



JOSÉ DE MELLO · SAÚDE

INTEGRATED
REPORT | 016



01 INTEGRATED REPORT

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Report Profile

This is the first Integrated Report of José de Mello Saúde drawn up in accordance with the structure proposed by the International Integrated Reporting Council (IIRC). This report intends to present the company's economic, social and environmental performance and the financial results for the period from 1 January 2016 to 31 December 2016.

This document covers the activities of José de Mello Saúde, S.A. (hereafter José de Mello Saúde or JMS), the holding company for a private healthcare business group, with headquarters at Av. do Forte, N°3, Edif. Suécia III - Piso 2, in Carnaxide. The share capital of JMS is owned by José de Mello S.G.P.S., S.A. (65.85%), by Amélia de Mello Foundation (4.15%) and by Farminveste, S.A. (30%).

By moving to an Integrated Report, José de Mello Saúde aims to promote a more cohesive and efficient approach to the corporate reporting process and to improve the quality of the information made available to interested parties, maintaining the course set towards its recognition as a benchmark in the healthcare sector. This being the first year of transition to the Integrated Report structure, José de Mello Saúde chose to keep the previously defined materiality, taking on the commitment to revisit this task in the near future.

José de Mello Saúde Integrated Report, which will be published annually, is complemented by the information provided in the Financial Statements Report, in the Clinical Quality Report and in the GRI Annex. All information is available in the institutional website at <http://www.josedemellosaude.pt>.

José de Mello Saúde welcomes comments on this document or on any matter related to its corporate reporting practices, which should be sent to Communication and Sustainability Department using the following e-mail address: comunicacao@jmellosaude.pt



JOSÉ DE MELLO · SAÚDE



1.1 ABOUT JOSÉ DE MELLO SAÚDE

Organisational Overview

Who we are

Originating in **CUF** Hospital, which was founded in 1945, José de Mello Saúde carries out its activity in the provision of healthcare services.

Vision

To be a leader in distinctive quality healthcare provision, based on an integrated network of high performance units, both in private and public sector, and to present options for growth in selected markets.

Mission

To promote the provision of healthcare services with the highest possible levels of knowledge, prioritising life and the environment by developing the intellectual capital of organisations in a permanent search for the best.

Values

Respect for human dignity and well-being
Human development
Competence
Innovation

Ethics

Ethics is of the utmost importance to the genetic make-up of José de Mello Saúde and is governed by principles of sound management and transparency, prioritising respect for customers, partners, shareholders and employees.

As a healthcare provider, ethical issues are at the heart of the activity, with respect for the dignity and well-being of patients one of the values that guide José de Mello Saúde conduct.

It is a concern that motivated the creation of a Code of Ethics, cross-sectional to all units, and of the Ethics Council¹, an advisory body to the Executive Committee of José de Mello Saúde.

Together with the Ethics Council, the larger healthcare units have their own Ethics Committee. This Committee is composed of internal staff, alongside external members with deep knowledge of ethical matters.

Organisation

José de Mello Saúde develops its activity through a network of **CUF** private healthcare and hospital units integrated in the Portuguese National Health Service (NHS), operated under public-private partnership (PPP).

Created in 1945, **CUF** is currently made up of a network of seven hospitals and eight outpatient clinics located in Lisbon, Oeiras, Cascais, Sintra, Mafra, Torres Vedras, Santarém, Matosinhos, Porto and Viseu.

Within the public-private partnerships, José de Mello Saúde has also been managing Braga Hospital since September 2009 and Vila Franca de Xira Hospital since June 2011, both part of the NHS.

From an organisational perspective, the hospital and outpatient units were grouped into two Coordinating Committees – **CUF** and PPP, with **CUF** network divided into three geographical clusters – Descobertas, Tejo and Norte – in a rationale of coordination around the three largest **CUF** Hospitals.



JOSÉ DE MELLO SAÚDE

IS IMPLEMENTING ITS EXPANSION PLAN IN PORTUGAL

Lisboa



Cascais



Porto



Torres Vedras



Santarém



Viseu



Braga



Vila Franca de Xira





External Environment

In 2016, Portugal followed the moderate economic growth trend experienced throughout Europe. GDP recorded an annual variation of 1.2% (-0.4 p.p. year-over-year) – below the GDP growth estimate for the euro area (1.7%) –, confirming the Portuguese economy's gradual recovery felt since 2013. Growth for 2017 is expected to accelerate to 1.4%, stabilising at 1.5% in the two following years (2018-2019), as a result of the positive contribution of domestic demand (1.3 p.p.) and of the change in trend of the net external demand's contribution (0.2 p.p.)¹.

In Portugal, the economic recovery (it is estimated that the budget deficit will be 2.4%²) is supported by several factors, namely the acceleration of exports and a slightly higher growth of domestic demand. Also of note is the fact that private consumption grew 2.1% and public consumption grew 1.0% (with a variation of -0.5 p.p. and 0.2 p.p., respectively, in comparison with 2015). These numbers reflect the growth in disposable income and the maintenance of consumer confidence at particularly high levels resulting from the improvement in the labour market conditions. It should be noted that private consumption grew more than disposable income, leading to a reduction in the household savings rate which, at the end of 2015, was at historically low levels.³

Economic growth enabled a recovery of the labour market, with employment growing 1.5% annually (0.1 p.p. higher year-over-year), higher than the estimated growth of 1.4% for the euro area⁴ – although this is the highest variation since 2008 – and the unemployment rate falling to 11% (-1.4 p.p. year-over-year)⁵. The unemployment rate in Europe was 10.1%⁶. In Portugal, for 2017, the employment rate is expected to continue to grow, although at a slower pace, as is the maintenance of the decreasing trend in the unemployment rate.

The persistence of foreign and domestic constraints, including the debt burden, the adverse demographic developments and inefficiencies in the labour and product markets, have hindered real convergence in relation to the euro area.

¹Portugal Eurosystem – Economic Bulletin – December 2016
https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/be_dez2016_p.pdf

²Idem

³Portugal Eurosystem – Economic Bulletin – October 2016
https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/bol_econ_out2016_p_0.pdf

⁴Autumn 2016 Economic Forecast
https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2016-economic-forecast_en

⁵Portugal Eurosystem – Economic Bulletin – December 2016
https://www.bportugal.pt/sites/default/files/anexos/pdf-boletim/be_dez2016_p.pdf

⁶Autumn 2016 Economic Forecast
https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2016-economic-forecast_en

Healthcare Sector

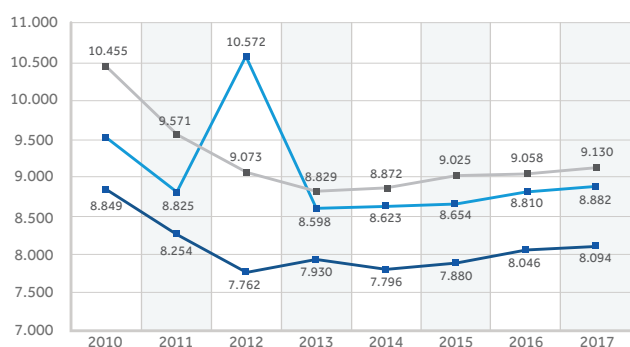
After seven years of reduction in the relative weight in the GDP of current healthcare expenditure – in 2015 it represented 8.9%, the lowest value since 2003 – the latest data provided by Statistics Portugal show a recovery in 2016, with a growth of 1.5% of current expenditure on healthcare, amounting to 8,535 million euros.

In 2014 and 2015, the relative importance of public current expenditure vis-à-vis private expenditure decreased again (66.2% in 2014 and 66.0% in 2015). In 2015, total expenditure for the Portuguese National Health Service (NHS) was 8,925 million euros. The economic performance of the NHS deteriorated due to a decrease in the consolidated net profit of around 141 million euros (53%). This translated into a negative result of 408 million euros after having recorded losses of 267 million euros in 2014.⁷

The health insurance market maintained a historical trajectory of growth, with an increase of 5% year-over-year, for a total of 620 million euros in issued premiums. It is estimated that over 2.2 million Portuguese have this type of insurance, which, along with the remaining public and private healthcare subsystems, enables over 4.2 million Portuguese people to have access to private healthcare services in addition to access to NHS⁸.

It was in this macroeconomic context that José de Mello Saúde kept the ambition to strengthen and expand **CUF** network, according to the principle that enables differentiation of the offer through major hospitals which include sub-specialities in reference areas, and convenience for the customer through a network of local clinics and hospitals. In this sense, and in the year of the inauguration of **CUF** Viseu Hospital and of **CUF** Almada Clinic, we started the expansion project for the **CUF** Descobertas Hospital and the construction of the future **CUF** Tejo Hospital in Lisbon.

Recurring Investment



Financial evolution of the NHS: Expenditure, Revenue and Transfer from the State Budget (million euros) | Source: Ministry of Health, 2017

- Transfers from the State Budget (excluding exceptional funding)
- Total Revenue
- Total Expenditure

⁷Central Administration of the Health System, 2015 Annual Report

⁸The Portuguese Association of Insurers (APS), Insurance market outlook 15/16

Notwithstanding, in 2016, the social and economic context presented some challenges to the materialisation of the expansion and growth strategies, namely:

- Discontinuation of the specific funding that was being made in vertical programmes for HIV/AIDS and Multiple Sclerosis with a strong financial impact on Braga Hospital;
- Limitation in the volume of activity contracted by the Government, restricting through contracts the ability to adequately respond to existing demand;
- Legislative instability in work schemes, namely regarding the duration of the work week;
- Financial risks, such as the reversal of the interest rate curves in the long term, the increase in inflation and in the funding cost of the Portuguese debt in comparison with Germany's.

Regulatory and legislative changes with impact on the activity

New Regulation on Personal Data Protection (of the European Parliament and of the Council, approved on 27 April 2016):

Although the General Data Protection Regulation is only directly and mandatorily applicable from 25 May 2018, its impact will be relevant to all organisations, particularly to institutions providing healthcare, forcing the development of sound and structured compliance programmes for privacy and data protection, adapting practices to the Regulation's rules.

New legal regime for advertising practices in healthcare

Decree-Law No. 238/2015, of 14 October which

came into force on 1 November 2015 established the new legal framework for advertising practices in healthcare and was governed by *Regulation No. 1058/2016, of 24 November* of the Portuguese Health Regulatory Authority. To address the new challenges, internal training and clarification actions have been developed, namely by the healthcare units involving, specifically, José de Mello Saúde Legal Department.

Regulation of the Licensing Procedure for Facilities Providing Healthcare

Regulation No. 86/2016 of the Portuguese Health Regulatory Authority, published in the Official Gazette, 2nd series, of 27 January 2016, established the rules that complement and put in practice the rules governing the processing of licensing procedures for facilities providing healthcare. Also covered are the rules concerning the certificate of compliance with licensing requirements, issued by a company or an external entity recognised by the Portuguese Health Regulatory Authority, as provided for in subparagraph d) of paragraph 3 of article 5 and in article 6 of *Decree-Law No. 127/2014, of 22 August*.

Dialogue with stakeholders

From the cross between the topics considered relevant to José de Mello Saúde and the understanding of what are the expectations of its stakeholders, resulted the following information reported by the organisation.

