Materiality
review process

October
2019

**REDE D'OR
SÃO LUIZ**

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THEMEDIAGROUP

Document with information on the
process developed to review the
materiality of Rede D'Or São Luiz
between 2018 and 2019

SUMMARY OF THE MATERIALITY PROCESS OF REDE D'OR SÃO LUIZ

1st phase: The consultancy company analyzed studies from secondary sources and carried out a sectorial benchmarking to prepare the initial list of topics that are considered important for the sector of the Rede D'Or São Luiz (RDSL).

2nd phase: A questionnaire was prepared to collect the perception of the internal and external stakeholders of the RDSL, made available online through a perception research tool.

3rd phase: Based on the online research with stakeholders, it was possible to obtain a list of relevant topics prioritized for each of the stakeholders.

4th phase: Validation of the list of topics with RDSL officer.

5th phase (final phase): The final result of the materiality process was the list of 11 material topics of the RDSL validated by the RDSL top management based on the studies and on-line research carried out by the consultants and which can be seen as follow.

11 MATERIAL TOPICS OF REDE D'OR SÃO LUIZ

Economic dimension

- Value generation and economic performance
- Ethics, integrity and transparency
- Technological disruption and health innovation
- Quality, efficiency and service security and in the relationship with patient/client

Environmental dimension

- Efficiency in energy use and in waste management of health services
- Impacts of climate change in human health and in infrastructures

Social dimension

- Privacy and confidentiality in data usage
- Access to health services
- Attraction, retention, equity and respect for diversity
- Qualification, training and development of health professionals
- Health, safety and well-being of the employees

INTRODUCTION

Rede D'Or São Luiz (RDSL) has been publishing sustainability reports since 2015 and has been evolving, every year, in an intense effort to align its methods with the best practices in the health sector.

Since 2013, the RDSL has been working on the most relevant topics for its sector, which are identified through processes of preparation and materiality review in its reports. These processes highlight the important issues that must be addressed by companies and cause efforts to be directed towards the improvement of environmental, social and governance (ESG) actions.

The main reporting guidelines – Global Reporting Initiative (GRI) and Integrated Reporting – demand that companies develop this process to improve their reporting, which makes them more effective and objective in their investments of human, financial capital and actions in favor of the environment.

TheMediaGroup consultancy company developed this materiality review cycle in accordance with these guidelines and, with this, sought to refine and update the current materiality of the RDSL based on the context of sustainability and sectoral trends.

In this process, there was an important contribution from the Rede's team of employees that actively participated in the research carried out, which corresponded to almost 70% of the responses received. In addition, important contributions to online research were received from doctors, clients/patients and researchers. The contribution of these actors is of paramount importance for the process to remain consistent and permanent in the RDSL so that their actions in sustainability and the engagement with their stakeholders are improved over the years.

This stakeholder consultation process was carried out in an online format, using a questionnaire, in order to select the most relevant topics for the groups of stakeholders important to Rede. The online research was made available to participants between February 4–March 11, 2019 and had the participation of employees, shareholders, customers/patients, suppliers, among other groups, which will be detailed throughout this document.

Sector documents that guide the trends in the sector were also used in this process in order to elucidate the topics most addressed by important organizations, such as World Economic Forum (WEF), Sustainability Accounting Standards Board (SASB) and RobecoSAM, in addition to national peers such as Hospital Sírio-Libanês, Hospital Israelita Albert Einstein and Unimed (Rio de Janeiro).

As a result, some topics remain relevant to the RDSL, such as "Value creation and economic performance" and "Qualification, training and development of health professionals"; as well as new topics, such as "Attraction, retention, equity and respect for diversity" and "Impacts of climate change on human health and infrastructure", bring new perceptions and trends in the sector, which must be addressed in the company's strategy and management and in communicating with its stakeholders.

