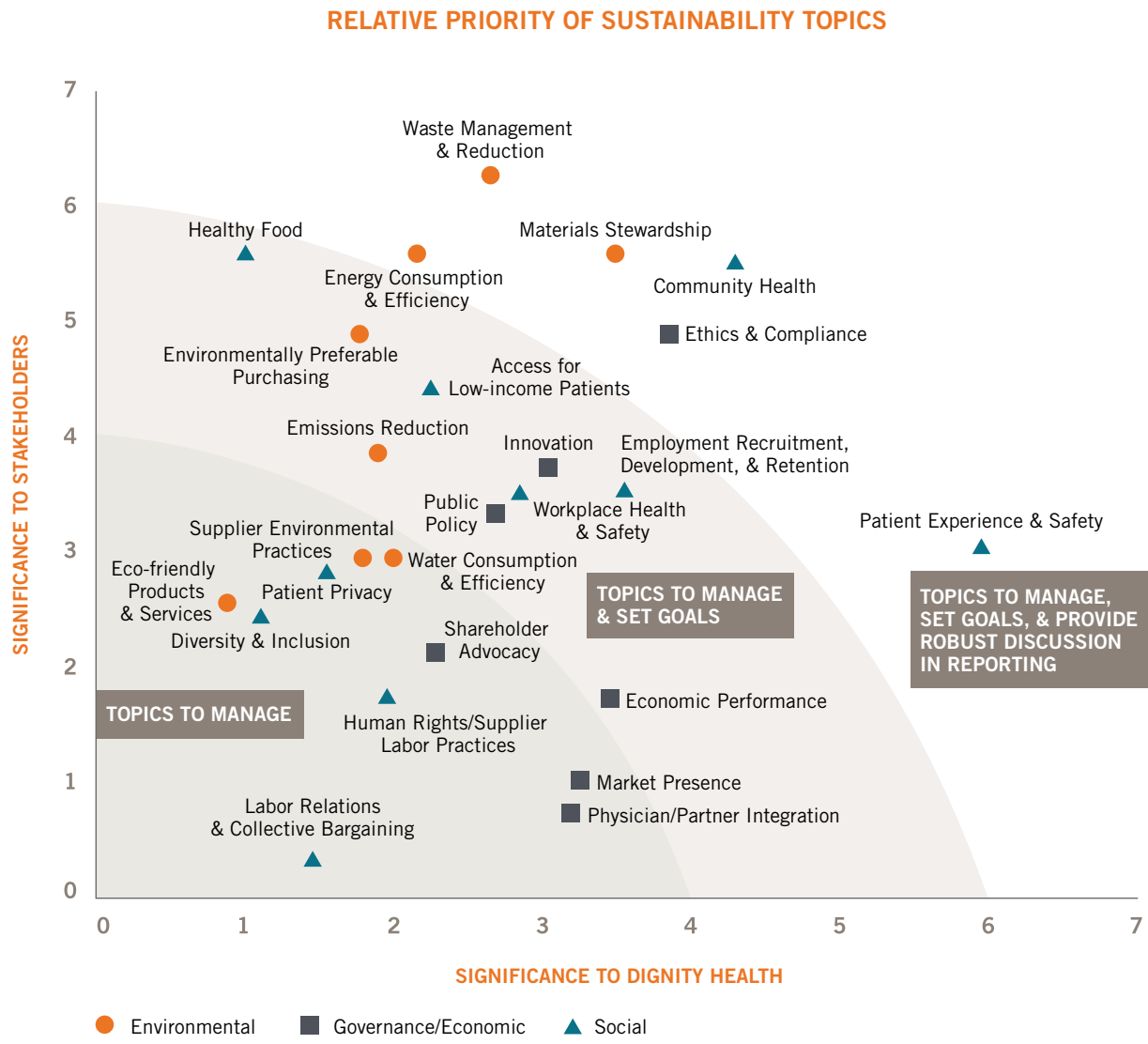
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ESG Materiality Priorities

The Dignity Health Sustainability Council, which is described in greater detail later in this report, reviewed the results of the ESG materiality assessment and determined the following issues to be Dignity Health’s ESG priorities and the basis for our sustainability reporting.

Environmental	Social	Governance/Economic
<p>Climate Resilience</p> <ul style="list-style-type: none"> • Energy efficiency • GHG emissions reductions • Renewable energy sources • Water consumption and efficiency <p>Materials Stewardship</p> <ul style="list-style-type: none"> • Safer chemical alternatives • Healthy food • Environmentally preferable purchasing • Waste reduction and management 	<p>Access to Health Care</p> <ul style="list-style-type: none"> • Quality of Care • Patient experience and safety • Patient Privacy • Innovation <p>Healthy Communities</p> <ul style="list-style-type: none"> • Assessment of community health needs • Access for vulnerable and underserved populations • Grants and investments • Human trafficking <p>Employees</p> <ul style="list-style-type: none"> • Recruitment, development and retention • Employee experience and engagement • Diversity and inclusion • Wage equity • Workplace health, safety and wellness • Labor relations 	<p>Governance</p> <ul style="list-style-type: none"> • Ethics and compliance • Advocacy • Physician/partner integration <p>Economic</p> <ul style="list-style-type: none"> • Market presence/growth • Economic impact • Vendor diversity and inclusion

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Continued...

We regularly review the universe of issues we could report on in order to focus on those most important to our organization, our stakeholders, and society at large. We strive to report on those issues that are material from a sustainability perspective and that we have reasonable level of influence or control over. In our sustainability reporting, we define materiality by the degree to which an issue is significant to our organization, our industry, society and our interested stakeholders, and the degree to which it is relevant to our scope of operations and ethical commitments. This report does not include two of our identified ESG priorities: physician/partner alignment and healthy food. Currently we do not have capacity to gather data on the ESG impacts of either. We hope to address these issues in future reports.

For questions and/or comments about this report contact Susan Vickers, RSM, VP Corporate Responsibility at susan.vickers@dignityhealth.org

Stakeholder Engagement

Dignity health has a wide range of stakeholders that we engage in a variety of ways:

- Patients receive a written survey following every inpatient or outpatient visit.
- Employees participate in online surveys twice each year.
- Community Stakeholders, such as elected officials, public health officers, non-profit organization leaders, and patients' families, participate in Community Health Needs Assessments every 3 years.
- Ceres typically convenes a stakeholder group of sustainability experts to review and provide input to our sustainability report.

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Governance and Leadership

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

The board has chartered the following standing committees: Audit and Compliance, Executive, Finance, Human Resources and Compensation, Innovation, Mission Integrity, Quality, and Technology.

The board is 46.1% female and 46.1% diverse. The executive leadership team is 30% female and 50% diverse.

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

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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. Annually the board reviews long-term goals for patient care and safety as well as financial performance and sets targets for measuring progress.

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

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

Dignity Health Definition of Sustainability

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

Our commitment to sustainability is

- Guided by our mission and our commitment to deliver care in a way that demonstrates humankindness and ensures a financially stable organization;
- Reflective of our core values especially that of stewardship – the protective care we give our treasures in order to pass them on to the next generation; and
- Rooted in the inextricable link between the health of the person, the community and the planet.



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Ethics and Compliance

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

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

Because the health care environment is complex and changing, sometimes there are situations requiring resolution that seem to (or actually) 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.

Dignity Health is committed to making all of our business decisions based upon ethical principles, values and integrity. This careful attention to business ethics, in turn, supports the quality of our patient care by providing the right mechanisms for investigating any concerns employees or patients may have and for identifying potential weaknesses in internal systems and management. Dignity Health has created a pioneer compliance program which continues to be recognized as best practice within the healthcare industry.



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Compliance

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

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

Compliance Work Plan: Each year, the Compliance Department, in collaboration with key system leaders, identifies and evaluates various compliance and ethics risks to which Dignity Health may be vulnerable. From this assessment, a work plan is developed to serve as the road map for compliance activities for the year. The FY 2016 Work Plan included approximately 40 projects including initiatives related to new strategies as well as emerging risks in the traditional health care space. Projects covered both structural and substantive elements. The structural projects were designed to improve the effectiveness and efficiency of the compliance program such as developing better documentation, reporting, and communication tools and processes. The substantive elements included projects to address medical record documentation, care coordination, coding, billing, and claims submission. Additional projects were completed to address weaknesses in controls related to privacy and physician transactions. The compliance department, working with many others, was successful in completing most initiatives, while also managing the requirements of the Corporate Integrity Agreement with the Centers for Medicare and Medicaid Services (CMS) and other risks identified by external scrutiny or in the normal course of business.