José de Mello Saúde monitors and engages its stakeholders through the following interaction mechanisms:

Interaction mechanism

Stakeholder	Interaction mechanism	Relevant issues for stakeholders	Reporting
Shareholders	Meeting of the Board of Directors	Value creation	Regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)
	General Meeting	Periodic, thorough information	
	Specific meetings and events	Ethics and transparency	
Funders	Regular meetings, contract negotiations	Financial sustainability,	Regular provision of information, Financial Statements Report
Payers	Regular meetings, contract negotiations, administrative interactions	Access to private healthcare, Pricing	Web services (electronic interaction methods), Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex
Portuguese Securities Market Commission (CMVM)	Investor Relations Office	Compliance with applicable securities regulation	Regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)
Suppliers	Regular meetings, contract negotiations	Contracts and payments, risk and impact mitigation mechanisms, ethics and transparency	Internal evaluation report of clinical consumables suppliers
Regulatory Authority	Media, clarification meetings	Social and environmental impacts, risk and impact mitigation mechanisms, ethics and transparency	Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex

Interaction mechanism

Stakeholder	Interaction mechanism	Relevant issues for stakeholders	Reporting
Regional Health Authorities (ARS – Ministry of Health)	Contract manager, annual contracting of the activity and performance indicators, biannual and annual performance evaluation report	Contract compliance, accessibility, clinical quality and safety of the healthcare provided, continuous improvement of performance indicators	Monthly reports of activity and monitoring of performance indicators, annual patient and employee satisfaction surveys
Employees	Staff meetings	Evolution of José de Mello Saúde and growth strategies	People management processes within the company (performance evaluation, salaries, careers, training etc.)
	Corporate events		
	Inquérito de satisfação de colaboradores		
	Breakfast meetings (with Chief Executive Officer and Directors of units)	Stability, prospects for professional and personal development, salaries, organisation and working conditions	Internal channels of communication
	Contact visit (with Chief Executive Officer)		
	Meetings of Medical Council and Nursing Council		
	Welcome programme		
	+ Talento Programme		
	Monitoring through people management systems (e.g. performance evaluation)		
	Intranet		Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex
	+VIDA Magazine & Newsletters		
	CUF Academy		
Customers	Customer Care Office, Customer's Ombudsman	Accessibility to healthcare; Clinical quality and quality of service; Integrated offer; Accommodation conditions of the healthcare units; Technological innovation	Customer satisfaction surveys
	My CUF App		Smartphones
	Contact Center		Phone number

Interaction mechanism

Stakeholder	Interaction mechanism	Relevant issues for stakeholders	Reporting
Customers	Channels of communication and marketing of units	Accessibility to healthcare; Clinical quality and quality of service; Integrated offer; Accommodation conditions of the healthcare units; Technological innovation	Information leaflets
	Institutional publications		SMS
	Institutional and healthcare units websites		+VIDA Magazine Press releases Advertising campaigns
Innovation accelerators and Start-ups	Collaboration or service agreements	Strategic development challenges; Support and investment models	External events, boot camps, press release, institutional information
Academic and Scientific Community	Cooperation protocols, R&D activities in partnership, negotiation of contracts, clinical trials, observational studies, regular meetings	Company's performance, long-term commitment, Innovation and Sustainability	Regular meetings, regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)
Media	Dialogue with the media	Community impact, environmental and social impacts, Innovation	Regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)
Industry associations	Cooperation protocols, regular meetings, participation in working groups	Company's good practices, company's strategy, Ethics and Transparency, signing of protocols	Regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)
General public	Institutional and healthcare units websites, telephone and online communication channels	Portfolio of services, Innovation	Advertising campaigns, regular provision of institutional information (institutional communication, Integrated Report, Financial Statements Report, Clinical Quality Report and GRI Annex)

1.2 MESSAGE FROM THE CHAIRMAN



Salvador de Mello

Chairman of the Board of Directors

For more than 70 years, José de Mello Saúde has been synonymous with innovation, dynamics and leadership. Driven by this calling of going one step further, in 2016, José de Mello Saúde decided to change its format for corporate reporting by publishing an Integrated Report for its business following the proposed layout of the International Integrated Reporting Council (IIRC), an international alliance of regulators, investors, companies, regulatory authorities, consultants and non-governmental organisations.

In compliance with IIRC guidelines, the purpose of this document is to provide José de Mello Saúde's stakeholders with an integrated view of the organisation, clarifying how its strategy, governance model, performance and future prospects – influenced by the outside environment – help to create and maintain value in the short, medium and long term.

2016 was yet another very positive year for José de Mello Saúde, with significant improvements in every performance indicator and major achievements in its five strategic cornerstones: differentiated clinical undertaking, impeccable customer experience, efficient and consistent operations management, value-added growth agenda and investment on human talent.

Regarding the differentiated clinical undertaking, there was the creation of **CUF** Oncology Institute, **CUF**'s national oncology care network. With an outstanding clinical staff and highly differentiated and innovative technological complex, **CUF** Oncology Institute's innovative services are prepared to address cancer patients' every need, from diagnosis to treatment.

I am also pleased with the superb results

achieved by Braga and Vila Franca de Xira Hospitals, attesting to the clinical excellence of the business undertaking we manage. The two public private partnerships managed by José de Mello Saúde have been recognised by the Portuguese Health Regulatory Authority as the country's most specialised public hospitals, with the highest possible clinical rating (3+) from the National System For Healthcare Evaluation (SINAS). In addition to this performance, Braga Hospital was recognised as the National Health System's best medium/large-sized hospital by the hospital benchmarking multinational company IASIST.

We continue to work to ensure that customers have an impeccable experience, a strategic focus at José de Mello Saúde. For the second year running, our work resulted in the **CUF** awards for "Portuguese Trusted Brand" in the category of private hospitals and "2017 Consumer Choice" of ConsumerChoice in the category of healthcare and well-being. In addition, My **CUF** app, a personal online area where our customers can securely and conveniently access a collection of features and information on their **CUF** network activity, won three awards: the World Summit Award - Mobile Content 2016 in the category of healthcare and well-being, and the Portugal Digital Awards in the categories of best digital engagement and best digital transformation.

José de Mello Saúde's third strategic cornerstone of efficient and consistent operations management has ensured solid performance in recent years. The year of 2016 wrapped up with operating income of 586.3 million euros and an EBITDA of 68.4 million euros, year-on-year increases of 4.7% and 7.7%, respectively. With regard to environmental performance, there was a 1.2% drop in overall energy consumption, which was particularly significant given the higher production during the year.

Also of note were the results of the Court of Auditors' audit of Braga Hospital contract, which

revealed that this unit has the lowest operating cost per standard patient of any hospital in the National Health System, together with an increase in healthcare offerings: external consultations were up around 99% (between 2009 and 2015), while hospitalisation and outpatient surgery more than doubled vis-à-vis initial forecasts.

With regard to a value-added growth agenda, José de Mello Saúde upheld its ambition to strengthen and expand **CUF** network, consolidating its leadership position in the Portuguese market. In 2016, we inaugurated **CUF** Viseu Hospital and **CUF** Almada Clinic, began an expansion project at **CUF** Descobertas Hospital and broke ground for the future **CUF** Tejo Hospital. These achievements help to differentiate **CUF**'s services, through large hospitals with sub-specialisations in key areas, together with customer convenience through a network of local clinics and hospitals.

Finally, we continued to invest on human talent by attracting, training and promoting excellent professionals, one of the aims of José de Mello Saúde's corporate undertaking. 2016 saw growing employee engagement in the Cuidar+ movement, which aspires to strengthen the skills of empathy and communication to build a unique relationship between employees and patients. Also of note were our ties to the academic community, aligning hospital practice with teaching and research by creating the Tagus Academic Network for Knowledge (Tagus TANK) consortium with Universidade Nova de Lisboa. We want to promote clinical research, training and qualification for new physicians and other healthcare professionals, while also initiating new means of cooperation in academic areas related to healthcare such as Law, Management and Engineering.

José de Mello Saúde operates in an industry which is dynamic, growing and increasingly more competitive. Its long-term corporate

undertaking is solid and sustainable, although we are aware that being a leader is an ongoing challenge. We must follow this path in close cooperation with paying entities to ensure access to differentiated healthcare, and to keep making the difference in Portugal's healthcare industry.

In closing, I would like to thank all of José de Mello Saúde's employees who I know, as a team, will embrace our future challenges with enthusiasm and determination.

Salvador de Mello

Chairman of the Board of Directors





1.3 INVESTMENT CASE

DIFFERENTIATING CLINICAL PROJECT

- In 2016 JMS launched **CUF** Oncology Institute, ensuring an integrated and specialised approach focused on cancer patients and their family members;
- It has the only Gamma Knife in the Iberian Peninsula, a device that enables treating brain tumours, arteriovenous malformations and metastases;
- **CUF** Descobertas and **CUF** Infante Santo Hospitals are recognised by the Ministry of Health as National Reference Centres for the treatment of rectal cancer;
- Braga and Vila Franca de Xira Hospitals are recognised by Portuguese Health Regulatory Authority as the national public hospitals with the most specialities with the maximum level of clinical excellence (3+) according to the assessment of the National System For Healthcare Evaluation (SINAS);
- Braga Hospital won first place at an IASIST award, and Vila Franca de Xira Hospital was among the finalists.

FLAWLESS CUSTOMER EXPERIENCE

- José de Mello Saúde was awarded in 2016 the "Consumer Choice" (Health & Well-being" category), "Five Stars" and "Trusted Brand" prizes (in the Private Hospitals category);
- We have a network structured around hospitals and clinics that complement each other and ensure a standardised experience in every healthcare unit;
- My **CUF** app enables scheduling appointments and exams across the entire network, consulting the track record of clinical procedures carried out, storing all personal information;
- José de Mello Saúde facilitated and accelerated the check-in process in all **CUF** units via automatic kiosks;
- José de Mello Saúde offers Braga Hospital patients a mobile app for post-discharge care in outpatient surgeries, through which they can easily and quickly access information that will help guide them, for example, in case of pain.

EFFICIENT AND CONSISTENT OPERATION

- Braga Hospital has the lowest operating cost per patient among all of NHS hospitals, shown after an audit to the contract's execution by the Court of Auditors;
- José de Mello Saúde was the first provider in Portugal to implement a centralised purchasing department;
- It implemented advanced logistics solutions for provisioning the operating theatres;
- CUF Infante Santo Hospital has an occupation of operating theatres of over 84%;
- José de Mello Saúde features an electronic nursing dashboard with digital updating, providing query and information sharing standardisation;
- It equipped the nursing staff with tablets for direct customer registration. With less time between the nursing interventions and the records, errors and duplication in information and consumption registration are avoided, ensuring patient safety and improving efficiency in the use of nursing hours.

VALUE-GENERATING GROWTH AGENDA

- José de Mello Saúde is the biggest player in national healthcare, offering a network of healthcare units and ensures high geographical coverage;
- It continues to expand CUF network through the opening of CUF Viseu Hospital and CUF Almada Clinic in 2016. CUF São João da Madeira Clinic will open in 2017;
- Construction works began for the future CUF Tejo Hospital, designed from scratch to fight and treat the diseases of the future, representing an investment of over 100 million euros;
- It works to ensure the adaptation of existing healthcare units to the different regions' levels of demand (e.g., expansion of CUF Descobertas Hospitals)

INVESTMENT ON HUMAN TALENT

- José de Mello Saúde has an experience of over 70 years and governs its performance with values such as respect for the person's dignity and well-being, human development, competence and innovation, which guide the permanent desire to be and do better;
- It deepened its relationship with the academic community through the Tagus Tank consortium with Universidade Nova de Lisboa. The aim is to promote clinical research, training and qualification of new doctors and other healthcare professionals, and initiating new forms of cooperation in areas of health-related academic education, such as law, management or engineering;
- It awarded, for the third consecutive year, five PhD scholarships in Medicine, amounting to 100,000 euros, to doctors who work in José de Mello Saúde healthcare units and which are enrolled in PhD programmes in Medical Schools.

1.4 MODELO DE NEGÓCIO

Based on the provision of healthcare services, José de Mello Saúde business model follows its strategic pillars and is supported by a set of resources that guarantee the creation of shareholder value.

As an active member of the healthcare ecosystem, José de Mello Saúde's activity is liable to be affected by legal or regulatory changes, by the introduction of new technologies or new business models, as well as by other external trends, which requires a structure capable of reacting quickly and effectively.

Financial Capital

Manages the activity focusing on maximising efficiency in the management of financing and results.

Human Capital

Ensures the promotion and recognition of its 8,278,350 employees, encouraging collaboration, competence and expertise.

Intellectual Capital

Develops education and training programmes with the goal of permanently keeping its professionals and the scientific and medical community up-to-date. Uses management practices that generate efficiency, such as standardisation in the use of consumables across healthcare units and the optimisation of a billing alarm system.

Technological and Manufactured Capital

Uses tangible and intangible technological resources to implement its activities, supported on its own real estate, which includes 18 buildings, 1,069 consultation rooms, 84 operating theatres and 1,504 beds.

Social and Relational Capital

Works with elements of the scientific and innovation ecosystems (start-ups and others), boosting its research, development and innovation activities to identify opportunities for differentiation.

Natural Capital

Promotes the sustainable use of natural resources, namely energy and water, preventing pollution and promoting proper waste management.

Local
Communities

José de
over 70 ye
differ
sub-spe



Differentiating
Clinical Project

Macroeconom
Framework

Industry
associations

Customers	Suppliers	Employees	Shareholders
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José de Mello Saúde provides healthcare supported by years of experience, based on a model that enables differentiation, with major hospitals which include specialities in reference areas, and convenience via a network of local clinics and hospitals.