SUMMARY
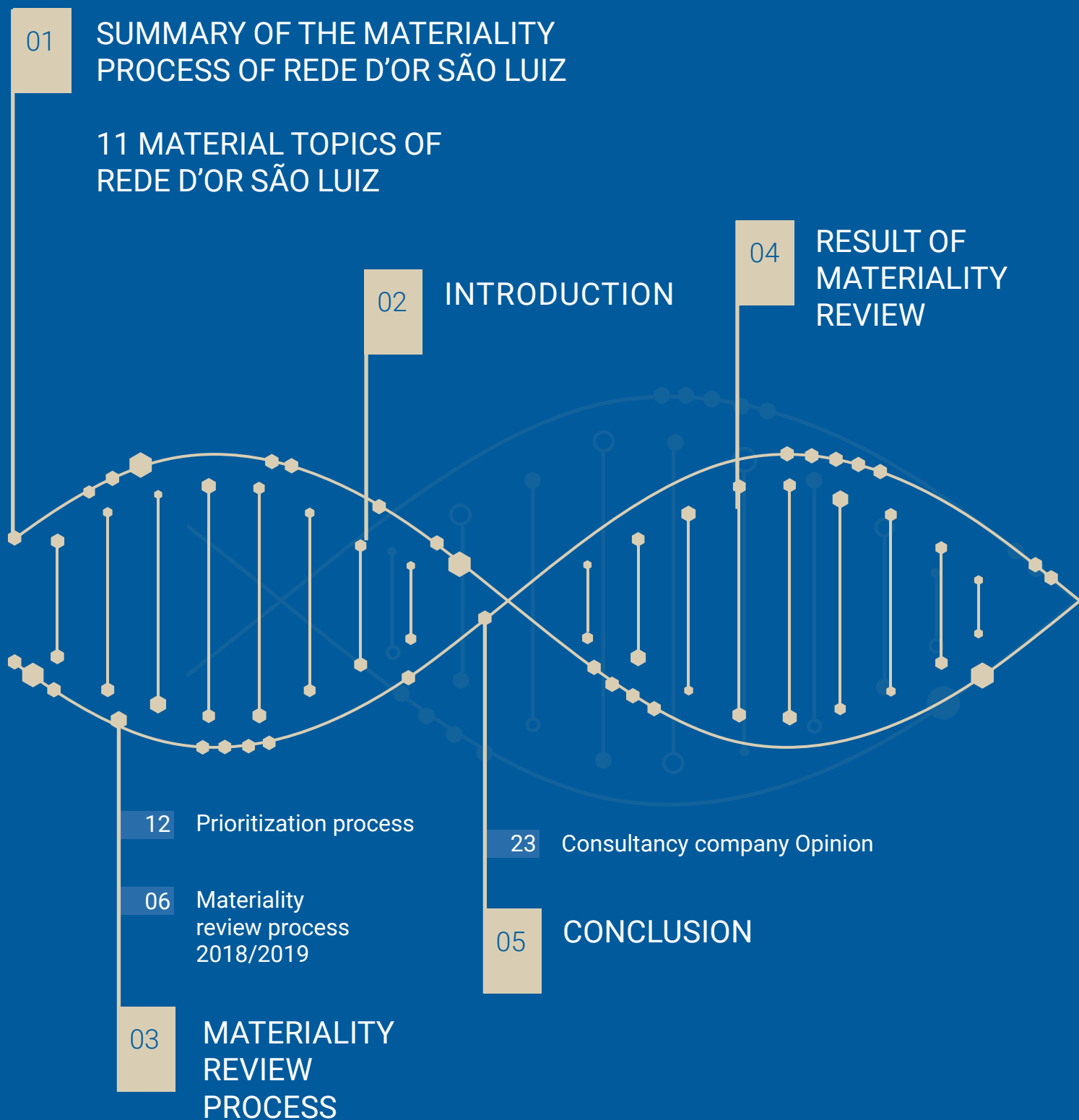
MATERIALITY REVIEW PROCESS

The materiality review process is important for the strategic sustainability management of Rede D'Or São Luiz (RDSL), for the elaboration of its sustainability report and for other actions related to sustainability management.

According to the Global Reporting Initiative (GRI), organizations have a wide range of aspects that influence and should be monitored in their management. The materiality process seeks to define a threshold from which some aspects are mapped as more expressive and, therefore, should receive a more in-depth look at the company.

Also, according to the GRI, for the preparation of the sustainability report, issues that reflect the significant economic, environmental and social impacts[1] of the organization and/or that can substantially influence the assessments and decisions of stakeholders must be considered.

RDSL has been carrying out important work in this regard by consulting its stakeholders from the most diverse spheres of relationship; this process helps to deal with the demands considered relev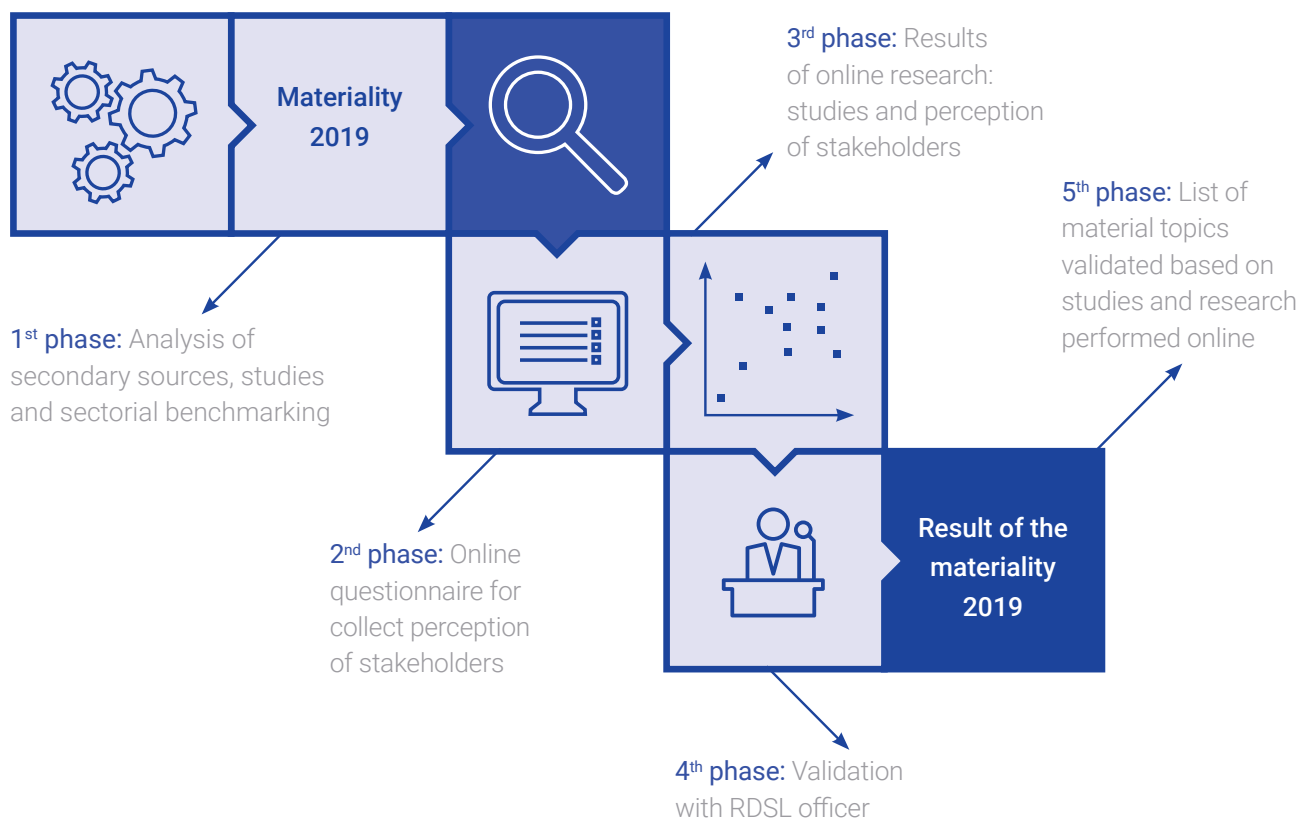ant communication tools in order to improve the feedbackprocess. For this reason, the review of materiality is considered to be a much broader process than just reviewing topics to improve the organization's reporting of sustainability actions.