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Patient Privacy

Protecting patient privacy is fundamental to our respecting the dignity of each person we treat. We have instituted regular and rigorous training to ensure we safeguard personal health records. However, in a business where nearly every piece of paper associated with a patient is subject to privacy controls, we do have instances of noncompliance. The following represents the number of calendar year patient privacy breaches we have experienced through 9/30/16:

Privacy Breach Law Reporting Summary	2013	2014	2015	2016 YTD Q3
Reports	280	559	380	229
Patients Notified	1,413	5,223	703	2,264

The vast majority of the breaches we have experienced affected only a single patient per event and were generally the result of misdirected faxes or providing the patient with the incorrect discharge instructions. These types of events are individually investigated and generally corrected with re-education and training. We have had a couple of more significant events. In one case, a paramedic who was not an employee of Dignity Health and not properly cleared through appropriate channels was allowed to “shadow” a Physician Assistant for educational purposes, and thus was able to view patient information in an unauthorized manner. In another case, a Dignity Health employee’s home was burglarized and a briefcase containing Protected Health Information (PHI) of 130 patients was stolen.

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



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Patients: Highlights at-a-glance



Quality: Achieved maximum performance with the FY 2016 Service Line Quality goal at all hospitals



Patient Care: Achieved a 30% improvement in HCAHPS Value Based Purchasing Points (used by CMS for incentive program to hospitals) from baseline performance.

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

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



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FY 2016 Quality and Safety Goals, Results, and Challenges

Goal: Improve Dignity Health hospitals performance in FY 2016 Service Line Quality and Safety Goals to improve clinical practice across multiple service lines through specific evidence-based process and outcome indicators.

Result: All Dignity Health hospitals achieved maximum performance (100% achievement) with the FY 2016 Service Line Quality and Safety Goals.

FY 2016 Quality Goal Measures

Service Line	Measure
Cardiovascular	Isolated CABG Medications • Interventional Cardiology Medications
Critical Care	Glycemic Management
Emergency	Timely Provider Care • Timely Pain Management
Hospital Medicine	Documentation Improvement Response • Influenza Immunization Rates
Laboratory Medicine	Appropriate Blood Utilization
Perinatal	Management of High Blood Pressure
Surgical Care	Colorectal Surgical Site Infection Prevention Bundle

Challenges: It is hard work implementing bundles of care protocols that align with evidence based practices for adoption for every patient. In addition, availability of physician specialties and various levels of physician engagement across our hospitals was a challenge in several hospitals. For example, while we did well with the glycemic control Critical Care service line metric, higher performance could have been achieved at those hospitals with either an endocrinologist on staff or an intensivist on staff to serve as the physician champion and co-lead the improvement initiative. We continue to seek partnerships with a range of physicians in each community we serve.

How does Dignity Health’s performance compare to industry benchmark?

Overall, Dignity Health quality performance is at the national benchmark. Individual hospital performance varies with hospitals at top quartile or top decile performance, the 50th percentile and a small number with individual metrics at the bottom quartile. Our Horizon 2020 goal is to reach the 75th percentile in quality.

Dignity Health has had two contracts with the Centers for Medicare and Medicaid Services to participate in the Hospital Engagement Network (HEN) initiative. HEN was designed to help organizations reduce hospital-acquired conditions (HACs) by 40 percent and readmissions by 20 percent. Dignity Health has performed well and estimates it has avoided 5,000 events with an estimated \$25 million in savings.



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FY 2016 Patient Experience Goals, Results, and Challenges

Goal: Improve Dignity Health hospitals HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores in pursuit of our Horizon 2020 goal of achieving the 75th percentile nationally. HCAHPS is the national, standardized, publicly-reported survey of patients’ perspectives of their experiences.

Result: Dignity Health achieved a 30% improvement in HCAHPS scores (used by CMS for incentive programs to hospitals) from baseline performance.

Fundamental to the success was the organizational deployment of the Hello Humankindness Retreats which provided an opportunity for 48,000 employees (31,000 in FY 2016) representing over 95% of the organization to participate in a 4 hour program. The program was designed to provide a space for all levels of the organization (leaders, staff, and physicians) to engage in conversation and to reflect on what humankindness means to each of us individually and how this connects us to the foundational mission and vision for Dignity Health. The response from participants was overwhelmingly positive with 94% providing a rating of “amazing”.

Challenges: The work needed to achieve and sustain improvements in Patient Experience is very complex. There must be a consistency of behaviors among all Dignity Health staff, and at every point in the patient journey. There are challenges with culture (creating an environment of consistently demonstrating the mission and values of the organization and humankindness). There are systems and structures that can prevent or get in the way of being able to show our kindness (staffing constraints, inefficient processes, technology demands). In addition, there is inconsistency in the use of identified best practices and tactics as well as accountability among many for the behaviors and best practices.

How does Dignity Health’s performance compare to industry benchmarks?

HCAHPS was developed and is required by the Centers for Medicare and Medicaid Services (CMS). HCAHPS survey scores currently used by CMS and several commercial insurance incentive plans. There are over 6,000 hospitals participating in the HCAHPS program. There are 10 dimensions of the survey, and Dignity Health ranks at the 41st percentile using an average percentile of the 10 dimensions. Our Horizon 2020 goal is to reach the 75th percentile.



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Patient Story

This is a story of how *humankindness* impacted a life at Mercy Folsom Hospital.

On May 5, 2016 I had decided to check into Mercy Folsom Hospital due to some cramping. Little did I know that decision would end up saving my baby's life. Originally, my doctor thought it was not much to be concerned with. This was good news as my fiancé and I were supposed to get married that coming Saturday. Then after a more thorough exam, he informed my husband and me that it was way more serious and that we weren't going to get married on Saturday but rather I was going to be transferred to Mercy San Juan and would stay there until I gave birth. We were shocked to say the least and it was a lot to take in. You see, I was only 27 weeks pregnant. Here we were, ready to start our life together as a married couple and enjoy our special day, when all of a sudden our baby's life was way more important than our wedding day ever could be.

Once we arrived at Mercy San Juan, I got to know the wonderful nurses in Labor and Delivery and told them of our story and how we were going to miss our own wedding. Word spread like wildfire. Then I walked a woman who in essence became my impromptu wedding planner. After hearing our story, she posed the question to my husband and me that if she could arrange it, would we be interested in getting married at the hospital chapel on the date of our originally planned wedding. We, of course, said yes! How could we say no to that? She took the time to

arrange everything for our wedding day. Her human kindness went above and beyond anything we could have ever expected! She even gave me her personal cell in case everything didn't go as planned. She went out of her way to make sure everything went smoothly.

The wedding planner and the other nurses even arranged for us to have cake and sparkling cider delivered to our room after the ceremony. We were blown away by the kindness and thoughtfulness of her and the other nurses. They even surprised us with a wedding gift! They had all pitched in to get us a little special something!

Even though I wasn't able to wear my wedding dress, dance with my husband, or even recover the funds we had already spent on our special day, it was all worth it in the end. There are some things you just can't put a price tag on. Our wedding was filled with nothing but pure love that we shared with a few special friends and family. It's moments like this that make you appreciate life, the little things and the extent that true human kindness can have on a person's soul and life. In the end, our wedding was nothing we had planned for but everything we could have wanted. Now we have a wonderful story of love and human kindness to pass on for generations to come.



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Innovation: Highlights at-a-glance



Strategy: Led development of a three-tiered Digital Strategy (Digital Front Door, Care Transformation, and Virtual or Enterprise Services).



Innovation: Instituted a precision medicine (PM) joint venture with Catholic Health Initiatives (CHI) in oncology to provide decision support to our physicians at point of care, to empower them to deliver comprehensive care in the communities they serve, especially in the underserved communities.