Strategic Pillars



Flawless Customer Experience



Efficient and Consistent Operation



Value-generating Growth Agenda



Investment on Human Talent

nic

Legal/
Regulatory
Context

External
Trends

Technological
and Scientific
Innovations

Regulatory
Authority

Sociedade
no Geral e Media

Innovation
accelerators and
Start-ups

Academic
and Scientific
Community

Generation of shareholder value

- The creation of synergies and a strong focus on an efficient management enabled obtaining dividends of 11.4 M€.

Enhancing and training of professionals

- Remuneration of professionals exceeded 301M€;
- Around 7,000 professionals benefited from clinical and/or management training;
- High The level of employee satisfaction, determined through an annual survey, revealed that 74% consider themselves happy to be working in the company.

Contribution to knowledge generation

- A total of 104 clinical trials were carried out and PhD scholarships in medicine amounting to 100,000 euros were awarded;
- A consortium with Universidade Nova de Lisboa was created and it aligns hospital practice with teaching and research.

Excellent clinical services

- Joint Commission International (JCI) Accreditation of Vila Franca de Xira Hospital and Caspe Healthcare Knowledge System (CHKS) of Braga Hospital were renewed;
- The certification by the European Endoscopic Surgery Academy of the Surgical Endoscopic Teaching and Training Centre in CUF Porto Hospital was obtained;
- CUF Descobertas and CUF Infante Santo Hospitals were recognised by the Ministry of Health as national reference centres for the treatment of rectal cancer.

Outstanding quality of service

- EConsumer Choice in the Health & Well-being category;
- Trusted Brand of the Portuguese;
- Five-Star Award in the Private Hospitals category.

Benchmark environmental performance

- Renewal of the ISO 14001 Environmental Certification in Braga and Vila Franca de Xira Hospitals;
- Reduction of 1.2% of the overall energy consumption in a year of increased activity at José de Mello Saúde healthcare units.

1.5 STRATEGY, RESOURCES AND GOALS



EFFICIENT AND CONSISTENT OPERATION

Creation of network synergies, reaching EBIT efficiency levels in line with the most efficient players of the market

VALUE-GENERATING GROWTH AGENDA

Consolidation of the leadership position in the Portuguese market, capturing value-generating growth opportunities

INVESTMENT ON HUMAN TALENT

Reinforcement of the value proposition, attracting, creating and promoting excellent professionals

MATERIALISED IN 2016

- Implementation of a billing and pharmacy costs control system;
- Systematisation of policies, processes and procedures to support the activity;
- Optimisation of José de Mello Saúde buildings with 1.2% reduction of overall energy consumption.
- Renewal of the ISO 14001 Environmental Certification in Braga and Vila Franca de Xira Hospitals.

- Opening of CUF Viseu Hospital;
- Opening of CUF Almada Clinic;
- Beginning of the construction of CUF Descobertas Hospital's new building;
- Start of the phase of excavation and containment of the foundations of the future CUF Tejo Hospital;
- Preparation of the opening of CUF São João da Madeira Clinic.

- Involvement of the employees in the Cuidar+ movement, which aspires to humanise the relationship with the customers and train managers in leadership skills;
- Creation of the Tagus Academic Network for Knowledge (Tagus TANK) Consortium;
- Allocation of 100,000 euros in medical PhD scholarships.

PLANNED FOR 2017

- Reorganisation of José de Mello Saúde's core systems in a single information system for the entire network, homogenizing procedures and processes;
- Optimisation and monitoring of internal processes and procedures in José de Mello Saúde's public-private partnerships (Braga and Vila Franca de Xira Hospitals);
- Expansion of the eco-efficiency project at CUF Descobertas Hospital;
- Maintenance of the ISO 14001 Environmental Certification in Braga and Vila Franca de Xira Hospitals.

- Opening of CUF São João da Madeira Clinic;
- Construction works of CUF Descobertas Hospital's expansion will continue;
- Construction of the future CUF Tejo Hospital will continue;
- Reinforcement of the interaction with the innovation ecosystem (start-ups and others) to grasp differentiation opportunities.

- Reinforcement of the link to the academic community/academia;
- Optimisation of the means of communication and cooperation among teams and professionals.

1.6 INNOVATION

In a very competitive business and industry context, innovation is a crucial asset for the sustainable development of José de Mello Saúde. Through a strategy of innovation, José

de Mello Saúde identifies initiatives that enable the creation of value in the short, medium and long terms, within the scope of the five strategic pillars of its performance.

Strategic Pillars



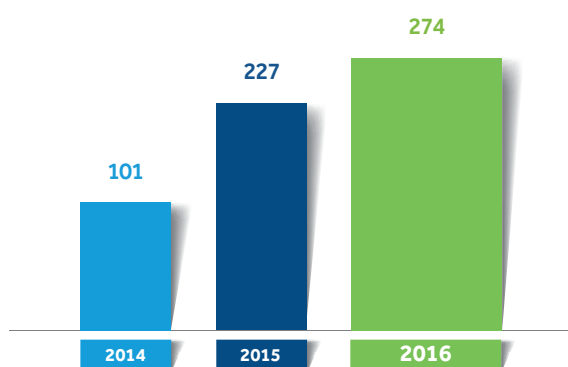
Innovating Daily

Based on the motto that innovation is everyone's mission, José de Mello Saúde implemented in 2012 the i9+ platform, a tool for capturing and implementing its employees' ideas. Using this tool, any member of the organisation can submit their ideas, whose feasibility will be evaluated, as long as they are in line with the company's strategic pillars. The i9+ platform also provides for the presentation of ideas to tackle specific challenges, which in 2016 sought to answer the questions "How should the doctor's office of the future be like?" and "How to manage the use of consumables efficiently?".

The selection of ideas with potential and management of their implementation is carried out by several Corporate Departments and/or

Business Units. The 10 best ideas are submitted by their authors to the Executive Committee, which selects three winners at the i9+ Innovation Afterhours event, which takes place annually in November.

Number of Ideas Submitted



In 2016, the Executive Committee chose the app "All connected", which proposes an evolution of José de Mello Saúde's intranet to ensure faster and more efficient communication between professionals and units, as well as mobile access to all content. It will be implemented in May 2017.



Innovation is part of the genetic make-up of José de Mello Saúde. The first **CUF** Hospital (opened in 1945 and is now **CUF** Infante Santo Hospital) was once known as "Innovation Clinic" due to its continuous investment in quality and innovation.

Until today, we maintain a policy of investments in new technologies and on improving the conditions of hospital areas. In the provision of healthcare services, José de Mello Saúde is governed by a constant concern in following

the main trends in technological and process evolution and customer approach. In 2016, the launch of an update of the MY **CUF** app implemented a set of improvements that led to an increase in its subscriptions. At the end of the year there were over 216,000 registered My **CUF** accounts, doubling the number of registrations vis-à-vis the previous year.

Also in June, the Robotic Surgery Unit was inaugurated, integrating **CUF** Infante Santo, **CUF** Descobertas and **CUF** Porto Hospitals and uses the most modern equipment in the world: the "da Vinci Xi" robot. Through a high-definition three-dimensional image that appears zoomed, the doctor may see, during surgery, what was once difficult or even impossible to see.



In July, the placement of an innovative auditory implant – CODACS – was tested in **CUF** Porto Hospital. This intervention, which happened for the first time in the Iberian Peninsula, will give patients with very advanced otosclerosis the hearing they lost throughout their lives.

In November, **CUF** Porto Institute received the CyberKnife M6™, the first robotic radiosurgery equipment in Portugal. This solution allows for

the treatment of multiple diseases, benign and malignant tumours, namely in the prostate, lung, brain, spine, liver, pancreas and kidney, among others. The versatility of the CyberKnife robotic arm enables, better than any Radiotherapy equipment, to focus high doses of radiation on the tumour, minimising the dose to adjacent healthy tissues.

Investigate, develop and innovate in partnership

Responding to the challenge of permanently updating technology, José de Mello Saúde considers the relationship with academia the academic community and the scientific community as an indispensable means to generate and share knowledge. With this in mind, it seeks to establish partnerships with several teaching and R&D entities.

Ensuring the promotion of clinical research and transfer of excellence, José de Mello Saúde also establishes cooperation mechanisms seeking to facilitate the joint participation in projects, clinical trials, studies and exploitation of new ideas and research for innovative solutions.

Also to meet the challenge of continuous technological update, José de Mello Saúde reinforced the proximity to the start-up ecosystem, namely in the health and well-being areas, having been present, throughout 2016, in various networking events and contact with start-ups, promoted by Startup Braga, INEO, Microsoft and Web Summit.

The start-ups were given several challenges for reflection: application of artificial intelligence to scientific information, communication between healthcare professionals and patients, monitoring of waiting times and contingency management, monitoring of the patients' diseases inside and outside **CUF's** healthcare units, among others.

In this context, and in the scope of José de Mello Group's Innovation activities, a programme was created to support start-ups: the "Grow" programme. Across all of José de Mello Group's subsidiary companies, this initiative, which kicks off in 2017, will provide a selected set of start-ups with access to knowledge, experience and infrastructure of the Group and its companies, allowing them to develop joint pilot projects and also to test and adapt their products and services in a real market environment.

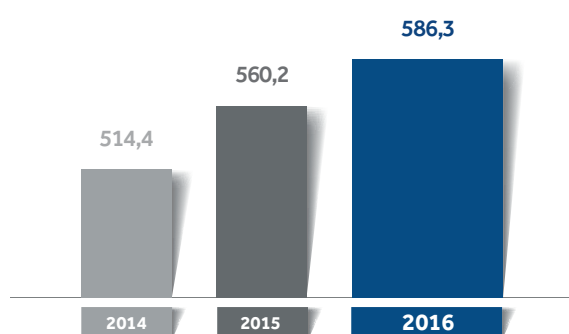
Nº of clinical trials	104
Nº of observational studies in progress	26
Nº of issues of the <i>Gazeta Médica</i> scientific journal	4
Nº of doctoral students supported with a scholarship	5
Value of PhD scholarships awarded	100.000€



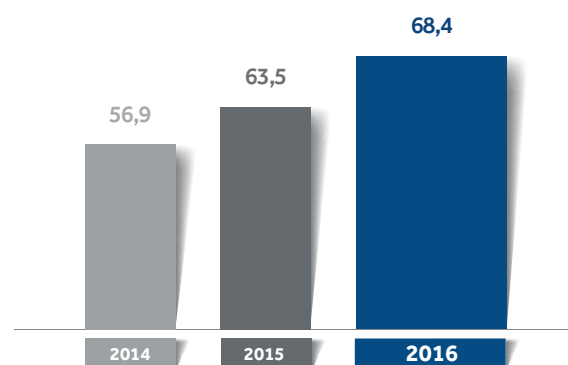
1.7 KEY PERFORMANCE INDICATORS

Financial indicators (million euros)

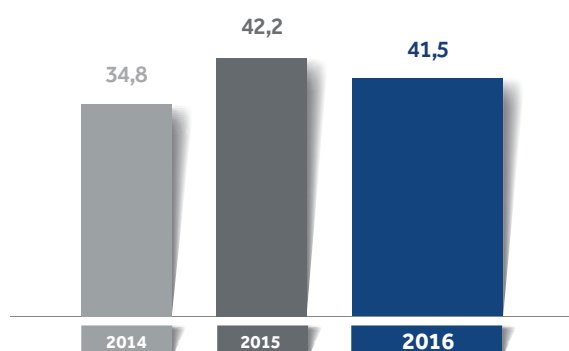
Operating Income



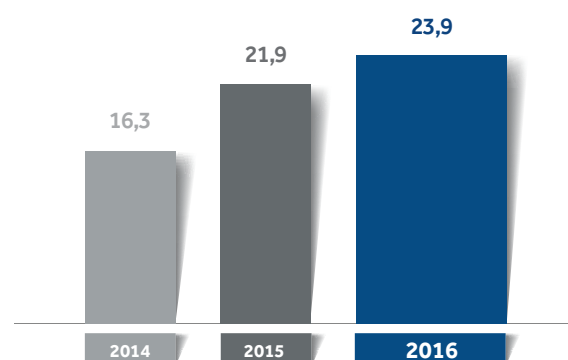
EBITDA



EBIT

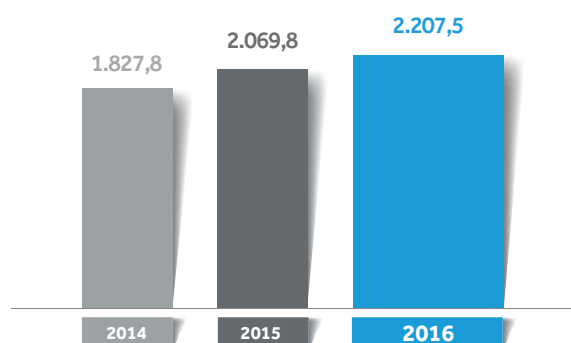


Net Profit

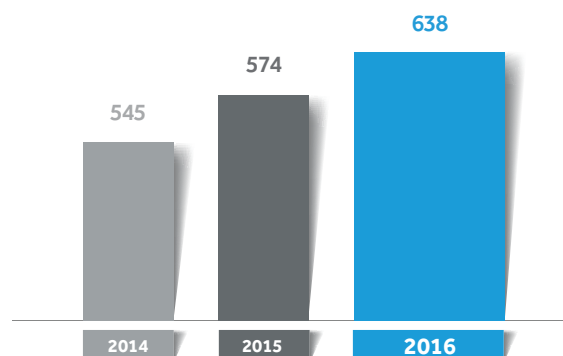


Healthcare service provision indicators (thousands)