In this review process, RDSL contacted its stakeholders and collected internal and external perceptions on topics to be explored by management and its communication channels and documents. In these processes, it is also possible to observe the participation of its Board of Directors, which reinforces the strategic character of the process for the company.

2018/2019 MATERIALITY REVIEW PROCESS

Following the premises, the RDSL materiality review process of the 2018/2019 cycle went through the steps shown in the following figure:

THE PROCESS IN 2019

Materiality 2019

3rd phase: Results of online research: studies and perception of stakeholders

5th phase: List of material topics validated based on studies and research performed online

1st phase: Analysis of secondary sources, studies and sectorial benchmarking

2nd phase: Online questionnaire for collect perception of stakeholders

4th phase: Validation with RDSL officer

Result of the materiality 2019

1. In the GRI Standards, "impact" refers to the contribution (positive and negative) of the company for sustainable development. In the context of the GRI, the term "impact" refers to the economic, environmental and social impacts caused by the organization and its operations, including its value chain.

The first phase of the process was the elaboration of the list of topics. In order to achieve the multiplicity of perceptions necessary for a consistent view of the RDSL, the Media Group analyzed internal documents – such as the report from the previous year –, the results of the latest materiality process developed and the pillars of values that support the Rede decisions.

The Sustainability Yearbook 2018
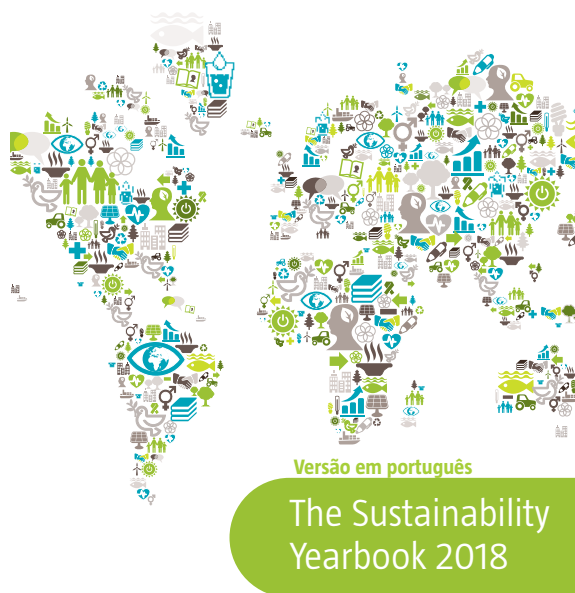
Among the external documents researched the consultants used:

The Yearbook 2018[2] document contains information on the drivers for sectors of the economy defined by the New York Stock Exchange's Dow Jones Sustainability Index (DJSI), which presents the most important topics for each sector. Guidelines and criteria for the Health Care Equipment & Services sector were used for RDSL.

Insight Report

The Global Risks Report 2019 14th Edition

In partnership with Marsh & McLennan Companies and Zurich Insurance Group

The Global Risks Report, from World Economic Forum (WEF) 2019 covers the risks to which the planet is subject. The report addresses a scenario of geopolitical and geoeconomic tensions that may concern the dynamics of global business relationships.

2. The consultants did not use the updated document for the year 2019 (Yearbook 2019), as it was not available when this document was prepared.

SUSTAINABILITY ACCOUNTING STANDARD | HEALTH CARE SECTOR

BIOTECHNOLOGY
Sustainability Accounting Standard

SICS# HC0101
Prepared by the
Sustainability Accounting
Standards Board

August 2013
Version 1.0

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www.sasb.org

The [Sustainability Accounting Standards – Biotechnology sector](#) document published by the Sustainability Accounting Standards Board (SASB) of 2013, contemplates the topics considered most relevant for the sector and which are in evidence worldwide.

The [Turning Point – Corporate Progress on the Ceres Roadmap for Sustainability](#), study of 2018 provides valuable information for companies and investors on how more than 600 of the largest publicly traded companies in the United States are positioned to address critical sustainability issues. In this study, it was possible to observe that, for the Health sector, the topic of diversity is more relevant.

In addition to these documents, the sustainability reports of three peers in the sector were also consulted: Hospital Israelita Albert Einstein, Hospital Sírio-Libanês and Unimed (Rio de Janeiro).

LIST OF TOPICS FOR MATERIALITY

The list of topics prepared based on the research in the mentioned documents was divided into three dimensions – economic, social and environmental. Thus, it is believed that the topics objectively address the positive and negative impacts and opportunities for the RDSL in each of the dimensions.