Development: Exceeded targets for creative relationships developed and intellectual property realization.

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

Dignity Health conducts innovation via five core strategies;

Partnerships: Partner with leading organizations to transform healthcare across the continuum of care, with complimentary clinical, operational, or technological capabilities to provide high quality care that is not cost prohibitive and can be accessed by the varied populations Dignity Health serves.

Built for Purpose Businesses: Utilize Dignity Health’s robust set of experiences and assets to develop novel solutions to fill a need in healthcare, including those of underserved communities, and that can scale nationally.

Early-stage Development and Incubation: Partner with innovative and disruptive leaders in a variety of industries to ensure we deliver the highest standards of care while maintaining our position as a forerunner in healthcare innovation.

Co-Invest / Financial Alignment: Accelerate the growth of our entrepreneurial partners and help bring their product to the frontlines of healthcare.

Commercialize Intellectual Property: Leverage the ideas and networks of our employees and physician partners to scale their IP for the betterment of healthcare.



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FY 2016 Innovation Goals, Results, and Challenges

Goal: Establish a formal incubator/accelerator relationship operationally active within Dignity Health.

Result: Established relationship and lead introduction of multiple early stage relationships into Dignity Health that blend their business model and technological expertise with the clinical and operational expertise of our teams.

Goal: Complete a Digital Health Strategy for the organization and implement operating plans.

Result: Led Digital Strategy through board approval and supporting transition to operations as the Office of Digital Innovation in FY 2017.

Goal: Develop a formal Precision Medicine resource set.

Result: Led Personalized Medicine Strategy through Dignity Health Board approval and capital funding requests that will be directed to a joint venture with Catholic Health Initiatives. The first service from the JV will be a decision support tool to our physicians at point of care to provide comprehensive oncology services in the communities they serve.

Goal: Achieve \$4 million in value from Intellectual Property.

Result: Exceeded value target.

Goal: Initiate 2 strategic alignments with novel companies.

Result: 5 completed.

Challenges: Many innovation initiatives ran into challenges when engaging various legal or IT services / reviews. As we continue to embark on even more innovation activity, all groups involved are collaborating more openly and earlier in the process to identify pathways on how to navigate any potential challenges sooner.

How does Dignity Health's performance compare to industry benchmark?

Dignity Health continues to be considered one of the leaders in healthcare innovation by various stakeholders across healthcare including other health systems. Our focus to truly scale 3-5 innovations across our health system annually sets us apart from the status quo, including how we bring innovation to all patients and payer mixes.



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Community Health Highlights at-a-glance



Launched a new integrated community health model, called the “Networks of Community Providers” focusing first on the most vulnerable patients, many with several health and social needs.



Delivered \$1.26 billion in community benefit in FY 2016.



Continued a multi-faceted approach for supporting the community to serve residents and build capacity for better health and well-being through our Social Innovation Partnership Grants totaling \$827,276, Community Grants totaling \$4.1 million, and our Community Investment Program which provided 19 new below market interest rate loans totaling \$30.6 million to organizations working to open the doors to health and quality of life in their communities.

Community health is rooted in our mission, notably as an expression of “serving and advocating for our sisters and brothers who are poor and disenfranchised, and partnering with others in the community to improve the quality of life” and an expression of Hello humankindness in proactively identifying and reaching out to serve communities’ needs without regard for ability to pay. Consistent with changes in health care nationally, community health plays a vital role in the continuum of care that begins with community-based support and prevention, and extends back into the community to maintain health after an acute care episode. Community health contributes to achievement of all our Horizon 2020 strategies,



Continued...

by improving quality and reducing acute care cost, growing evidence-based prevention programs, engaging with clinical integration and population health, connecting health-related social needs to electronic records, and leading with innovation in community health and community benefit practices.

Recognizing that addressing health-related social needs can improve health outcomes and reduce health care costs, we launched a new integrated community health model, called the “Networks of Community Providers.” Pilot Networks are underway in 12 hospitals in five service areas, bringing together Dignity Health and community providers to meet the medical and health-related social needs of patients in an extended continuum of care. By focusing first on the most vulnerable patients, many with several health and social needs, we are working to act where we can make the biggest difference in the lives of patients.

In addition to the wide range of community health improvement services that Dignity Health hospitals and other care centers provide directly, we continued a multi-faceted approach for supporting the community to serve residents and build capacity for better health and well-being.

- Our Social Innovation Partnership Grants program awarded \$827,276 to five organizations to: help build the network of community providers, coordinate care for high utilizers of medical and social care, create a single entry point to access community health resources, and provide intensive technical assistance to community organizations to apply for California’s Affordable Housing Sustainable Communities Programs.
- Community Grants awarded by each hospital totaled \$4.1 million to 85 projects addressing needs identified in local Community Health Needs Assessments. These direct service projects provide access to primary care, mental health, dental care and chronic disease management (44%), homeless services (20%), and services to low-income individuals and families (20%), and address youth, senior, behavioral health and human trafficking priorities (16%).
- The Community Investment Program provides below market interest rate loans to organizations working to open the doors to health and quality of life in their communities. We approved 19 new loans for more than \$30.6 million in FY 2016. Community investments truly develop community capacity to improve the social determinants of health: 46% of program investments are for housing vulnerable populations, and only 25% are specifically health services related.

(G4-EC8; G4-S01)

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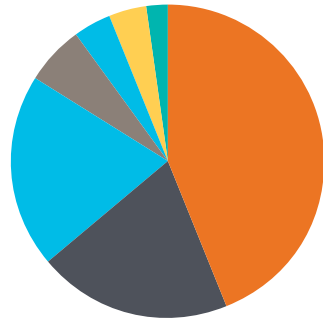
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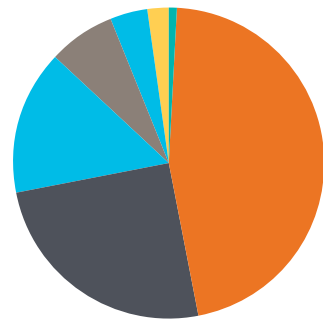
2016 COMMUNITY GRANTS



Allocation By Priority

- 44% Health Services
- 20% Homeless Services
- 20% Low-income Individuals & Families
- 6% Youth Programs
- 4% Senior Programs
- 4% Behavior Health Services
- 2% Human Trafficking

2016 COMMUNITY INVESTMENTS



Approved Investments By Sector

- 46% Housing
- 25% Health-related
- 15% Community Financial Intermediaries
- 7% Small Business & Micro-lending
- 4% Community Services
- 2% Clean Energy
- 1% Arts & Education

(G4-EC8; G4-S01)



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FY 2016 Community Health Goals, Results, and Challenges

Assessing Community Health Needs

Goal: Deploy a consistent framework across our 29 hospitals conducting assessments this year, ensure substantial community stakeholder input, and identify significant priority needs for each hospital to address.

Result: All hospitals incorporated new Dignity Health standards for a comprehensive Community Health Needs Assessment (CHNA) process and reports. They engaged their communities through resident focus groups and surveys, community forums, and interviews with community agencies and local government leaders. And, each established a set of health priorities that will be the focus of programs, partnerships and grant-making over the next three years.

Challenges: The scope of health care and community health is broadening to increasingly include social, economic, and environmental factors that impact health. It is core to Dignity Health’s approach to assess factors — such as housing, food and employment insecurity, for example. Doing so challenges us to identify effective actions we can take as hospitals and as a health system. The answer frequently resides in forging innovative partnerships with those who have the capacity to address these issues more directly, jointly delivering services, funding capacity development, or advocating for policy changes that support people’s ability to live healthy lives.

Providing Access for Vulnerable and Underserved Populations

Goal: Expand community-based chronic disease prevention and self-management programs that principally serve vulnerable populations.

Result: Our hospitals delivered 145 Healthier Living and Diabetes Self-Management workshops to 1,200 community members, and we joined the Partners at Home network in California to generate additional referrals into the programs. Additionally, our St. John’s hospitals in Ventura County piloted the Diabetes Empowerment Education Program (DEEP), and Dignity Health signed an agreement to make the program widely available to our hospitals. We are on track for at least 10 additional hospitals to offer this program to enhance diabetes prevention, which is particularly well-suited to Spanish-speaking populations, in FY 2017.