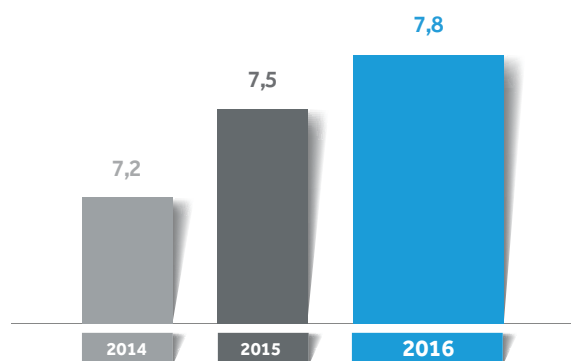
Consultations



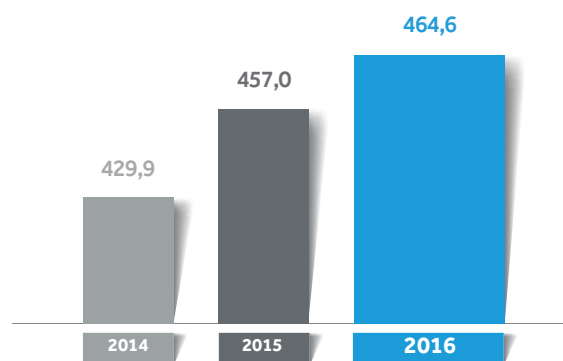
Emergencies



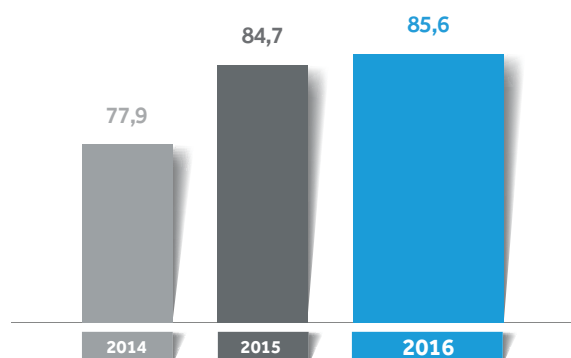
Births



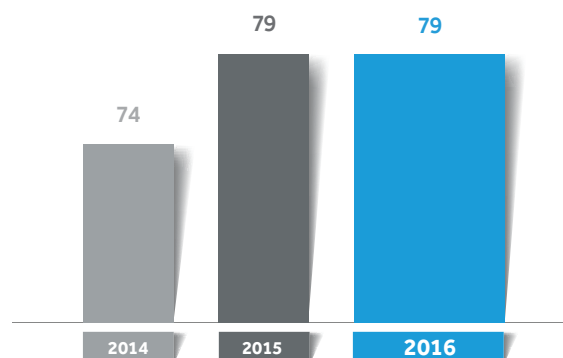
Days of Hospitalisation



Surgical Patients

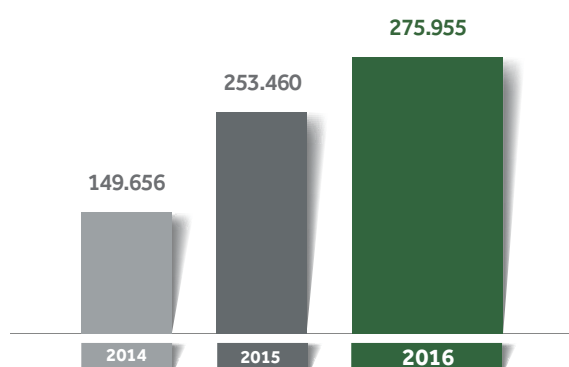


Discharged Patients

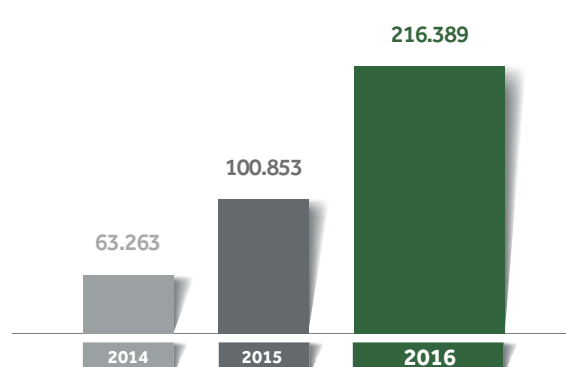


CUF customers

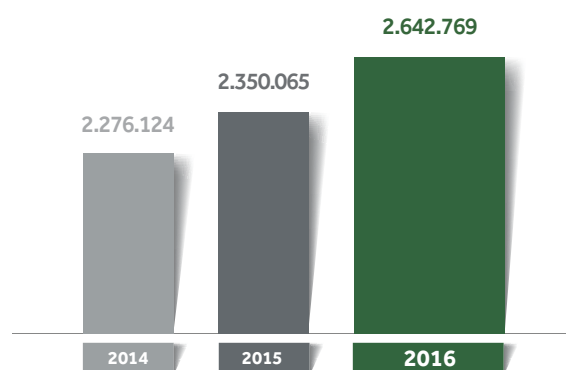
Electronic Appointments



Registrations on MyCUF app

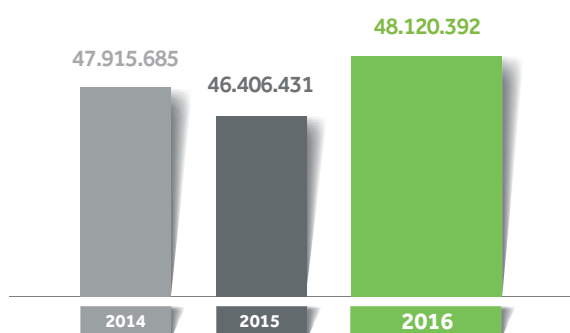


Calls answered by the Contact Centre

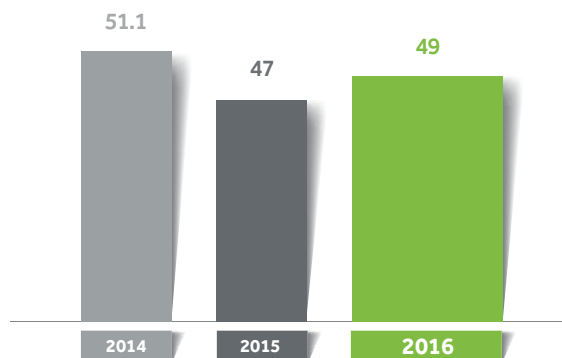


Environmental indicators

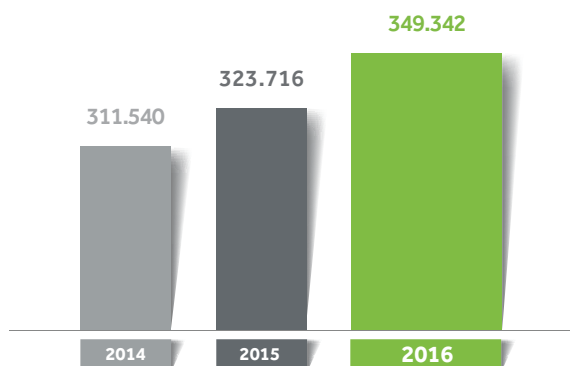
Electricity (kWh)



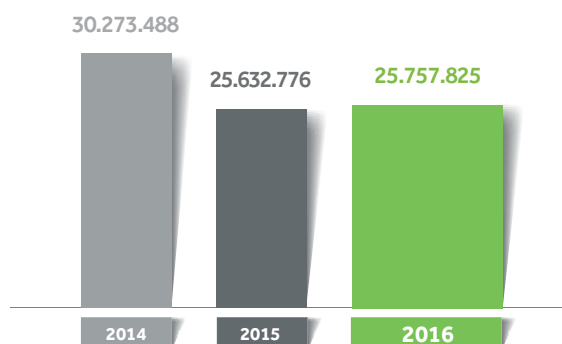
Energy intensity (kgep/ m²)



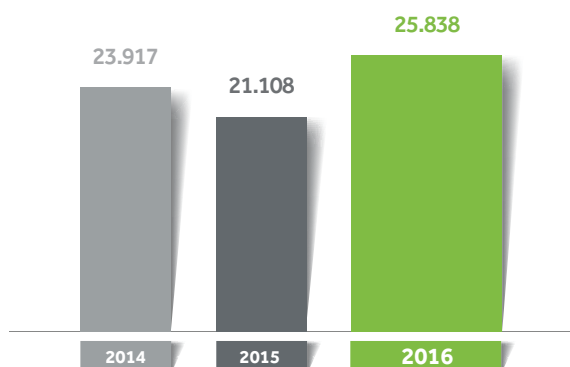
Water



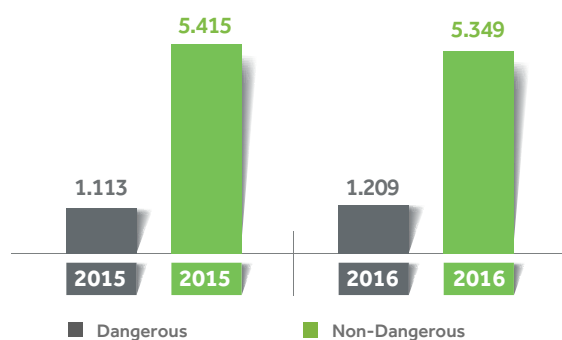
Natural gas (kWh)



CO₂ emissions (tCO₂)

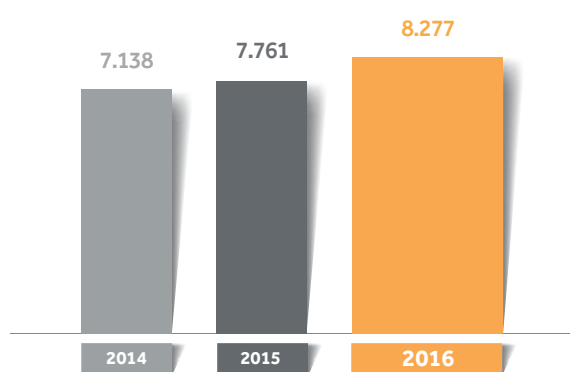


Accumulated waste (tonne)

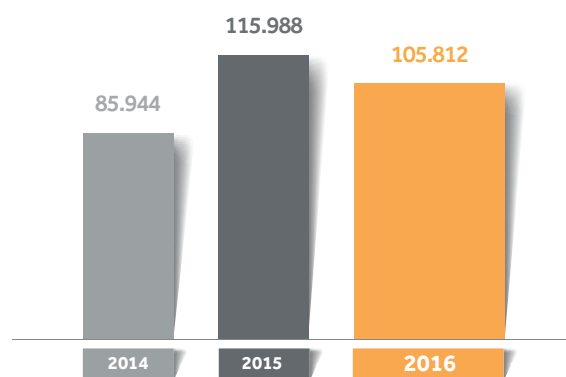


Social indicators

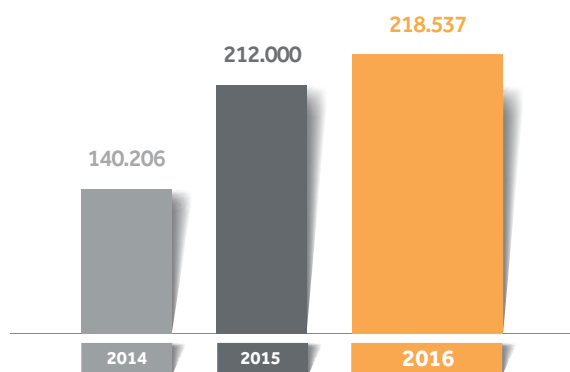
Employees



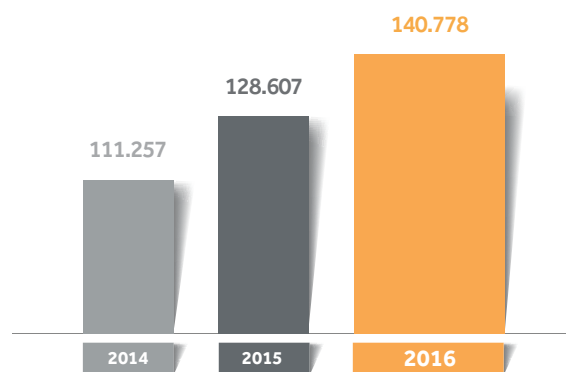
Hours of Training



Donations (€)