The list has a total of 18 topics, which can be seen below:

List of topics – RDSL 2019

Economic dimension	Environmental dimension	Social dimension
Topic 1: Value generation and economic performance	Topic 6: Responsible use of water and materials	Topic 9: Privacy and confidentiality in data usage
Topic 2: Ethics, integrity and transparency	Topic 7: Efficiency in the use of energy and in health service waste management	Topic 10: Partnerships with government and regulatory environment
Topic 3: Technological disruption and health innovation	Topic 8: Impacts of climate change In human health and infrastructures	Topic 11: Supply chain management
Topic 4: Quality, efficiency and service and relationship security with patient/client		Topic 12: Humanization of hospital management
Topic 5: Sectoral collaboration and scenario of competition		Topic 13: Access to health services
		Topic 14: Health promotion and prevention of diseases
		Topic 15: Attraction, retention, equity and respect for diversity
		Topic 16: Qualification, training and development of health professionals of the employees
		Topic 17: Employee health, safety and well-being
		Topic 18: Private social investment actions in the surrounding communities

The list of topics, validated and considered sufficient by the RDSL, was used in the process of prioritizing material topics in stakeholder consultations.

Glossary

In order to facilitate the understanding of the concepts approached and used by the RDSL, a glossary was elaborated for each of the topics. Then, from left to right, the topics and the glossary used in the consultation processes can be seen.

Topic	Glossary
Value generation and economic performance	More profitable economic results in the long term are the basis for an organization to be resilient and endure in the market. According to RobecoSAM, the Health sector must "search for solutions and create with relevant stakeholders, including government payers, employers, suppliers and patients." Financial health of business.
Ethics, integrity and transparency	Values, principles, standards and rules of the organization are the basis for a responsible performance. The adoption of robust and complete systems of corporate governance and internal controls and the improvement of the monitoring structures of these aspects are issues that are being increasingly addressed by organizations and are a necessity in today's global context. Currently being transparent is fundamental to the organization's resilience and longevity over the years. Managing and monitoring risks and opportunities in these aspects is fundamental so that there is a good relationship between the organization and its stakeholders. Practices to fight corruption and money laundering are also part of a responsible performance and are integrated with the concepts of ethics and integrity.
Attraction, retention, equity and and respect for diversity	Labor practices, equivalent compensation, compensation model, diversity of the workforce, wage equity by functional category, satisfaction of the employees, organizational climate, reduced turnover, career plan and anti – discrimination.
Qualification, training and development of health professionals	Human capital development, investment return in training (Human Capital on Return on Investment – HCROI) and training and qualification of the professionals.
Health, safety and well-being of the employees	Occupational health and safety in operations, pacts for the development of internal actions, process improvements, health and safety certifications and improving the quality of the work environment.
Impacts of climate change in human health and infrastructure	According to the Healthy Hospitals Project, "climate change will affect directly the ability of health systems to develop their activities, not only due to the effects of more frequent natural disasters, mainly by reducing access to essential resources, such as water or energy, and the impact of systemic crises of economic and social transformation." Furthermore, the increase in the occurrence of extreme weather events associated with climate change "may pose physical threats to facilities and to the operations of health service providers and generate challenges for the assistance to affected populations" (SABS/Erns & Young – EY).
Technological disruption and health innovation	Research, development, science and technology in the Health sector. Technological innovation, artificial intelligence and robotics when appropriate. Use of technology to offer more convenient and affordable quality care to patients/clients.

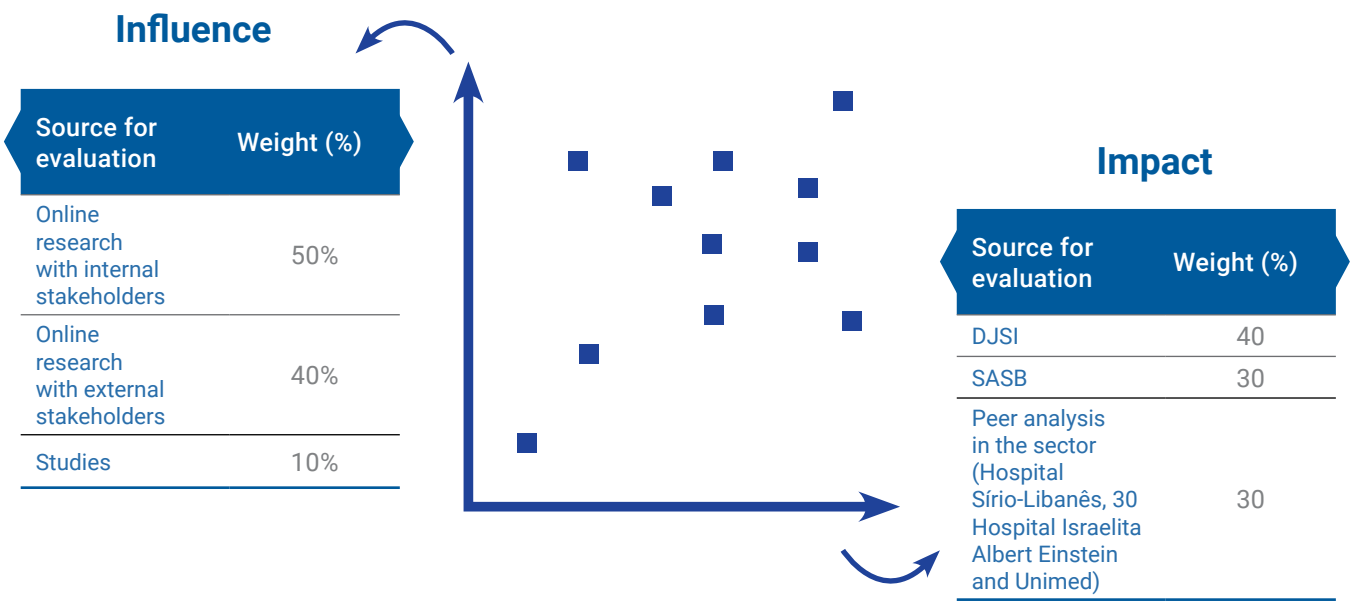| Topic	Glossary
Quality, efficiency and safety in care and in the relationship with patient/client	Quality over quantity of health services, Customer Relationship Management (CRM), relationship with patients/clients, quality service, measurement of success based on patient/client feedback, identification and delivery that patients/clients value more and patient/client loyalty. Patient/client experience: constant assessment of the patient/client's perception and satisfaction of expectations and needs.
Responsible use of water and materials	Environmental quality of materials, less environmental impact of materials used, reduced waste of materials and water and efficiency in use of natural resources. Sustainable installations.
Efficiency in water and energy use and in waste management of the health services	Efficiency in the use of energy resources, energy efficiency, less impact of equipment used, waste reduction, waste management of the health services and adequate waste management from generation to final disposal. Sustainable installations.
Sectoral collaboration and competition scenario	Collaboration: market entrants and peers, private and public organizations, even competitors, can benefit from the partnership to provide care centered on the patient/client. Strategic alliances across the boundaries of traditional businesses can bring better results if the organization establishes its real directions and look for a win-win relationship with your industry peers.
Health promotion and disease prevention	Continuous disease management, rather than isolated care, disconnected and episodic, are drivers for the Global Health sector. According to PricewaterhouseCoopers (PwC), it is important that the sector changes focus "of the disease and its treatment for well-being and prevention."
Privacy and confidentiality in data usage	Privacy and security of patient/client information. Global and local regulation requires health service providers establish administrative, physical and technical safeguards to protect the integrity, confidentiality and availability of data and information from patients/clients.
Humanization of the hospital management	Safety and confidence in patient/client service, humanization of service and relationships with the aim of guaranteeing an environment that contributes for the success of the care policy and actions aimed at humanization of the hospital environment.
Access to health services	Access for low-income patients/clients and inhabitants of remote regions. Democratization of access to health.
Supply chain management	Supply chain management, fraud and unnecessary procedures in the patient/customer service, sustainable purchasing and purchase practices.
Government partnerships and regulatory environment	Public-private partnerships and risks and opportunities for regulatory changes.
Private social investment actions in surrounding communities	Social and environmental actions surrounding the operations, private social investment and corporate citizenship.