Challenges: Maximizing access to chronic disease prevention and self-management workshops and related programs is partly a function of establishing strong referral channels and conducting effective outreach and recruitment, even for free programs. The leaders at our hospitals implementing these programs conference bi-monthly to share strategies and best practices for referrals, recruitment, and retention. St. Joseph’s Medical Center in Stockton began offering one program in Hmong, after Dignity Health paid to translate the curriculum to meet the needs of their specific community. Adoption of the DEEP workshops for diabetes is helping us to expand access for Spanish-speaking residents of our communities.

How does Dignity Health’s performance compare to industry benchmark?

This is difficult to say with precision, as there are not many readily-available, discrete benchmarks. Dignity Health is a strong performer and an innovator nationally in community health. We have taken early steps to align community health with population health (the Networks of Community Providers is an example), have a robust Community Grants program, a unique Social Innovation Partnership Grants program, and an uncommon Community Investment Program building the capacity of others to improve both health and the social determinants of health.





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Case Study: Human Trafficking

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

Holly Gibbs, herself a survivor of human trafficking and a nationally known expert in the field, oversees our initiative. She is deeply committed to providing compassionate care that does not re-traumatize victims. At Dignity Health Foundation’s first Humankindness Gala she was honored with an Everyday Hero Award for her strength, advocacy and fierce commitment to fighting human trafficking.

As of FY 2016 we have task forces at each hospital to oversee training, care for victims, interactions with social-service providers and law enforcement, and internal and external debriefings. And victims have been identified throughout our health system. In one case, Emergency Department staff worked with a teenage girl who had reported being



kidnapped, forcibly tattooed, drugged, and assaulted by a gang. To date, Dignity Health has invested more than \$1 million in training for emergency department personnel in more than 35 of our hospitals, including nurses, social workers, chaplains, admitting, and security in recognizing red flags and acting effectively to intervene and provide help and support.

Many facilities are taking great strides to collaborate with other stakeholders in the community, ensure representation of Dignity Health at community task force meetings, and create awareness events. For example, staff at Mercy Medical Center Redding coordinated a film screening event through which monies were raised for the local foundation and the local shelter that serves human trafficking victims. In San Bernardino, staff coordinated more than one event in which a survivor speaker shared her story with staff and community members. The Task Force at Sequoia Hospital held an all-day awareness event.

In FY 2017 we will be training Labor and Delivery and Postpartum department staff at all hospitals before turning attention to staff at hundreds of Dignity Health-affiliated clinics and other health care sites. We will also standardize data collection and information sharing to gauge the initiative’s impact on patients.





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Case Study: Advocacy

At Dignity Health we are passionate about advocacy. We are health care leaders responsible for advancing transformation within the global community. The healthcare voice is vital to addressing the most pressing public health issue of our time: climate change. We believe our voice can cut through the political partisanship and deadlock to command authority, foster awareness, and help build common ground. Earth cannot wait. The health of individuals, communities and economies hang in the balance. We need to move forward as a committed global community.

In answering the questions: Who are we and why do we exist? Dignity Health turns to our mission, vision and organizational values. We are rooted in the traditions of Catholic social teaching. Our organizational policies and procedures, whether they are administrative or clinical, are designed to be reflective of our healing mission.

As a not-for-profit health care system, we must comply with community benefit laws. We are working to address social and environmental determinants of health. More and more we are viewed not just as hospitals providing acute care services but also as anchor institutions in our communities to help improve the overall quality of life.



US healthcare is in a time of fundamental reform. The passage of the Affordable Care Act in 2010 compelled the healthcare community to focus on the triple aims of lowering health care costs, improving delivery of care, and improving population health. Dignity Health's leadership in both shareholder and public policy arenas at the local, state, federal and international levels is a testament of who we are and the direction we believe healthcare must embrace.

Our healthcare story has power to create the change we want to see at home and in the world. We are the voice that connects the dots, for example between disease, such as asthma and air quality; between super pollutants and the warming of Earth; between the cost to the entire global community if nothing is done and the lives protected when we act boldly.

Leadership in the public policy and advocacy arena are not without challenges. It takes time, persistence, changing course, sometimes failing and starting again. But with every challenge is an opportunity to learn, to see with more clarity, to use our voice to heal, to hold out our hands to cradle the globe and all its inhabitants now and future generations.



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Employee Highlights at-a-glance



Launched a unified talent management system to create a common and integrated employee experience, beginning by standardizing and integrating performance and learning management across the organization.



Provided a sustainable workforce cost structure through successful labor partnering.



Achieved record high participation (89.5%) on the annual Employee Experience Survey, which provides key opportunities for leadership to receive employee feedback and for the organization to understand what employee engagement factors have the highest impact on outcomes such as patient satisfaction and turnover.

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Dignity Health recognizes the undeniable link between the care our patients receive and how employees feel about their jobs. Consistent with our values and goals, we are committed to creating a positive environment for our patients and our employees, 60% of whom are represented by a range of unions. Our people drive the delivery of our mission and its promise of humankindness. When we create a positive employee experience, our employees can more fully devote themselves to that mission and to our patients. When we foster an environment of employee engagement, we become a better organization by drawing inspiration from the best ideas, skills, and people.

Ongoing attention to injury prevention and workplace safety is key to the success of Dignity Health. Since FY 2003, Dignity Health has reduced the indemnity injury rate of 4.76 per 100 FTE to 1.133 per 100 FTE in FY 2016.

We are committed to integrating a culture of safety that fully integrates Patient Safety with Worker Safety and have chosen two areas of focus: safe patient handling and workplace violence training. The implementation of the Safe Patient Handling & Mobility Program provides greater focus on the safe care of patients and safe practices of our valued caregivers while performing direct patient care. An improved reporting system, policy, and electronic learning program provided the necessary tools to support training to employees on workplace violence.



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FY 2016 Employees Goals, Results, and Challenges

Recruitment and Development

Goal: Increase ethnic and gender diversity in candidate pools for Hospital President and above level vacancies.

Result: Conducted four (4) executive level searches, hiring three (3) diverse leaders.

Goal: Support increased number of internal promotions by growing current and future leaders.

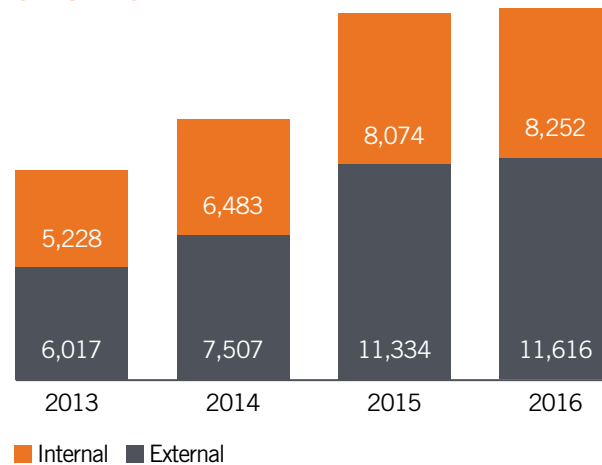
Result: Conducted 3 leadership development cohorts (FY 2016) for senior leaders, directors, and nurses. 28 people (22% of participants) have moved internally to new positions since graduating from a cohort program.

Goal: Create a common set of benefits administered efficiently and focused on creating a positive employee experience.

Result: Launched 94 professional development courses through the new online learning management system. Coalesced 3 learning management systems into one, providing a single location and experience for employee learning and development.

Challenges: Of the average 5000 open positions at Dignity Health, several categories provide the most challenge, in particular, Registered Nurses (OR/ER/L&D/ICU), Clinical Laboratory Scientists, Pharmacists, Physical, Occupational and Speech Therapists, Imaging Technologists, and Respiratory Therapists. Additionally, there is an expanding skill gap with many of the available candidates. The high cost of living in some of our geographies continues to add a level of difficulty for recruiting.

42% RECRUITING VOLUME GROWTH SINCE 2014



(G4-10; G4-11; G4-LA5; G4-LA12)

Continued...