Internal Social Responsibility Initiatives (€)



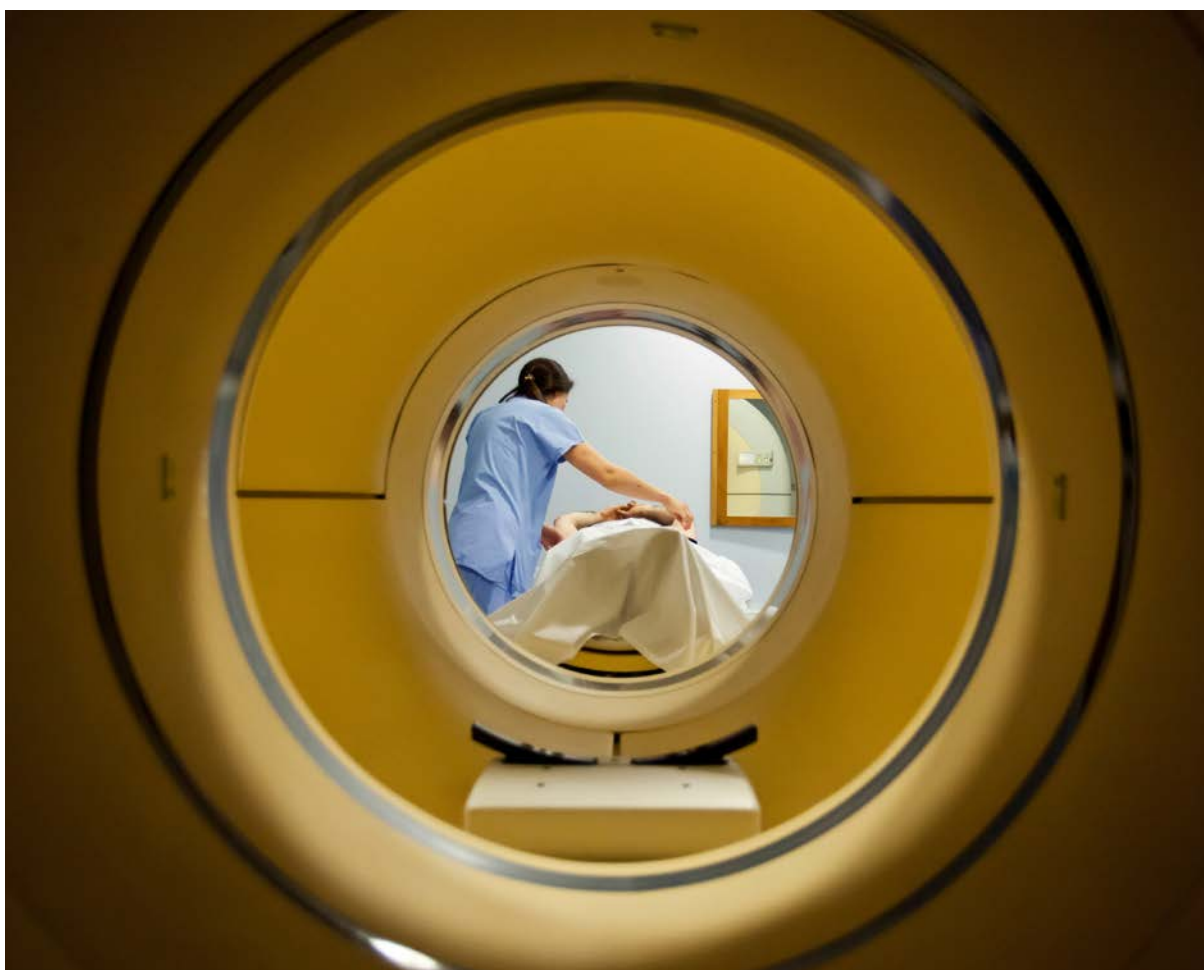
Clinical Quality Indicators

	CUF Units	PPP Units
RAMI – Risk-adjusted Mortality Index	0,58	0,82
RARI – Risk-adjusted Readmissions Index	0,67	0,99

Values resulting from the average between José de Mello Saúde units

Mortality and readmission risk-adjusted indicators show positive results regarding José de Mello Saúde performance in 2016.

The risk-adjustment analysis is made by calculating the probability of occurrence of a particular event based on the patient's/event's characteristics and comparing it with a default value of 1. Values below 1 reflect a good clinical performance and, in practice, represent a positive contribution between the values observed in comparison with the values predicted by the risk-adjustment models, within the group of comparison with peer hospitals.



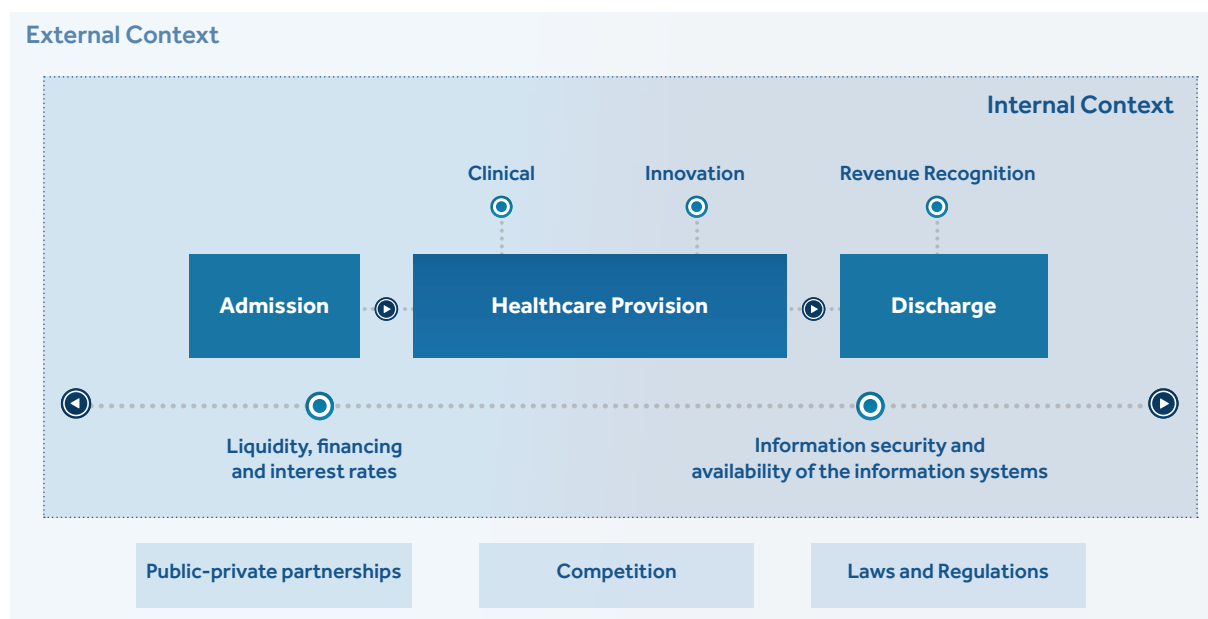
1.8 RISK MANAGEMENT, MAIN RISKS AND UNCERTAINTIES

The risk management policy of José de Mello Saúde follows the COSO (Committee of Sponsoring Organisations of the Treadway Commission) international methodology, grouping risks according to the five categories there defined, to which are added clinical risk, specific to the healthcare provider's activity.

This policy's goal is to establish an integrated and effective risk management structure, ensuring the identification of risks and opportunities associated with the organisation's operations and business. Therefore it is possible to adopt and implement the necessary measures to minimise the potential negative impacts of unfavourable developments of the factors underlying these risks in the financial structure and sustainability of José de Mello Saúde.

The risk management policy seeks not only to deal with possible threats to the business, but also to understand how to strengthen it, maximising the effects of the identified opportunities.

External and Internal Context



Reference	Category	Description
1	Strategy	Risks associated with the decision-making process/strategic information
2	Clinical	Risks associated with the social assistance processes (all activities that compete directly/indirectly for the clinical act)
3	Operational	Risks associated with infrastructure and processes that support the operation
4	Financial	Risks associated with the management of financial resources, balance sheet, financial/fiscal reporting, taxes and insurance
5	Compliance	Risks associated with non-compliance with statutory, legal and fiscal regulations, citizenship, ethics, as well as with policies and procedures of José de Mello Saúde

Risk	Description	Mitigation strategies	Category
Legal and Regulatory	Risk of legislative and regulatory changes applicable to José de Mello Saúde, whose non-compliance may result in losses, fines and reputational damages.	<ul style="list-style-type: none"> Monitored by the Legal Department of legislative and regulatory changes and communication to the operational managers of the impacted areas, using external experts whenever necessary. Strategies for relationship with stakeholders; 	1
	Impacts arising from non-compliance with José de Mello Saúde's internal policies, namely in terms of ethics.	<ul style="list-style-type: none"> Supervision by the Executive Committee and by the Board of Directors. 	5
Recognition of revenue	There are several operational factors which may lead to excesses or deficits in terms of revenue recognition.	<ul style="list-style-type: none"> Establishment of the Business Assurance Department whose main objectives are: <ul style="list-style-type: none"> Monitoring of operations at the transaction level (use of alert software); Assessment, design, and control over the implementation of billing and registration procedures, with the support of the Commercial Department which evaluates the suitable context for the contractual arrangements in effect with the responsible financial entities (insurers and subsystems), as well as other relevant impacts in the relationship with individuals. 	3
Innovation	Innovation, especially in the healthcare market, dictates the organisations' success. The inability to keep up with the pace of innovation may have negative impacts for José de Mello Saúde, both in terms of clinical quality as well as in terms of the portfolio of services provided.	<ul style="list-style-type: none"> Establishment of the Department of Innovation, integrated into the Planning and Management Control Department, seeking to: <ul style="list-style-type: none"> Foster innovation across the board; Coordinate and implement strategic initiatives with impact in the short, medium and long term, seeking to create value for José de Mello Saúde and for the stakeholders. Creation of the I9+ programme for the capture and implementation of innovative ideas. The I9+ programme provides a dedicated platform for employees to present their. These ideas, whose feasibility will be evaluated, should be in line with the company's strategic pillars; Establishment of cooperation agreements with major Portuguese universities, with main focus on the areas of Medicine and Health Sciences, seeking to create value through synergy maximisation. Programme to support start-ups in the healthcare and well-being areas 	1 2 3

Risk	Description	Mitigation strategies	Category
Clinical	The provision of healthcare services, in accordance with the best practices, technological excellence, and the latest and proven scientific developments in the prevention, diagnosis and treatment of the disease have an increasingly greater level of complexity and therefore a greater risk of causing damage. Damage whose clinical result deviates from the plan, and may prolong hospitalisation and temporarily or permanently affect the patient's functional state.	<ul style="list-style-type: none"> ■ Constitution of the Safety in Health Programme; ■ Consolidation of the implementation of the national programme for patient safety 2015-2020; ■ Evaluation of the culture of patient safety in the hospitals according to regulation 025/2013 DGS; ■ Promotion of the notification system for adverse events; ■ Adjustment of processes based on near-incidents; ■ Analysis of root causes for adverse events with damages; ■ Risk assessment of major processes (HFMEA – Failure Mode and Effect Analysis); ■ Monitoring of clinical indicators of process and outcomes; ■ Morbidity and mortality meetings; 	2
	In hospitals, the risk of worsening the sickness, including the risk of cardiorespiratory arrest is real, both for hospitalised patients and for those in outpatient care. An immediate start of basic life support and, when indicated, defibrillation upon detection of a cardiorespiratory arrest, significantly decrease the risk of associated morbidity and mortality.	<ul style="list-style-type: none"> ■ Implementation of the early warning scale for adults and children; ■ Training of all employees in basic life support; ■ Internal emergency team trained in adult and paediatric advanced life support that ensures defibrillation in 3-5 minutes after collapse, both in inpatient and in outpatient contexts, including not only for the patients but also for people accompanying them, visitors and employees. 	
	Infections associated with healthcare are a risk present in the activity to which the utmost vigilance is given in order to provide proper prevention and treatment.	<ul style="list-style-type: none"> ■ Establishment of Local Coordination Groups of the National Infection and Antimicrobial Resistance Prevention and Control Programme; ■ Epidemiological surveillance; ■ Monitoring of the basic precautions regarding infection control and precautions based on the routes of transmission; ■ Implementation of the infection prevention bundles associated with medical devices; ■ Promotion of proper usage of antimicrobials. 	
	The possibility of critical situations such as epidemics, disasters and accidents with multiple victims are risks sized according to the type, characteristics and location of each unit.	<ul style="list-style-type: none"> ■ Outbreak and epidemic management protocol; ■ Internal and external emergency plan; ■ Execution of simulacra; ■ Training of the teams. 	