PRIORIZATION PROCESS

The steps that constituted the consultations with internal and external stakeholders were based on the list of topics presented in the chapter List of topics for materiality and the glossary prepared by the consultants (presented in the Glossary), which allowed the alignment of the terms and concepts used and the realization of a questionnaire developed for the prioritization stage. A summary of the prioritization process can be seen below.

Priorization process of the topics > Consultation with internal and external stakeholders > Consult the CEO > List of topics materials of RDSL

The figure below summarizes the weights given to each phase developed in the prioritization process that comprised the Impact and Influence axes:

Influence

Source for evaluation	Weight (%)
Online research with internal stakeholders	50%
Online research with external stakeholders	40%
Studies	10%

Impact

Source for evaluation	Weight (%)
DJSI	40
SASB	30
Peer analysis in the sector (Hospital Sírio-Libanês, 30 Hospital Israelita Albert Einstein and Unimed)	30

# PRIORITIZATION OF TOPICS BY RDSL STAKEHOLDERS

Stakeholders online consultation

In the current review, a reference for the years 2018/2019, the RDSL consulted its stakeholders, through structured research in an online software , to collect their perception in relation to the topics treated by materiality between the "unimportant" levels, "Regular", "important" and "very important."

This survey allowed the collection of the perceptions of 1,166 people who belong to specific stakeholder groups. The distribution of responses can be seen in the following table.

Stakeholder group	Percentage of responses	Number of responses
Employees	68.47	797
Medical doctors	23.45	273
Clients/Patients	5.50	64
Researchers	0.95	11
Suppliers	0.52	6
Community/Society	0.43	5
Health Operators	0.43	5
Shareholders	0.17	2
Press	0.09	1
Total	**100**	**1,166**

PERCENTAGE OF PARTICIPATION IN ONLINE RESEARCH, BY GROUP OF STAKEHOLDERS
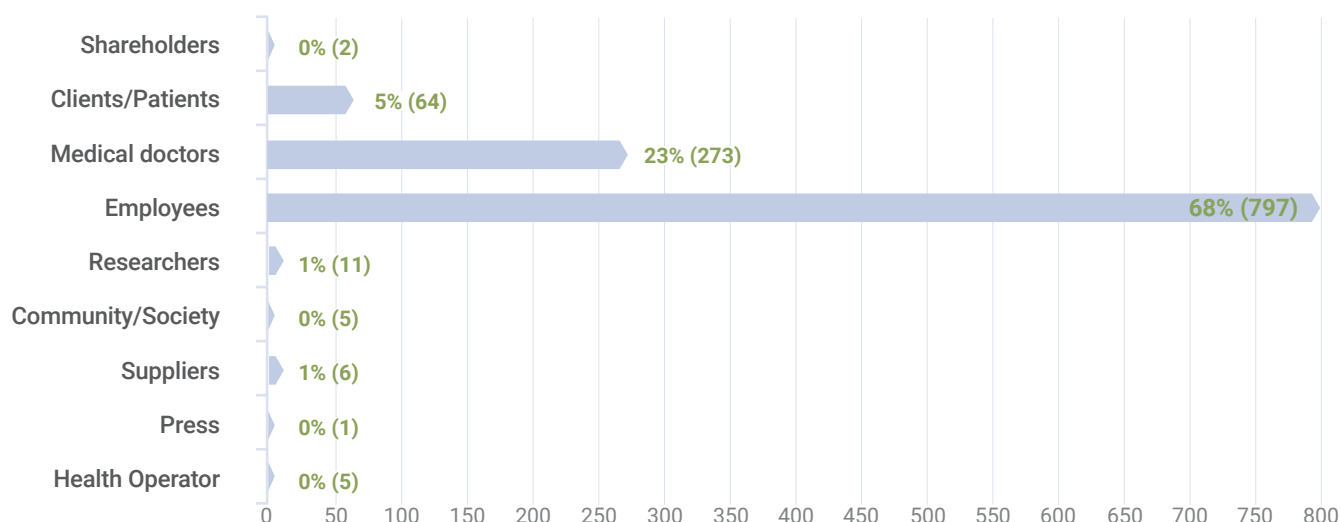
The study, which used online research as a basis, separated stakeholders into two groups: external and internal. The group of internal stakeholders considered employees and doctors. The group of internal stakeholders considered shareholders, clients/patients, researchers, community society, suppliers, the press and health operators.