Engagement and Retention

Goal: Conduct Dignity Health’s annual Employee Experience survey with participation over 80%.

Result: Achieved 89% participation which is the highest participation Dignity Health has achieved in any previous year.

Goal: Improve the score of our Listening Question “We consistently demonstrate our core value of Dignity by how we listen to our patients, their families, and each other.”

Result: Exceeded three year goal and improved the score from a baseline of 77% positive in FY 2013 to 81.4% positive in FY 2016.

Goal: Identify opportunities to improve the employee experience.

Result: Conducted 40 focus groups, identifying additional opportunities for leadership development and improving the employee experience. Developed best practices and resources to support leaders in creating action plans to improve the employee experience.

Goal: Unify the new employee experience.

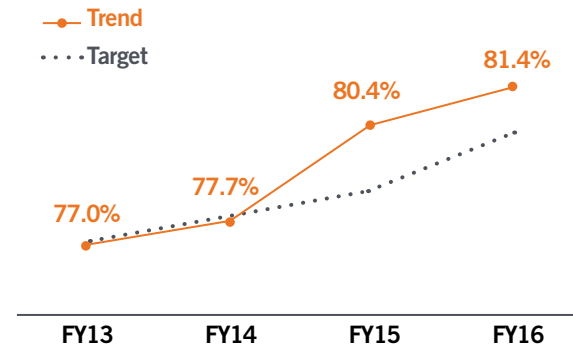
Result: Created and implemented a common New Employee Orientation program organization-wide that emphasizes the mission, vision, and values – key reasons why employees apply to Dignity Health, according to new hire surveys. More than 250 leaders are now trained to facilitate the program, creating a common employee experience.

Goal: Implement a standardized performance management process that supports an environment of transparency and leader-employee conversation.

Result: Standardized performance management system, rating scale, and policy for leaders across the organization. The new process simplifies the form itself and focuses strongly on the manager-employee conversation.

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

LISTENING TREND



81.4% of Dignity Health employees feel that we listen.

45,848 Employees participated in the 2016 Employee Experience Survey

89.5% Response Rate

All Service Areas and 38 Facilities met or exceeded 2015 rates

(G4-10; G4-11; G4-LA5; G4-LA12)

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Diversity and Inclusion

Goal: Establish a climate/standard for hiring higher caliber talent for all open positions.

Result: • Maintained gender balance for female managers, representing 67%, a .5% increase since FY 2014.

- Overall diversity of workforce improved by 2% from FY 2014 to 48.5%. 27.9% represent leadership positions.

Data reflects the average totals for FY 2016:

- 74.9% employees are women
On par with 2014 report
- 48.5% employees are diverse
Up 2% from 2014 report
- 67.1% managers are women
Up .6% from 2014 report
- 27.9% managers are diverse
Up 6.8% from 2014 report
- 30% of executive leadership are women (ELT)
- 50% of executive leadership are diverse (ELT)

Goal: Move Dignity Health leadership diversity closer to diversity levels of our workforce overall.

Result: Developed detailed analysis on the ethnic and gender composition of our staff. Identified specific areas where there are gaps in ethnic and/or gender ratios between our non-leadership staff and our leaders. Reported on trends in our hiring and promotional patterns and how these patterns are impacting diversity/gender gaps, especially among our executive team. Data used to support effective sourcing, screening, hiring, and stewarding of our talent in a manner consistent with our mission and the values of humankindness.

Challenge: It's imperative to continue to increase awareness of the importance of diversity and inclusion in leadership hiring.



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Wage Equity

Goal: Provide a pay program that attracts, motivates, develops and retains a talented, diverse and engaged workforce while remaining externally competitive and internally equitable regardless of age, gender, sexual orientation, religion, culture, race, ethnicity, gender identity or economic status.

Result: Developed and implemented consistent salary structures and salary administration guidelines for all Dignity Health locations. Introduced a common technology tool to support a consistent approach and application of pay-for-performance.

Challenge: The introduction of a pay-for-performance approach to salary increases for non-represented employees was a significant change for many locations that had long-time practices of providing the same across-the-board increases to all employees, regardless of performance/contribution. The associated change management activities will be on-going.

Health, Safety and Wellness

Goal: Create a sustainable workforce cost structure.

Result: Re-designed, integrated and/or consolidated Dignity Health benefit plans and/or vendors, where determined cost effective:

- Negotiated pharmacy contract renewal with one of our vendors, resulting in a 6% savings over current pricing. Additionally, the new contract ensures we will get 100% of manufacturer rebates based on our own claims experience.
- Designed and implemented the new “narrow network” benefit plan design for SEIU represented employees in Southern California and Ventura to expand our strategy of re-directing employees back to Dignity Health providers for their health care services.
- Re-designed the benefit plan offerings for the Nevada service area to enable employees to more readily access care at the St. Rose facilities and from aligned physicians.

Challenge: The benefit plan changes that utilize a narrowed network to direct employees back to our own facilities posed a challenge to our Labor Relations team in negotiations, since in some instances it represented less choice than employees were accustomed to having. The set up and administration of these plans has also proven to be quite complex and challenging to communicate to employees.

(G4-10; G4-11; G4-LA5; G4-LA12)

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Labor Relations

Goal: Create a sustainable workforce cost structure.

Result: Reached agreement with SEIU-UHW on a contract that includes formal adoption of Dignity Health's Narrow Network. Following on the heels of SEIU 121RN's adoption of the same network last year, this agreement represents another significant next step in our objective to flatten the benefits cost curve and develop a clinically integrated network of aligned physicians and providers.

Goal: Improve system alignment.

Result: Partnered with system operations leaders in developing and implementing an initiative that provides all employees with branded scrubs, shirts or other clothing of a specific color (designated by job class) to wear while at work. We negotiated the specifics of the initiative with all the unions who represent Dignity Health employees and secured agreement on those specifics where possible.

Challenge: The termination of the Aramark relationship with Food and Nutrition Services & Environmental Services presented many challenges. We worked with a small team of corporate leaders to ensure all elements of resumption of responsibilities in these areas were considered. We partnered with human resources peers to specifically outline and address onboarding considerations for new and legacy employees. In the end, the transition back to in-house management went very smoothly.

(G4-10; G4-11; G4-LA5; G4-LA12)

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

Recruitment and Development: No benchmark data available.

Engagement and Retention: Overall Dignity Health engagement score (73% positive) is reflective of median or 50th percentile performance based on our survey provider's benchmark of other health systems and individual hospitals.

Diversity and Inclusion: In FY 2015 Dignity Health received a grade of B on NAACP's Opportunity and Diversity Report Card. This was the highest grade of the six health care systems surveyed (HCA, CHS, Ascension Health, CHI, Tenet Healthcare, and Dignity Health). Per the NAACP, this is quite an accomplishment and has not been seen in other industries to date.

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

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

Labor Relations: No benchmark data available.



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Climate Resilience Highlights at-a-glance



Replaced all exterior lighting (approximately 17,500 fixtures) across Dignity Health acute care hospitals resulting in annual energy savings of \$508,000 and avoided annual maintenance costs of \$530,000.



Implemented an online sustainability dashboard, Key Green Solutions, to measure and track data for all 39 hospitals. Key Green Solutions has developed interfaces for our vendors to automatically upload all our data for the following categories: energy, water, food and beverage purchases, and waste. Our data will include historical and ongoing reporting. This will allow all our hospitals to have unique insight into our usages and spend and help us pursue best practices and efficiencies.

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

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

Dignity Health is committed to reducing the impacts of climate change and improving the resilience of the communities we serve. To that end, we are taking steps to construct and operate our buildings in a way that promotes the health of our patients, employees and communities. Energy reduction strategies include replacing interior lights with high performance fixtures that have light and color output control, upgrading building automation system and controls to increase visibility into energy efficiency, and installing high efficiency electric motors.



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Horizon 2020 Climate Resilience Goals

Energy efficiency: Decrease energy use by 20% from base year 2010 levels.

Greenhouse gas emissions: Decrease emissions by 40% from base year 2010 levels.

Renewable energy sources: Increase renewable energy sources to 35% of energy consumed from base year 2010 levels.

Water consumption and efficiency: Decrease water use by 20% from base year 2013 levels.