Risk	Description	Mitigation strategies	Category
Information security and availability of the information systems	The information and security of data are critical success factors. The risks, including cyberattacks, are related to improper access to information systems, integrity and confidentiality of the data. The breach of the information systems can lead to their unavailability, which may prevent their use and interrupt the normal course of operations.	<ul style="list-style-type: none"> Access management controls; Definition of development/change management processes; Monitoring of compliance with service level agreements signed with third parties; Monitoring and supervision; Project management teams with experience; Implementation of the Business Continuity and Disaster Recovery policy. 	3
Public-private partnerships	José de Mello Saúde manages under PPP the Braga and Vila Franca de Xira Hospitals, whose contracts expire in 2019 and 2021, respectively. The renewal of these contracts depends on the will of third parties and of contractual conditions to be negotiated.	<ul style="list-style-type: none"> Development of a culture of clinical excellence, through the definition of the processes necessary to ensure the provision of top quality healthcare services; Permanent monitoring by the management with a focus on maximising the efficiency of the operation; Careful assessment of decision impacts; Strategies to improve and develop relationship with stakeholders. 	1 4
Liquidity, financing and interest rates	Inadequate management of treasury needs, impossibility of accessing external funding and exposure to variable interest rates may result in the failure to ensure the commitments entered into with third parties.	<ul style="list-style-type: none"> Permanent monitoring of the treasury forecasts through active management of the business plan, which allows comprehensive mapping of the treasury needs and surpluses in the short, medium and long terms; Permanent relationship with the financial partners; Selection of the strategies suitable for every business area in order to ensure that the exposure to variable interest rates does not negatively impact their respective operational capacity; Selection of the strategies suitable for every business area in order to ensure that the exposure to variable interest rates does not negatively impact their respective operational capacity; 	4
Competition	The pressure and uncertainty generated by competitors already in the market and by those that may appear with their own strategies to approach the market.	<ul style="list-style-type: none"> Strategic planning; Proactive monitoring of the market; Development of a culture of clinical excellence, through the definition of the processes necessary to ensure the provision of top quality healthcare services; Permanent monitoring of the operation with the goal of maximising its efficiency levels. 	1

1.9 CLINICAL PERFORMANCE

José de Mello Saúde provides excellent healthcare services through an integrated network of high-performance healthcare units, investing in the differentiation of the offer, through large hospitals which include sub-specialities in reference areas, and convenience for users with a network of local clinics and hospitals. José de Mello Saúde works daily to ensure that the healthcare provided across the network is efficient, suitable and in line with the most advanced technologies.

Quality management

In 2016, the Quality Management System of José de Mello Saúde private healthcare units successfully renewed the certification for the quality management systems according to ISO 9001:2008, awarded by SGS. This happened in the context of the processes of healthcare provision and with the strategic objective of establishing quality, environment and safety policies.

In 2016, Braga Hospital was subject to maintenance audits of the accreditation system by the CHKS-model and of the Quality Management System in the services supporting the provision of healthcare by ISO 9001:2008. Braga Hospital maintained the ISO 14001:2012 environmental certification, as well as the OSHAS18001:2007 certification.

As for Vila Franca de Xira Hospital, in 2016, after an annual reassessment, it maintained renewed the accreditation from the Joint Commission International (JCI). It also maintained the Quality Management System certification in the support services by ISO 9001:2008 and of other support services, and the environmental certification in accordance with ISO 14001:2012, awarded by SGS.

National Health Evaluation System (SINAS)

José de Mello Saúde, as healthcare provider, is committed to continuously evaluate the quality of the healthcare provided in all of its hospital units. Therefore, it carries out its evaluation according to the National Health Evaluation System (SINAS), which acknowledges the fulfilment of the quality parameters established by the Portuguese Health Regulatory Authority.

This commitment extends to all evaluation axes, namely: clinical excellence, patient safety, comfort of facilities, user satisfaction and user focus. In all these aspects, all of José de Mello Saúde units achieved the star rating for the first level of evaluation, except for **CUF** Santarém Hospital, whose clinical excellence was not evaluated.

Unit	Clinical excellence	Patient safety	Comfort of facilities	User satisfaction	User focus
CUF Descobertas Hospital	★	★	★	★	★
CUF Infante Santo Hospital	★	★	★	★	★
CUF Porto Hospital	★	★	★	★	★
CUF Cascais Hospital	★	★	★	★	★
CUF Torres Vedras Hospital	★	★	★	★	★
CUF Santarém Hospital	—	★	★	★	★
Braga Hospital	★	★	★	★	★
Vila Franca de Xira Hospital	★	★	★	★	★

★ The provider meets all quality parameters required
 — Dimension not evaluated

Braga and Vila Franca de Xira Hospitals stood out, in 2016, by being honoured by the Portuguese Health Regulatory Authority as the hospitals in the country with the most specialties recognised with the highest level of clinical excellence.

Braga Hospital was the best ranked by being awarded the highest level of clinical excellence in eight specialties (3+). Vila Franca de Xira Hospital was awarded the highest level of clinical excellence in seven specialties.

In the evaluation of José de Mello Saúde's private healthcare units, **CUF** Descobertas Hospital is noteworthy for having a 3+ rating in the clinical areas of outpatient surgery and intensive care unit. The outpatient surgery area in **CUF** Cascais and Torres Vedras Hospitals also obtained a 3+ rating.

Clinical Quality

As a way to monitor and learn, José de Mello Saúde involves its healthcare units with inpatient care and outpatient surgery in clinical benchmarking models. It is thus possible to evaluate and compare the performances of

these units in variables such as clinical efficiency and quality. Participation in the IAmetrics enables the evaluation, through risk-adjustment models indexed to the complexity of the cases, of clinical indicators and to perform internal and external benchmarking with similar hospitals in Portugal and Spain.

	CUF Units	PPP Units
Efficiency indicators		
AAPDI	0,20	0,90
Quality Indicators		
RAMI	0,58	0,80
RARI	0,65	1,00

Key:

Standard = 1.0 | Risk adjustment: adjusted calculation of the likelihood of a given event occurring based on patient characteristics, type of admission, pathology and healthcare unit. Values resulting from the average between units of Adjusted Average Pre-operative Delay (programmed and emergencies).
 RAMI: Risk-adjusted Mortality Index
 RARI: Risk-Adjusted Readmissions Index.

Clinical Outcomes

A clinical management model based on the monitoring and evaluation of a set of indicators is in effect in José de Mello Saúde units. To strengthen this culture of quality and provision of healthcare services focused on patients and on clinical excellence, José de Mello Saúde launched, in partnership with The International Consortium for Health Outcomes Measurement (ICHOM), the clinical outcomes project, which takes on a strategic role for the organisation.

Within this framework, in 2016, The clinical outcomes had, in 2016, a pilot project for cataract surgery in the measurement of outcomes was developed, allowing to characterise different aspects related to the quality of life and evolution of the patients during the treatment. Also in 2016, and in partnership with the breast unit of **CUF** Oncology Institute, began the process of measuring clinical outcomes for breast cancer. In both cases, the projects incorporated various multidisciplinary teams which define and implement the standards sets and analyse, in an integrated way, the clinical and management information.

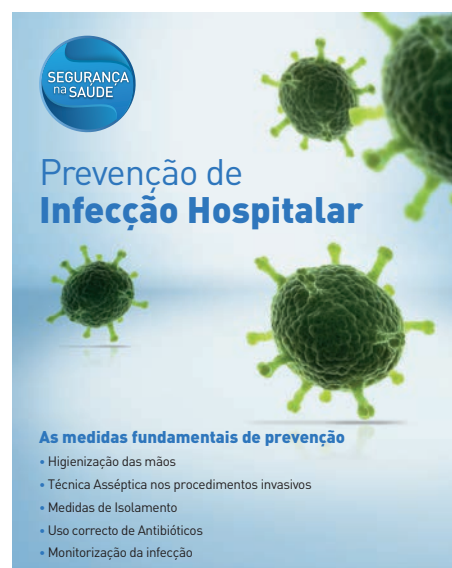
Patient Safety

The delivery of excellent healthcare poses an ongoing commitment to high levels of patient safety. This, along with quality, is another one strategic priority of José de Mello Saúde, who thus makes the commitment to maintaining clinical excellence as an integral and fundamental part of the patient-centred response.

The National Plan for Patient Safety 2015-2020, created by *Decree No. 1400-A/2015, of 10 February 2015* of the Portuguese Ministry of Health, encompasses the activities carried out by José de Mello Saúde under the Safety in Health Programme.

The Safety in Health Programme, cross-sectional to all units, is ensured by multidisciplinary teams and works under medical coordination. These

multidisciplinary teams, which represent the committees for risk management and the programme for the prevention and control of infections and antimicrobial resistance, have the role of establishing common policies and courses of action, ensuring the continuous improvement cycle.



Culture of patient safety

On the recommendation of the World Health Organisation and the Council of the European Union, the healthcare professionals' understanding regarding the safety culture of the institution where they work is an essential condition for the introduction of changes in their behaviours. This will also be an essential condition to achieve better levels of safety and quality in the care provided to patients.

In compliance with the scope of *Regulation No. 025/2013 of 24 December*, which determines the Evaluation of the Patient Safety Culture in Hospitals, all hospital units of José de Mello Saúde subscribed, in 2016, to the questionnaire of the Directorate-General of Health. Developed via the Department of Quality in Health and the Portuguese Association for Hospital Development, the questionnaire's application also addresses the 1st goal of the National Plan for Patient Safety 2015-2020.

General evaluation on patient safety – 2016 questionnaire results

Units	Participation rate	Excellent	Very good	Acceptable	Weak	Very weak
CUF Torres Vedras Hospital	25,1%	15%	77%	9%	0%	0%
CUF Descobertas Hospital	17%	6%	51%	38%	4%	0%
CUF Cascais Hospital	35,4%	7%	42%	45%	4%	2%
CUF Infante Santo Hospital	16,7%	8%	43%	47%	3%	0%
CUF Porto Hospital	15,5%	13%	44%	38%	4%	2%
Vila Franca de Xira Hospital	36,3%	12%	53%	30%	5%	0%
Braga Hospital	32,8%	8%	46%	40%	4%	1%

Adverse event reporting system

Implemented in José de Mello Saúde since 2011, the adverse event notification system (HER+, Health Event Risk Management) presents itself today as a cross-sectional and an important tool in the identification of risks, threats and vulnerabilities. HER+ is also essential in the analysis of the clinical information focusing on causes and subsequent implementation of improvement measures.

In addition to the notification system, and in order to enable actual learning from error, the clinical coordination of the Safety in Health Programme tracks all processes of root-cause analysis developed in response to sentinel events. Moments of sharing are promoted quarterly among all units of José de Mello Saúde.

Total events reported in 2016

	CUF	PPP
Incidents (total)	1.173	1.193

Detail of significant categories

	CUF	PPP
Near incident	564	318
Sentinel events	7	9

CUF Oncology Institute

In 2016, José de Mello Saúde created **CUF** Oncology Institute (I.C.O.), **CUF**'s national cancer care network. This unit ensures an integrated offer, an excellent clinical staff and a highly differentiated and innovative technological complex ready to address all needs presented by the cancer patient, from diagnosis to treatment.