Among them, two groups of stakeholders – employees and doctors – stood out in the amount of interactions: they were responsible for more than 91% of the responses to the questionnaire, a fact that suggests the Rede's high engagement with these groups. In addition to these, the clients/patients group, which is composed of external stakeholders, had a considerable participation: 64 responses received.

Among the groups: suppliers, community/society, shareholders and the press, participation was considered low. Considering the universe of health operators, participation was considered reasonable.

The topics with the highest scores, that is, those that were mentioned in the responses as very important topics in the scale used were:

For external stakeholders (customers/patients, researchers, suppliers, community/society, shareholders, healthcare operators and the press):
- Attraction, retention, equity and respect for diversity
- Employee health, safety and well-being
- Ethics, integrity and transparency

For internal stakeholders (employees and doctors):
- Qualification, training and development of health professionals
- Ethics, integrity and transparency
- Attraction, retention, equity and respect for diversity

As you can see, the two groups considered the topics "Ethics, integrity and transparency" and "Attraction, retention, equity and respect for diversity" as very important, which leads us to believe that both topics need to be better managed and have the related actions better publicized.

Two topics most mentioned by groups of stakeholders: "Attraction and retention, equity and respect to diversity" and "Qualification, training-development of health professionals."

Online search results by group of stakeholders

Each topic covered by the online research had a specific score in the responses of the groups of consulted stakeholders. In the tables below, the medium scores of each topic for each group is arranged as a form of input for specific actions per group These scores vary between 1, considered the minimum score, and 4, considered the maximum score.

The topics that scored the most in the responses of each of the groups are shown in the figure as follows. Some groups have more than one topic considered very important; this is because the final score was similar and it was decided to insert all those in that context.

Group	Topics
Employees	• Ethics, integrity and transparency • Qualification, training and development of health professionals
Medical doctors	• Ethics, integrity and transparency • Qualification, training and development of health professionals
Clients/Patients	• Ethics, integrity and transparency • Qualification, training and development of health professionals
Researchers	• Ethics, integrity and transparency • Attraction, retention, equity and respect for diversity • Employee health, safety and well-being
Suppliers	• Ethics, integrity and transparency • Attraction, retention, equity and respect for diversity • Qualification, training and development of health professionals • Health, safety and well-being of employees
Community/Society	• Humanization of hospital management • Attraction, retention, equity and respect for diversity
Health Operators *	• Ethics, integrity and transparency • Efficiency in the use of energy and waste management in health services • Privacy and confidentiality in the use of data • Health Promotion and Disease Prevention • Attraction, retention, equity and respect for diversity
Shareholders *	• Ethics, integrity and transparency • Access to health services • Health promotion and disease prevention • Attraction, retention, equity and respect for diversity • Qualification, training and development of health professionals
Press *	• Value generation and economic performance • Ethics, integrity and transparency • Quality, efficiency and safety in care and in the relationship with patient/client humanization of hospital management • Humanização da gestão hospitalar • Attraction, retention, equity and respect for diversity • Qualification, training and development of health professionals • Employee health, safety and well-being

* Groups that have a large number of topics considered important had low participation in online research, which leads to a greater number of citations concentrated on a specific level of relevance to certain topics, which makes the result also concentrated.

Consolidated online research results

To compare the results of this research, an approach was used that divides them between external and internal stakeholders. Based on this approach, it was possible to verify four most relevant topics for both stakeholder groups in the RDSL:

- Attraction, retention, equity and respect for diversity
- Health, safety and well-being of employees
- Ethics, integrity and transparency
- Qualification, training and development of health professionals

COMPARISON BETWEEN THE MOST RELEVANT TOPICS BETWEEN RDSL INTERNAL AND EXTERNAL STAKEHOLDER GROUPS*

External stakeholders	Internal stakeholders
1st Attraction, retention, equity and respect for diversity	1st Qualification, training and development of health professionals
2nd Employee health, safety and well-being	2nd Ethics, integrity and transparency
3rd Ethics, integrity and transparency	3rd Attraction, retention, equity and respect for diversity
4th Qualification, training and development of health professionals	4th Employee health, safety and well-being
5th Humanization of hospital management	5th Quality, efficiency and safety in service and relationship with patient/client
6th Quality, efficiency and safety in service and relationship with patient/client	6th Humanization of hospital management
7th Health promotion and disease prevention	7th Responsible use of water and materials
8th Energy usage efficiency and waste management of health services	8th Privacy and confidentiality in the use of data
9th Responsible use of water and materials	9th Energy efficiency and waste management of Health Services
10th Access to health services	10th Health promotion and disease prevention
11th Privacy and confidentiality in the use of data	11th Technological disruption and innovation in health
12th Value generation and economic performance	12th Access to health services
13th Technological disruption and innovation in health	13th Supply chain management
14th Impacts of climate change on human health and and infrastructure	14th Value generation and economic performance
15th Private social investment actions Surrounding communities.	15th Impacts of climate change on human health and and infrastructure
16th Supply chain management	16th Private social investment actions surrounding communities
17th Sectorial collaboration and competition scenario	17th Sectorial collaboration and competition scenario
18th Partnerships with government and regulatory scenario	18th Partnerships with government and regulatory scenario

* The analysis did not consider the order of relevance of the topics.