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

CY 2015 Climate Resilience Goals, Results, and Challenges

Energy efficiency

Goal: Achieve 2.2% reduction from CY 2014

Result: 1% increase

Based on our 2020 goal of 20% reduction, energy use has risen 3% from base year 2010 levels. We attribute this to adding 22% more acute care hospital floor space.

Greenhouse gas emissions reductions

Goal: Reduce greenhouse gas emissions by 4% from CY 2014.

Result: Increased greenhouse gas emissions by 2.2% from CY 2014.

Based on our 2020 goal of 40% reduction, we have achieved a 10% reduction of CO2 emissions from base year 2010 levels despite adding 22% more acute care hospital floor space.

Renewable energy sources

Goal: Increase renewable energy resources by 2.8% from CY 2014.

Result: 0% increase from CY 2015 to CY 2015 (contract with solar developer terminated due to developer filing for bankruptcy protection).

Based on our 2020 goal of increasing renewable energy sources to 35% of energy consumed, we achieved 23% in CY 2015, as compared to 12% in CY 2010, a 60% increase in renewables.



Continued...

Water consumption and efficiency

Goal: Reduce potable water consumption by 5% from CY 2014.

Result: Decreased by 2% total potable water usage (domestic + irrigation) in CY 2015. Irrigation usage was the largest part of that, dropping by 20% from 2014 levels.

Based on our 2020 goal of 20% reduction, potable water use has gone up by 3% from base year 2013 levels.

Challenges: Although we did not meet all the calendar year 2015 goals as we anticipated, we have implemented new processes to ensure adequate capital dollars are allocated to energy efficient measures such as retro and continuous commissioning, interior lighting upgrades, and replacement of energy intensive equipment. Additionally, we have transitioned 11 solar projects to two different photovoltaic developers. While the addition of +2.0M square feet over the last several years has resulted in higher total energy consumption, energy intensity as measured in kBtu/ft²/year continues to trend down.

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

Energy efficiency: 28 of our 39 acute care hospitals are at or below the energy usage of our Practice Greenhealth peers, which is a positive trend. However, there are opportunities for increased energy efficiency with our lower performing hospitals.

Greenhouse gas emissions reductions: Unknown.

Renewable energy sources: Based on the 2015 Practice Greenhealth Benchmark Report, only 31% of award winning hospitals reported using some form of renewable power. As such, our 23% of energy consumed from renewables in CY 2015, versus 12% in CY 2010, compares well to these benchmarks.

Water consumption and efficiency: 24 of our 39 acute care hospitals are using over 8%-235% more water than our Practice Greenhealth peers. 13 acute care hospitals are using less water than our Practice Greenhealth peers.

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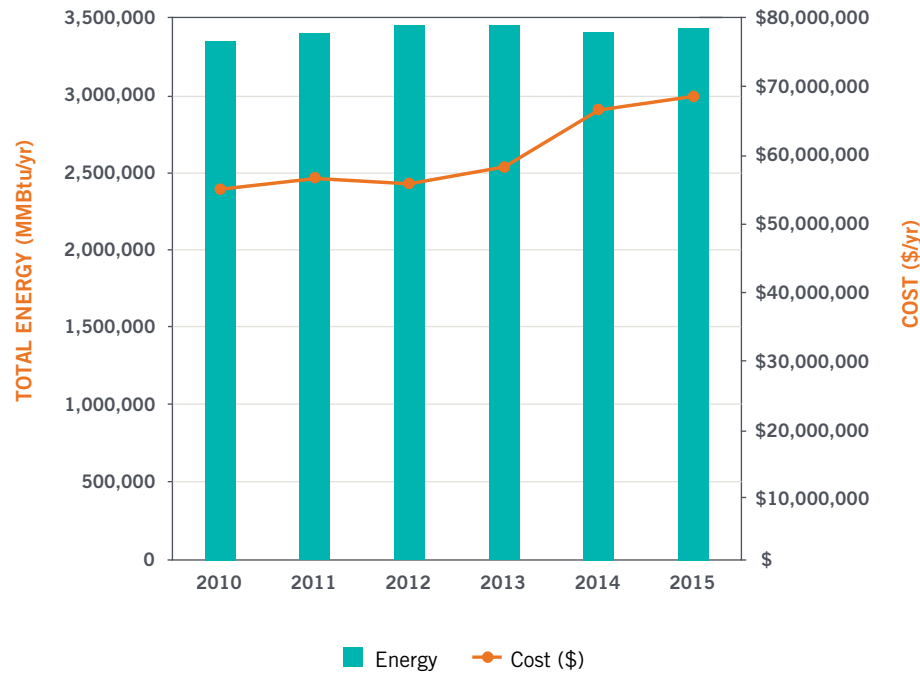
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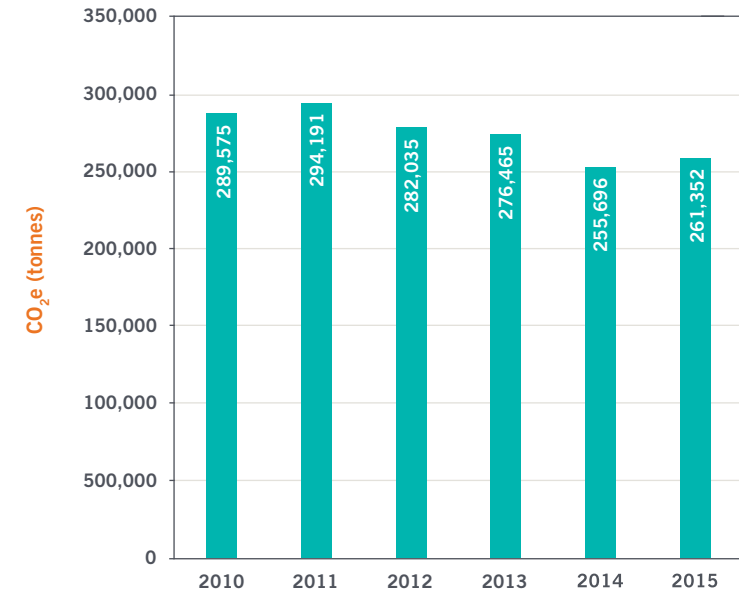
TOTAL ENERGY USAGE AND COST FROM 2010-2015



Energy Increase from 2010: 3%
 Square Footage Increase from 2010: 22%
 Energy Cost Increase from 2010: 25%

Take-away: Even though square footage increased by 22% from 2010 to 2015, energy use has remained virtually flat. Since energy and square footage have been established to be a linear relationship, this essentially says we saved approximately 19% in energy since 2010. However, energy costs soared by 25%.

TOTAL CO₂e (tonnes) EMISSIONS BY YEAR



Take-away: Carbon emissions have been reduced by 10% since 2010 despite adding 22% more floor space.



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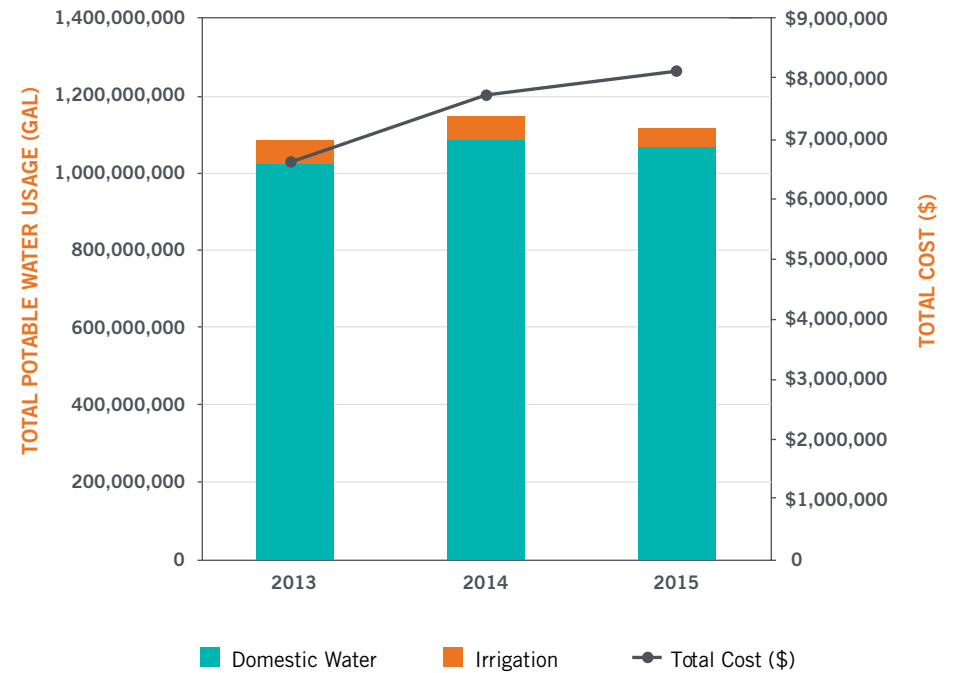
DIGNITY HEALTH ENERGY SOURCE NON RENEWABLE/RENEWABLE



Solar resources used in CY 2010: 12%
Solar resources used in CY 2015: 23%

Take-away: While we were not able to increase our renewable energy resources this year, we are at 23% and are fixing the problems we encountered with our solar developer this year, and will resume our path to our 2020 goal of 35%.