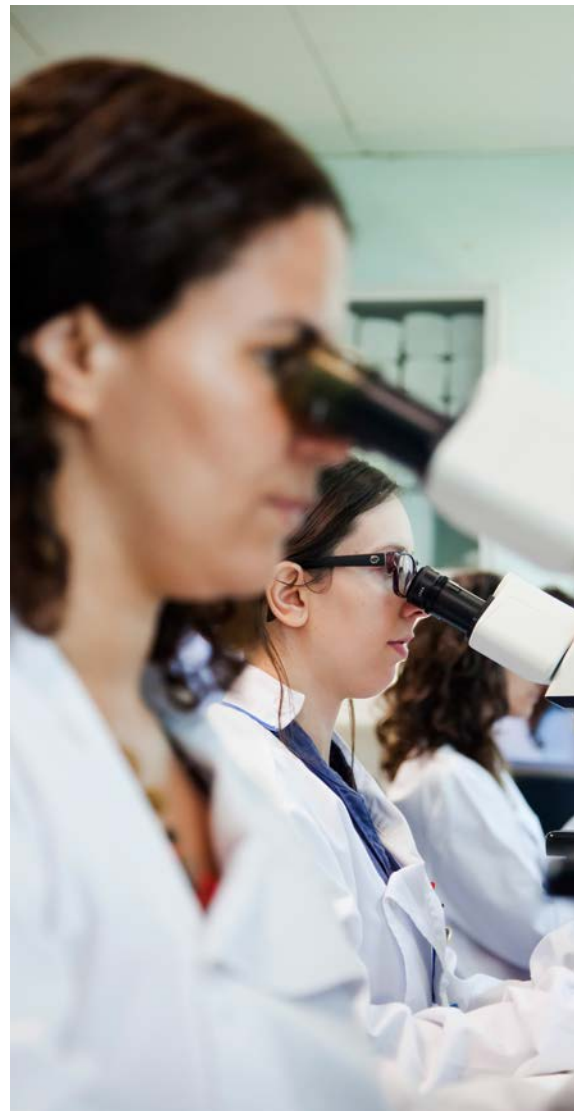
As a national platform that brings together all of **CUF** network's healthcare units, **CUF** Oncology Institute articulates all of the network's required resources – professionals, equipment and facilities – in a focused and per-condition care model. This way, all of the required and relevant resources for each type of cancer are articulated throughout the patient's entire diagnosis and treatment chain.

I.C.O.'s network consists of 14 per-condition integrated diagnostics and treatment units (IDTU), including breast, lung, colorectal, prostate, gynaecology, head and neck IDTUs, among others.

The I.C.O. maintains a strong commitment of cooperation with the South (ROR-Sul) and North (RORENO) Regional Cancer Registries for cancer registration, thus contributing to the epidemiological study of cancer in Portugal and continuously evaluating and monitoring the survival rates of patients treated entirely by I.C.O..

The creation of I.CO. takes place in the same year when **CUF** Descobertas, **CUF** Infante Santo and Braga Hospitals were recognised by the Portuguese Ministry of Health as National Reference Centres⁹ for the treatment of rectal cancer; The awarding of this classification comes after a public tender directed to all institutions providing healthcare. The procedure required a demanding demonstration of the fulfilment of requirements regarding diagnostics and treatment capability, clinical quality, training and research capability, integrated and

multidisciplinary organisation and case discussion.



⁹The National Reference Centres are units with great differentiation and quality in the treatment of certain diseases that are rare or of high complexity in treatment.

1.10 SOCIAL AND ENVIRONMENTAL PERFORMANCE

Social Performance

Through its practices and operational policies, its healthcare provision activity and the geographical distribution of its healthcare units, José de Mello Saúde strives to have a positive impact on improving the quality of life of its employees and their families, as well as of the communities in which it is involved and of society in general.

This commitment is materialised through a series of initiatives, promoting and cooperating with local development and maintaining an ethical and transparent relationship with its different audiences.

External Social Responsibility

In 2016, as part of the Health for Education Programme, 4,000 people from 50 institutions had their awareness raised via 92 training initiatives. This programme is dedicated to the entire community of José de Mello Saúde hospitals and clinics, with a special emphasis on schools, public and social welfare institutions, with which it was possible to build close relationships.

In June 2016, the ADHD Club, a corporate social entrepreneurship initiative of **CUF** dedicated to children with Attention Deficit Hyperactivity Disorder (ADHD), received a special mention in the fifth edition of the Sustainable Health Award, which rewards excellence in management and healthcare in Portugal. The ADHD Club, created in 2013, aims to promote the healthy development and integration of these children in the different contexts in which they fall, providing a set of free services, such as a website with scientifically credible information, face-to-face

training activities for parents, teachers, school psychologists and operating assistants, as well as an e-learning platform.

At clubephda.pt reference materials can be accessed, with specific practical and strategic guidance that aims to support the management of the family environment and specific training for educators, to adapt school routines for children with ADHD. All information available on the website is written by paediatricians and developmental psychologists with extensive experience in the evaluation and treatment of ADHD.





For the third consecutive year, **CUF** supported financially and was a partner in promoting the Health Marathon, an initiative dedicated to funding scientific research in Portugal. In 2016, neurodegenerative diseases have been the cause supported by the Health Marathon, which managed to raise around 50,000 euros for research in this area.

In the months of February and September 2016, José de Mello Saúde made its infrastructure available once more for the execution of blood collection campaigns by teams of the Portuguese Institute of Blood and Transplant (IPST – Instituto Português do Sangue e da Transplantação).

In 2016, the Ser Solidário project, cross-sectional to José de Mello Group and in which each employee voluntarily contributes with a minimum of one euro per month of their salary, allowed donating 6,000 euros to the São José nursing home. The project benefits from the active participation of all employees, via their monthly contribution and subsequent choice of charities to help.

José de Mello Saúde employees also integrate the Volunteer Programme of José de Mello Group, which aims to transfer the Group's knowledge and skills to the supported institutions. The

programme recruits employees who become volunteers in social welfare institutions with whom partnerships were created for this purpose: Coração Amarelo association (Lisbon and Porto hubs), ATL da Galiza, Centro Comunitário e Paroquial de Carcavelos, Movimento Defesa da Vida, Obra do Frei Gil, Junior Achievement Portugal and, more recently, Albergues Noturnos do Porto and Bebés de S. João associations. The Volunteer Programme is managed by a Steering Committee, composed of representatives from each of José de Mello Group's business platform, joined by a member of José de Mello family and a representative from Amélia de Mello Foundation.



Internal Social Responsibility

In 2016, José de Mello Saúde provided benefits to employees with lower salaries and their families totalling 140,000 euros, among which stand out the holiday camps, the grants for schoolbooks and Christmas hampers.

Designed to contribute and to keep employees' children busy during the school summer holidays, the Holiday Camps accept children aged between 7 and 14. José de Mello Saúde shares in a percentage of the cost, which includes accommodation, meals, insurance and transport, depending on the salary level of the employees in question.

In 2016, 86 employees' children of employees from José Mello Saúde units participated in the Holiday Camp; approximately, with an investment of about 33,000 euros were allocated.

After the beginning of the school year, a total of 391 grants for schoolbooks were given to support expenses with school material for employees' children, amounting to 35,000 euros. This initiative is linked to the employees' meritocracy and attendance.

Throughout Christmas season, José de Mello Saúde distributed 2,052 Christmas hampers to employees with lower salaries, an initiative amounting to 73,000 euros.



Environmental Performance

José de Mello Saúde acknowledges the importance of environmental protection to business sustainability and believes that its benefits are clear for current and future generations. Although the activity of healthcare provision presents a reduced consumption of natural resources and raw materials, José de Mello Saúde controls regularly the sources of environmental degradation in its healthcare units and their impacts, as well as the costs associated with their reduction or elimination.

In 2016, there was an increase in the activity of the units managed by José de Mello Saúde, with impact on the consumption of utilities and waste production. The production increase (2% growth in days of hospitalisation and 7% in the appointments/month) was, however, not reflected in the energy consumption levels, which decreased 1.2% year-over-year as a result of the energy rationalisation efforts.

The eco-efficiency project (energy efficiency) made it possible to improve a set of buildings which corresponds to 57% of the energy consumption of José de Mello Saúde. In 2017, the study and optimisation of consumption is expected to be expanded to **CUF** Descobertas Hospital, a unit where a new building is being built. Within this structural project for the environmental performance of José de Mello Saúde, the initiatives carried out in 2016 in Braga Hospital and in **CUF** Porto Institute stand out.

In Braga Hospital, after a 4.5% reduction in overall energy consumption in 2015, it was possible to achieve an additional reduction of 9% in overall energy consumption. Around 2.7 MWh of energy savings have already been achieved, the equivalent to the annual consumption of an average-sized hospital. The consumption decrease took place through the improvement of the algorithms of the centralised technical management, namely in the calibration of

the operation of demanding areas such as operating theatres and equipment existing in large numbers, such as air convectors and air treatment units. Physical changes were also made in machinery, such as the assembly of thermal wheels for a more efficient recovery and adapted to each system's specific operation. Being the largest of the units managed by José de Mello Saúde, and representing 34% of the total energy consumption, the savings achieved in this unit have a major impact on overall energy expenditure.

In 2016, in **CUF** Porto Institute, the year-over-year percent reduction was surpassed and now reaches savings of 15.6%. In just two years, a reduction of over 27% in this unit's energy consumptions was achieved. After optimising the HVAC and hot water production systems, the installation of equipment such as variable speed pumps and modulating valves to replace the existing ones, along with the gradual balancing of the facility, made a decisive contribution to the efficiency's increase.

The experience gained in the current eco-efficiency projects will be predominantly used to ensure the best possible performance in José de Mello Saúde's new healthcare units expected to open in 2018-2019.

In terms of environmental management, José de Mello Saúde regularly monitors energy consumptions, water and hospital waste production in every unit. This analysis is performed using comparison metrics for the consumption between units, in part equal to those used by the Portuguese Ministry of Health in the ECO.AP project of the Energy Agency (ADENE – Agência para a Energia).



In 2016, José de Mello Saúde held the Environmental Certification ISO 14001 in Braga Hospital and Vila Franca de Xira Hospital.

Given the geographic expansion carried out in the last year, José de Mello Saúde has sought to conduct studies on energy efficiency in an increasingly early phase of the design of the buildings. This concern is reflected in **CUF** Viseu Hospital, whose facilities were designed and built taking into consideration more efficient management systems and equipment, such as condensation boilers, chillers with heat recovery or LED lighting.

1.11 ECONOMIC PERFORMANCE

Executive summary

In 2016, José de Mello Saúde operating and financial performance was very strong, with an emphasis on the following facts:

- Operating income amounted to 586.3 million euros, an increase of 4.7% vis-à-vis 2015;
- EBITDA was 68.4 million euros, an increase of 7.7% from 2015, as a result of the growth in the healthcare activity and the operational efficiency improvement that allowed the EBITDA margin to increase 11.7%;
- EBITDA of the private activity grew to 57 million euros, with an EBITDA margin of 15.2%, following a significant cost control effort in all healthcare areas;
- In the PPPs, in spite of the growth in operating income, EBITDA decreased by 5 million, to a value of 10 million euros. EBITDA margin was 4.3%, a decrease of 2.9%;
- The consolidated net profit was of 23.9 million euros, an increase of 8.9% in comparison with 2015;
- José de Mello Saúde consolidated investment was of 42.1 million euros;
- On 31 December 2016, net financial debt¹¹ stood at 154.9 million euros, resulting in a net debt to EBITDA ratio of 2.27.

vis-à-vis 2015) and 86,000 patients underwent surgery (+3.2% year-over-year), with approximately 79,000 patients discharged from hospitalisation (2.7% more than in the previous year). Births in José de Mello Saúde units continued to increase, in this case by 3.3% vis-à-vis the previous year.

Operational Performance

In 2016, José de Mello Saúde maintained a sustained increase in healthcare activities in different fields of action. Over 2.2 million appointments were recorded (9.1% increase

¹¹Considers gross financial debt less cash and cash equivalents and other financial instruments

Healthcare service provision indicators of José de Mello Saúde

(thousands)	2015	2016	Variation %
Consultations	2.069,8	2.207,5	6,7%
Emergencies	573,5	637,8	11,2%
Patients operated on	84,7	85,6	1,0%
Discharged patients	78,7	79,0	0,4%
Days of hospitalisation	457,0	464,6	1,7%
Births	7,5	7,8	3,3%

It does not include patients discharged from UCIPs (Intensive Care Units)

CUF

Over 1.6 million appointments (9% more than in 2015), 47,000 surgical patients (2.3% more than in 2015) and 35,000 patients discharged from hospitalisation (2% more than in 2015) were recorded this year.

euros. However, EBIT decreased vis-à-vis 2015 by 640,000 euros to 41.5 million euros, due to the increase in the value of depreciation and provisions.

Public-private Partnerships

Concerning the hospitals managed under public-private partnership, there were around 572,000 appointments (+0.1% vis-à-vis 2015), 341,000 visits to the ER (+8% vis-à-vis 2015), 38,400 surgical patients (+0.5% in comparison with 2015) and 44,400 patients discharged from hospitalisation (+2.5% vis-à-vis 2015).