Among the least voted topics and, therefore, less relevant for both groups of internal and external stakeholders, are:

- Sectoral collaboration and competition scenario
- Partnerships with government and regulatory scenario

CONSULTATION AND VALIDATION BY THE BOARD OF DIRECTORS

The consultants also surveyed the RDSL board of directors, through the focal point in sustainability management, to validate the list of material topics and to evaluate topics that were analyzed by the consultants and that represent important topics for the sector and for the RDSL over the last years. The two topics brought up for evaluation by the board were:

- Topic 13: Access to health services
- Topic 3: Technological disruption and health innovation

The analysis of the board, based on their experience in the sector and their knowledge of the Rede, resulted in the elevation of both topics to the status of material, that is, they should be treated as materials in the management for sustainability and in the documents released by RDSL.

These analysis and presentation had as their starting point the results of crossing the list of topics in the RDSL with the frequency that each of them was mentioned in the internal and external documents used by the consultants. Based on this, it was possible to establish a cut-off point for the most mentioned and least mentioned topics.

Among the topics that needed analysis by the Director on their materiality for the RDSL, the consultants based its pre-assessment on which drivers were most frequently mentioned in each of the topics.

The consulted sector studies and peers that most highlighted topic 13 (Access to health services) were:

- SASB
- Materiality of the Albert Einstein Hospital
- Criteria used by RobecoSAM for the Health sector

Based on this, the consultants considered that the topic had high importance in the influence axis and medium importance in the impact axis.

In the influence axis, the high level of importance of the topic reflects the perception of external stakeholders (suppliers, shareholders, customers/patients, community/society, health operators and researchers), who considered the topic to be important or very important. A large number of employees and doctors also considered the topic important or very important. In addition, the studies used in the process emphasized the topic.

In the impact axis, the medium level of importance of the topic reflects the high importance of the topic for SASB and the low importance for DJSI and peers in the sector: of the three competitors surveyed, only the Albert Einstein Hospital mentioned the importance the topic in its external documents.

The consulted sector studies and peers that most highlighted topic 3 (Technological disruption and innovation in health) were:

- Management pillars of RDSL
- SASB
- PwC Study

The consultants considered that the topic had a high importance in the Influence axis and low importance in the impact axis.

In the Influence axis, the high level of importance of the topic reflects the perception of external stakeholders (suppliers, shareholders, customers/patients, community/society, health operators and researchers), who considered the topic to be important or very important. A large number of employees and doctors also considered the topic important or very important. In addition, the studies used in the process emphasized the topic.

In the impact axis, the low level of importance demonstrates the low importance of the topic for SASB, for DJSI and for peers in the sector: of the three competitors surveyed, only the Hospital Sírio-Libanês and Hospital Albert Einstein mentioned the importance of the topic in their external documents.

RESULT OF MATERIALITY REVIEW

The final list of topics covered by the Rede D'Or São Luiz materiality review process (RDSL), in order of relevance, can be seen below:

Order of relevance	Topics
	Material topics
1	Topic 15: Attraction, retention, equity and respect for diversity
2	Topic 2: Ethics, integrity and transparency
3	Topic 4: Quality, efficiency and safety in care and in the relationship with patient/client
4	Topic 16: Qualification, training and development of health professionals
5	Topic 1: Value generation and economic performance
6	Topic 7: Energy efficiency and health service waste management
7	Topic 9: Privacy and confidentiality in the use of data
8	Topic 8: Impacts of climate change on human health and infrastructure
9	Topic 17: Employee health, safety and well-being
	Topics elevated to material status by the Director
10	Topic 13: Access to Health Services
11	Topic 3: Technological disruption and health innovation
	Non-material topics
12	Topic 6: Responsible use of water and materials
13	Topic 5: Sectoral collaboration and scenario
14	Topic 11: Supply chain management
15	Topic 12: Humanization of hospital management
16	Topic 14: Health promotion and disease prevention
17	Topic 18: Private social investment actions in the surrounding communities
18	Topic 10: Partnerships with government and regulatory scenario

CONCLUSION

The materiality review process is one of the important actions to support strategic decisions of Rede D'Or São Luiz (RDSL). By selecting and managing the most relevant topics for its sector and its stakeholders, the RDSL makes it possible to address, with greater emphasis, in these instances, matters considered to be priorities for its management in the short, medium and long terms.

Comparing the material topics of the old cycle of reviewing the Rede's materiality with the results of the current cycle, we can see that most of the topics that were already material for the RDSL are maintained, with text adjustments and some new topics, which raises the emphasis on the Rede's core business and the needs of its stakeholders.

Based on the result of the materiality review, two topics that were not present in the previous cycle were added to the list of material topics:

- Topic 15: Attraction, retention, equity and respect for diversity
- Topic 8: Impacts of climate change on human health and infrastructure

These two new topics were chosen by the consultants based on the selected studies, which reinforces the need to address them in sustainability reports, in the company's strategy and in the long-term directors of RDSL.

Topic 15, specifically, which addresses human capital, was considered very important by the study by PricewaterhouseCoopers (PwC): New Health, in addition to being evidenced also by the study by Ceres, which reinforces the importance of diversity in the workforce.