TOTAL POTABLE WATER USAGE BY YEAR vs. TOTAL COST



Potable Water Usage Increase from 2013: 3%
Potable Water Cost Increase from 2013: 22%
Increase in acute care hospital floor space: 22%

Take-away: Potable water usage has only increased by 3% despite a 22% increase in hospital floorspace.



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“The climate is a common good,
belonging to all and meant for all...”

Laudato Si’ 23

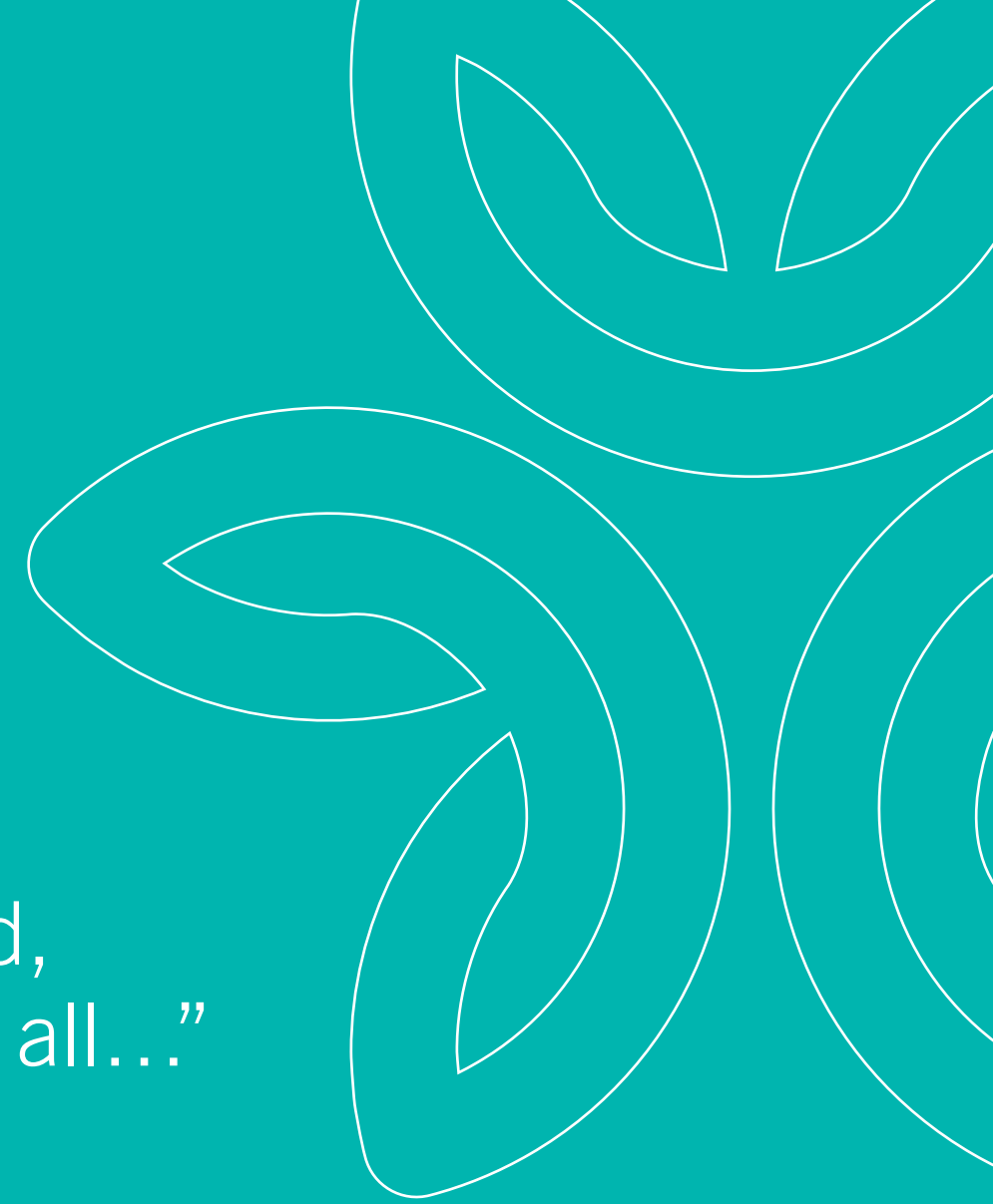


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Materials Stewardship Highlights at-a-glance



Conducted vendor outreach for participation in the Chemical Footprint Project assessment.



Significantly reduced the use of Styrofoam throughout Dignity Health, specifically in the area of Food and Nutrition Services.



Initiated our partnership with Greenhealth Exchange and integrated more aggressively the concept of environmentally preferable purchasing into our sourcing strategy.



Averaged total waste volumes of 29.5 lbs./APD, as compared to the industry average of 42 lbs./APD



Recycled 36.7% of our waste, as compared to a 15% recycling objective



Maintained regulated medical waste (RMW) at 5.3% of total waste volume, as compared to a 10% of total waste volume objective.

(Benchmarks courtesy of Practice Greenhealth Benchmark Report)



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Materials Stewardship

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

Materials stewardship is the driving force behind our participation in such initiatives as the Chemical Footprint Project and the Greenhealth Exchange. It underlies our efforts to integrate the concept of Environmentally Preferable Purchasing into our sourcing strategy. It inspires us to implement Key Green Solutions, a comprehensive third party data management and reporting system, to ensure that high quality energy, water, food and waste data is collected, used, and reported for decision making.

Reducing waste is another component of our stewardship commitment embodied in both Horizon 2020 and Hello Humankindness. If improperly handled this waste poses a very real threat to human and environmental health. Waste reduction, control of regulated medical waste, and recycling protects our climate by reducing energy use and greenhouse gas emissions, protects our air and water by reducing waste going to landfills, and improves the environment in the communities we serve and the communities where our waste goes for disposal. Waste minimization and management is a critical aspect of our sustainability initiatives. It's at the core of our prevention efforts, the precursor to healing.



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Safer Chemical Alternatives: The movement toward safer chemicals is about creating an environment for patients, visitors and staff free from hazards posed by harmful chemicals. As a signatory of the [Chemical Footprint Project](#), we are reaching out to our business partners to participate in a survey that measures their corporate progress toward safer chemicals and overall chemicals management performance. We will use the survey’s findings to determine which suppliers are taking the systematic steps necessary to identify and reduce chemicals of high concern in their products and supply chains and to steer our purchases toward the safest products.

Goal: Ensure the Chemical Footprint Project is introduced at SSRM quarterly business reviews; ensure that 10 vendors complete the assessment.

Result: Chemical Footprint Project is discussed at quarterly business reviews. Four vendors completed the survey.

Challenge: Influencing vendor participation was our most significant challenge. The Chemical Footprint Project is collecting data that is not traditionally shared by manufacturers and distributors. Though respondents are not required to disclose their answers publicly, the challenge lies in inspiring our business partners to join us in the journey to safer chemicals – one that hinges on disclosure, transparency, and innovation.

[Greenhealth Exchange \(GX\):](#) Together with Dartmouth-Hitchcock Medical Center, Gundersen Health, Partners HealthCare, and Practice Greenhealth, Dignity Health is building a cooperative called Greenhealth Exchange dedicated to promoting positive environmental stewardship and best practices in the health care industry. Greenhealth Exchange is an environmental purchasing exchange and catalog for health care. GX aims to accelerate the development and adoption of new, more environmentally-friendly products.

Goal: Initiate a partnership with Greenhealth Exchange and integrate the concept of environmentally preferable purchasing into our sourcing strategy.

Result: We were the first health system to partner with Greenhealth Exchange which is dedicated to promoting positive environmental stewardship and best practices in the health care industry.

Challenge: We are always working with our vendor partners on innovative products and processes that are better for the environment and human health. Much of the marketplace has room to improve in this area and we’re consistently evaluating and reevaluating.

How does Dignity Health’s performance compare to industry benchmark?

Dignity Health has proudly been a leader in the movement toward added transparency regarding safer chemicals. We’re committed to working with our vendor partners to explore new, safer alternatives to chemicals in health care and to share the improved impacts on our patients, their families, and our communities. We are an active member in this community through Practice Greenhealth, Health Care Without Harm, Healthier Hospitals, Greenhealth Exchange, and the Chemical Footprint Project.



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FY 2016 Waste Goals, Results, and Challenges

Goal: Reduce total waste to as far below the industry average (42 lbs./APD) as practical.

Result: Total waste volumes averaged 29.5 lbs./APD

Goal: Maintain regulated medical waste (RMW) below 10% of total waste volume.

Result: Maintained RMW at 5.3% of total waste volume.

Goal: Achieve a 15% recycling rate.

Result: Recycled 36.7% of our waste.

Goal: Ensure that 100% of our electronic waste (computers and associated devices) is donated, reused, or disposed of with an “e-steward” disposal company.

Result: 100% of e-waste disposed of through e-steward certified recyclers

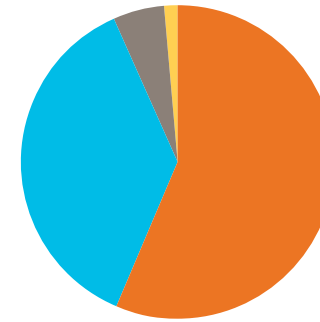
Challenges: While much has been achieved, we still face many challenges. For example, a few of our large facilities in Arizona and Nevada do not have the benefit of the recycling infrastructure that our California facilities have. Also, like any system, we have many facilities that are excellent performers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

How does Dignity Health’s performance compare to industry benchmarks?

Our total waste production rate of 29.5 lbs./APD compares well to the industry average of 42 lbs./APD. Key Green Solutions provided recycling benchmarking data for 35 comparable health systems, and determined the mean recycling rate at these facilities was just below 20% recycling as a percentage of total waste. The most successful hospital achieved just over 50% recycling. As such, our 36.7% recycling rate compares well, but there remains more work to be done.

Regarding RMW, the <10% objective is considered the baseline for our industry, although the Centers for Disease Control (CDC) has suggested that a standard below 5% would be achievable. As such, generation of 5.3% RMW as a percentage of total waste demonstrates good performance, but continued improvement remains achievable.

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



TOTAL WASTE GENERATION

- 56.6% ■ Solid: 46,803,056 lbs. • 16.70 lbs./APD
- 36.7% ■ Recycling: 30,359,625 lbs. • 10.84 lbs./APD
- 5.3% ■ RMW: 4,384,680 lbs. • 1.56 lbs./APD
- 0.0% □ Hazardous: 18,731 lbs. • 0.01 lbs./APD
- 1.3% ■ Pharm: 1,101,688 lbs. • 0.39 lbs./APD



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Strategy and Analysis		
Item	Indicator	Indicator Response
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	CEO Letter
Organizational Profile		
Item	Indicator	Indicator Response
G4-3	Report the name of the organization.	Dignity Health
G4-4	Report the primary brands, products, and services.	Profile
G4-5	Report the location of the organization's headquarters.	San Francisco, California, United States of America
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	We operate only in the United States.
G4-7	Report the nature of ownership and legal form.	Profile
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Profile



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Organizational Profile continued

Item	Indicator	Indicator Response
G4-9	Scale of the organization	Profile
G4-10	Breakdown of Workforce	Employees
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Employees
G4-12	Describe the organization's supply chain.	Materials Stewardship Dignity Health has over 19,000 suppliers and spends nearly \$4 billion annually on supplies and purchased services.
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Governance and Leadership
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Ethics and Compliance Materials Stewardship
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations	American Hospital Association, Catholic Health Association, California Hospital Association, Ceres/BICEF, Health Care Without Harm, Interfaith Center on Corporate Responsibility, Practice Greenhealth



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Identified Material Aspects and Boundaries

Item	Indicator	Indicator Response
G4-17	Report entities in the organization that are or are not covered by the report.	Reporting and Materiality
G4-18	Explain the process for defining the report content and the Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Reporting and Materiality
G4-19	List all the material Aspects identified in the process for defining report content.	Reporting and Materiality
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	Reporting and Materiality
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	Reporting and Materiality
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	None



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Item	Indicator	Indicator Response
G4-24	Provide a list of stakeholder groups engaged by the organization.	Reporting and Materiality
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Reporting and Materiality
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Reporting and Materiality
G4-27	Report 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. Report the stakeholder groups that raised each of the key topics and concerns.	Reporting and Materiality
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Information in this report is taken from operations over the previous fiscal (July 1, 2015 to June 30, 2016). In a few cases (as identified in the report), calendar year 2015 information is used to due to data availability.
G4-29	Date of most recent previous report (if any).	Our last issued report covered Fiscal Year 2014. Previously issued annual reports date back to 1996, but we intentionally skipped Fiscal Year 2015 in order to prepare for the change to the GRI-G4 standards.



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Item	Indicator	Indicator Response
G4-30	Reporting cycle (such as annual, biennial).	Except as noted in G4-29 above, our reporting cycle is annual.
G4-31	Provide the contact point for questions regarding the report or its contents.	Sister Susan Vickers, RSM, Vice President Corporate Responsibility, susan.vickers@dignityhealth.org , 415-438-5511
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report on External Assurance.	'In accordance'- Core GRI-G4 Content index with the exception of the materiality assessment process which was conducted by BrownFlynn and the GHG emissions data which was verified through The Climate Registry, we have not sought external verification.
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	See G4-32
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance and Leadership
Ethics and Integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Ethics and Compliance



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Economic

Information related to Standard Disclosures required by the ‘in accordance’ options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.

DMA and Indicators	Description	Page Number or Link
G4-DMA	Discussion of Management Approach for Economic Performance.	Profile
G4-EC1	Report the direct economic value generated and distributed.	Profile Audited Financial Statements
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change.	Climate Resilience
G4-EC4	Financial assistance received from government.	Profile
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Community



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Environmental

The environmental dimension of sustainability concerns the organization's impact on living and non-living natural systems, including land, air, water and ecosystems. The Environmental Category covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste). In addition, it covers biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures.

DMA and Indicators	Description	Page Number or Link
G4-EN3	Energy consumption within the organization.	Climate Resilience
G4-EN5	Energy intensity.	Climate Resilience
G4-EN6	Reduction of Energy Consumption.	Climate Resilience
G4-EN8	Total water withdrawal by source.	Climate Resilience (Note: currently just reporting total water used and conservation efforts)
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1).	Climate Resilience
G4-EN19	Reduction of greenhouse gas (ghg) emissions.	Climate Resilience
G4-EN23	Total weight of waste by type and disposal method.	Materials Stewardship
G4-EN24	Total number and volume of significant spills.	None
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Materials Stewardship



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- Social

Social The social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates. The Social Category includes the sub-Categories: Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility.		
DMA and Indicators	Description	Page Number or Link
G4-LA5	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.	Employees
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Employees
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Community
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Ethics and Compliance
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Patients
G4-PR5	Results of surveys measuring customer satisfaction.	Patients
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Ethics and Compliance





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