Topic 8, which addresses issues of climate change, was considered important by studies carried out by the World Economic Forum (WEF) on global risks and by the Sustainability Accounting Standards Board (SASB) on more relevant topics for the Health sector. In addition, all peers in the sector treat actions related to the topic indirectly in their public reports.

The previous topic – "Environmental performance (consumption of inputs and waste generation)" – was broken down into three new topics that more assertively cover the type of impact and opportunities related to natural resources:

- Topic 6: Responsible use of water and materials
- Topic 7: Energy efficiency and health service waste management
- Topic 8: Impacts of climate change on human health and infrastructure

Of these three topics, two were considered material (7 and 8), which suggests that the RDSL should focus on energy efficiency actions and the development of mitigation and adaptation mechanisms to climate change.

Two previous topics – "Health and patient safety" and "Quality of services provided" – were adjusted and included in topic 4 (Quality, efficiency and safety in care and in the relationship with patient/client), which is considered material. This new topic, specifically, was the third one with the best score in the materiality process; he obtained high marks from the opinion of internal stakeholders (employees and doctors), from the aspects covered by the studies used by the consultants and from being mentioned in all the sustainability reports of the researched industry peers.

Topic 15 (Attraction, retention, equity and respect to diversity) obtained the highest score in the materiality review process, with high marks especially among the audiences consulted through the online survey, in addition to being mentioned by the three peers in the sector in their reports. This fact suggests that RDSL should develop actions in favor of its employees, involve them and engage them in a way that attracts and retains talents, generates value for its employees and develops actions of diversity and equity between genders. A recent survey released by *The New York Times*, which consulted approximately 200 CEOs of major global companies, showed that companies must invest heavily in stocks that not only benefit their shareholders, but also their employees and customers (topics 4 and 15 referenced by the review materiality), which reinforces the importance of human capital in generating long-term value for companies.

More details on the comparison between the results of the previous materiality and the current materiality can be found in the table below.

COMPARATIVE ANALYSIS OF THE RESULT OF MATERIALITY PROCESSES OF 2017 AND 2018 CYCLES

2017 material topics	2018 material topics *	Benchmarking
Customer/Systems Privacy Information	Topic 9: Privacy and confidentiality in the use of data	Amended wording. Subject matter.
Humanization of hospital management	Topic 12: Humanization of hospital management product	Maintained writing, but topic it is not material.
Patient health and safety	Topic 4: Quality, efficiency and service security and relationship with patient/client	Amended wording. Subject matter.
Research and development on health science and technology	Topic 3: Technological disruption health innovation	Amended wording. Topic became material after validation of the board.
Economic performance	Topic 1: Value generation and economic performance	Amended wording. Subject matter.
Quality of provided services	Topic 4: Quality, efficiency and service security and relationship with patient/client	Amended wording. Subject matter.
Did not exist in the previous cycle	Topic 15: Attraction, retention, equity and respect for diversity	New topic: material.
Employee health and safety	Topic 17: Health, safety and well-being wellbeing of the employees	Amended wording. Subject matter.
Ethical behavior and mechanisms anti-corruption	Topic 2: Ethics, integrity transparency	Amended wording. Subject matter.
Environmental performance (consumption of inputs and waste generation)	Topic 6: Responsible use of water water and materials	Previous topic broken down into three topics, but current topic is not material.
	Topic 7: Efficiency in the use of energy and in waste management of health	Previous topic broken down into three topics. Subject matter.
	Topic 8: Impacts of climate change change in human health and infrastructure	New topic: material.
Training and education	Topic 16: Qualification, training and and professional development of health	Amended wording. Subject matter.
Suppliers	Topic 11: Chain management from suppliers	Altered wording, but topic it is not material.
Did not exist in the previous cycle	Topic 13: Access to services of health	New topic. Topic became material after validation of the board.
Did not exist in the previous cycle	Topic 5: Sectoral collaboration and scenario of competition	New topic, not material.
Did not exist in the previous cycle	Topic 10: Partnerships with government regulatory environment	New topic, not material.
Did not exist in the previous cycle	Topic 14: Health promotion and prevention disease prevention	New topic, not material.
Did not exist in the previous cycle	Topic 18: Social investment actions private in the surrounding communities	New topic, not material.

* The topics considered material by the materiality process are in more intense blue.

CONSULTANCY COMPANY OPINION

Observing the results, the consultants ratify the need to maintain the frequency of review of materiality as a way of reinforcing alignment with global and regional initiatives, such as those mentioned in this document.

The consultants also reinforce the need to improve the engagement of its external stakeholders to reach a greater number of people when applying the online consultation to the important publics for the RDSL, considering that there was a low participation of some of them.

For Tim Mohin, President of the Global Reporting Initiative (GRI)[3]:

"Companies are being asked to evaluate and report on a vast array of sustainability topics. Yet when reporting is focused on a few, truly relevant issues, it can create vital data that helps companies perform better. Not only can they quantify their contribution to sustainable development and the impact on environmental or social factors – but ultimately, it can improve their financial bottom line."

Generate value for your stakeholders by improving the direction of your sustainability actions also is one of the objectives of the materiality review. With this process, RDSL values its audiences, in addition to coordinating and directing its efforts to more relevant topics, which makes its strategic, management, engagement and reporting processes more concise and objective, addressing the demands of its stakeholders more accurately and generating long-term value.

3. The business value of sustainability reporting, July 2, 2019, available at: https://medium.com/@GlobalReportingInitiative/the-business-value-of-sustainability-reporting-a7a29992a074.

"By carefully selecting the topics that are the most meaningful for your company and its stakeholders, establishing goals and key performance indicators, and regularly reporting on progress, you create a natural incentive to improve."
Tim Mohin (GRI President)