Consolidated results

In 2016, operating income of José de Mello Saúde reached 586.3 million euros, 4.7% more than in the same period in 2015, following the good performance in all areas of healthcare activity. Operating costs amounted to 517.9 million euros, 4.3% more than in the previous year, following the increase of 2.7% in cost of goods sold and materials consumed and 7.1% in the cost of supplies and services.

As a result of this growth in operating income and the improvements in operational efficiency, especially in the private sector, EBITDA grew, in comparison with 2015, by 7.7% to 68.4 million



Consolidated Results

(Million Euros)	2015	2016	Var.	Var. %
Operating Income	560,2	586,3	26,1	4,7%
Operating Costs	(496,7)	(517,9)	(21,2)	-4,3%
EBITDAR	74,6	79,4	4,8	6,5%
EBITDAR Margin	13,3%	13,5%	0,2%	1,8%
EBITDA	63,5	68,4	4,9	7,7%
EBITDA Margin	11,3%	11,7%	0,3%	2,9%
Depreciation and Provisions	(21,3)	(26,8)	(5,5)	-25,9%
EBIT	42,2	41,5	-0,6	-1,5%
EBIT Margin	7,5%	7,1%	-0,4%	-5,9%
Financial Results	(10,4)	(8,9)	1,6	14,9%
EBT	31,7	32,6	0,9	2,9%
Taxes	(9,5)	(8,4)	1,1	11,2%
Net Profit	22,2	24,2	2,0	8,9%
Net profit attributable to non-controlling interests	0,3	0,3	(0,0)	-14,0%
Net profit attributable to José de Mello Saúde shareholders	21,9	23,9	2,0	9,2%

CUF

As a result of the continuous improvement in all areas of healthcare activity, operating income of CUF units grew 4.8% in 2016 to 371 million euros, in 2016, with EBITDA reaching 57 million euros and EBITDA margin growing 1 p.p. to 15.3%.

Public-private Partnerships

Vila Franca de Xira Hospital maintained its positive operational performance with a 5.3% growth in operating income vis-à-vis 2015 and an EBITDA growth of 300,000 euros.

The results of Braga Hospital were negative as a consequence of the strong impact of the elimination by Administração Regional de Saúde do Norte of the vertical programmes to pay for for HIV Aids and multiple sclerosis medicines (7.4 million euros). Operating income was 153 million euros (-0.7% vis-à-vis 2015) and the EBITDA margin fell to 1.9% (-4.2 p.p. vis-à-vis 2015).

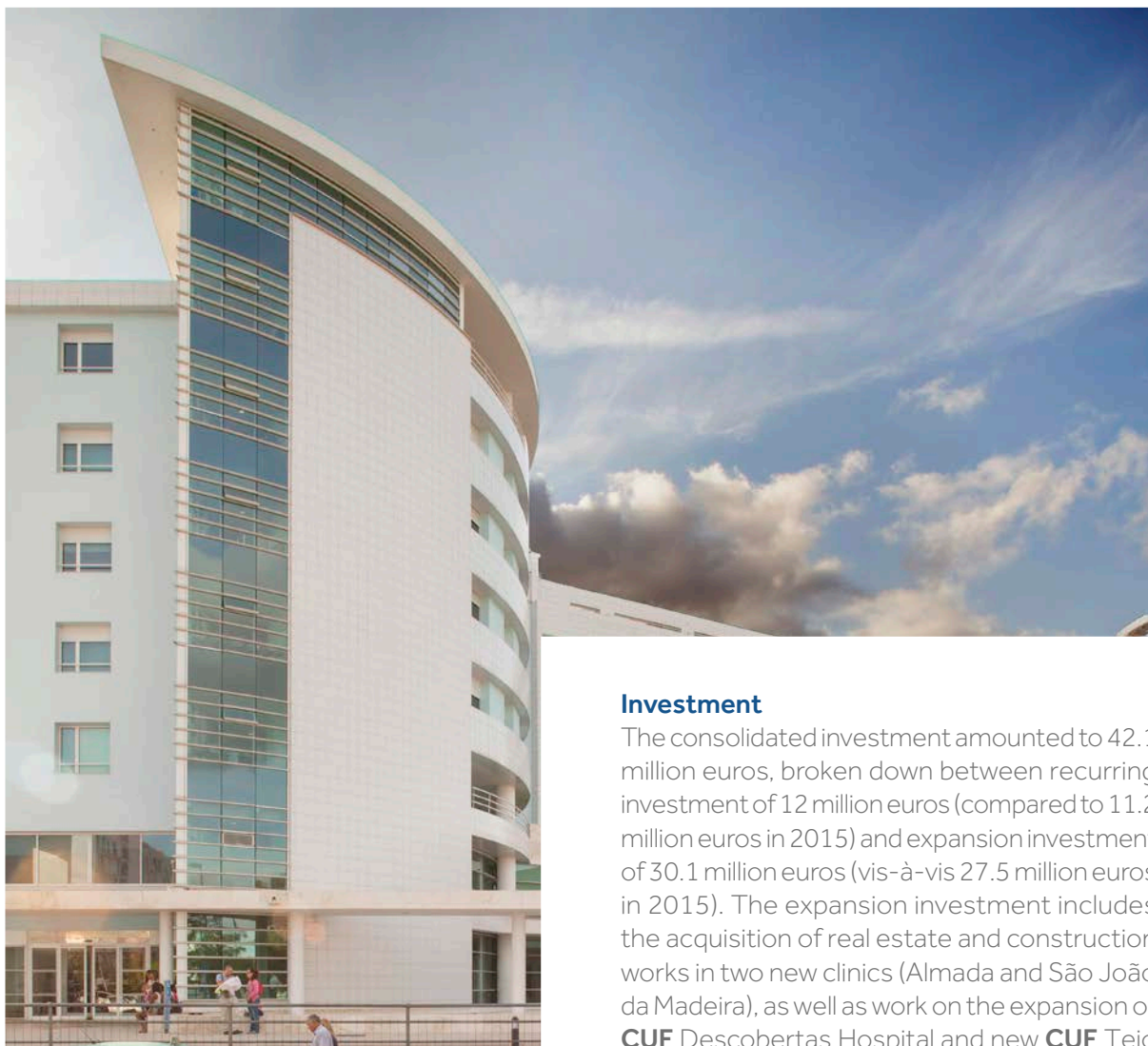
In 2016, the financial results were negative by 8.9 million euros (an improvement of 1.5 million in comparison with 2015), due to the significant savings obtained during the year in bank charges and interest paid, reflecting the reduction of the average spread of José de Mello Saúde debt.

Thus, the net profit of José de Mello Saúde reached 23.9 million euros, an annual increase of 2 million euros (+9.2%).

Financial Results

(Million Euros)	2015	2016	Var. %
Consolidated financial results	(10,4)	(8,9)	14,9%
Financial income	1,0	0,5	-48,3%
Income/costs for Financial Assets	0,2	0,7	190,9%
Financial Costs	(11,7)	(10,1)	13,7%





Investment

The consolidated investment amounted to 42.1 million euros, broken down between recurring investment of 12 million euros (compared to 11.2 million euros in 2015) and expansion investment of 30.1 million euros (vis-à-vis 27.5 million euros in 2015). The expansion investment includes the acquisition of real estate and construction works in two new clinics (Almada and São João da Madeira), as well as work on the expansion of **CUF** Descobertas Hospital and new **CUF** Tejo Hospital.

Recurring Investment

	2015	2016
Descobertas CLUSTER	4,7	4,9
Tejo CLUSTER	2,1	3,3
Norte CLUSTER	1,9	1,5
PPP	2,6	2,2
	11,3	12,0

Expansion Investment

	2015	2016
Descobertas CLUSTER	6,0	4,8
Tejo CLUSTER	19,1	18,0
Norte CLUSTER	0,5	7,3
PPP	2,0	0,0
	27,5	30,1

Financial situation

Fixed and Current Assets

(Million Euros)	2015	2016	Var. %
Fixed Assets	226,5	252,5	26,0
Goodwill	32,8	33,4	0,6
Intangible	11,4	12,9	1,4
Tangible	167,0	189,8	22,8
Investment Properties	0,1	0,0	-0,1
Investments in Subsidiaries	3,3	0,2	-3,1
Other investments	0,3	0,5	0,2
Other MLP Assets	8,3	8,3	0,0
Deferred Tax Assets	3,2	4,3	1,1
Assets Held for Sale	0,1	3,2	3,1
Current Assets	252,3	250,4	-1,9
Stocks	8,9	11,3	2,3
Clients	87,7	95,4	7,7
Other Debtors and Creditors	10,6	5,1	-5,5
State	7,3	13,5	6,2
Cash and Cash Equivalents	83,5	16,1	-67,4
Other Financial Instruments	0,0	48,7	48,7
Other Current and Non-current Assets	54,3	60,4	6,2
Total Assets	478,8	502,9	24,1

Financial Capital

Million Euros	2015	2016	Var. %
Equity	81,3	81,7	0,4
Capital + Additional Payments	67,4	53,0	-14,4
Retained Earnings + Reserves	-11,7	12,2	23,9
Net Profit	21,9	23,9	2,0
Interim Dividends	0,0	-11,4	-11,4
Minority Interests	3,7	4,0	0,3
Financial Liabilities	212,1	219,6	7,5
Loans	142,7	150,0	7,3
Leasing	69,4	69,6	0,2
Non-Financial Liabilities	185,4	201,6	16,2
Pension fund	1,8	1,5	-0,3
Provisions	13,0	14,0	1,0
Suppliers	86,2	87,5	1,4
Other debtors and creditors	7,3	8,5	1,3
State	18,6	19,3	0,6
Deferred Liabilities	0,0	2,9	2,9
Accruals and Deferrals (liabilities)	58,6	67,9	9,3
Total Liabilities	397,5	421,2	23,7
Liabilities + Equity	478,8	502,9	24,1

Total assets increased 24.1 million euros in comparison with the end of 2015, reaching 502.9 million euros at the end of 2016, which was largely due to the increase in tangible fixed assets, as a result of the various expansion works and the acquisition of properties for the new clinics of Almada and São João da Madeira.

After distribution of interim dividends of 11.4 million euros, José de Mello Saúde closed the year with an equity increase of around 0.4 million euros. On 31 December 2016, net financial debt¹² stood at 154.9 million euros, 26.3 million more than at the end of the previous year, reflecting the investment in new units carried out in 2016.

¹²Considers gross financial debt less cash and cash equivalents and other financial instruments

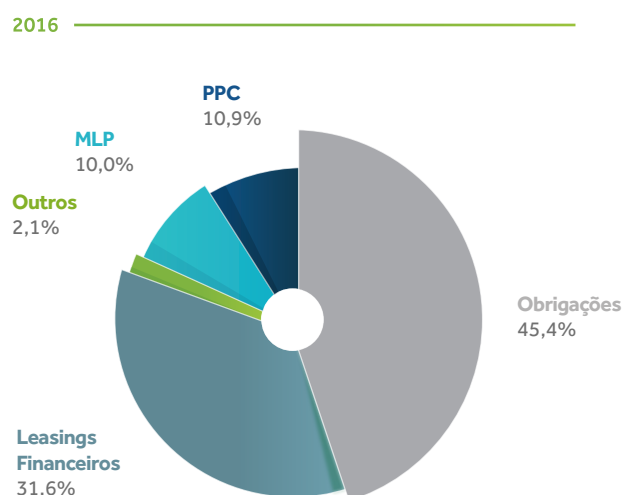
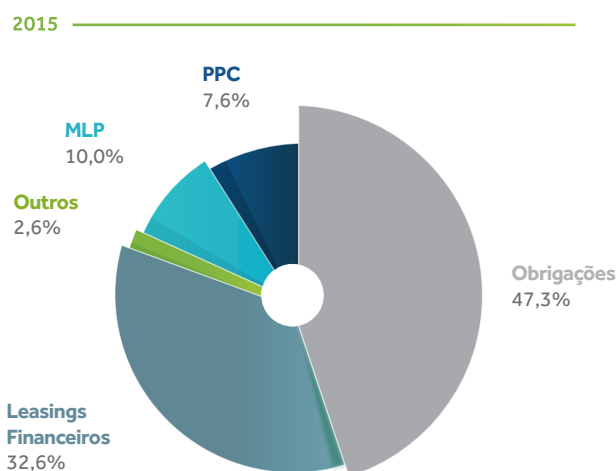
Financial Sustainability

Financial debt profile of José de Mello Saúde

José de Mello Saúde defined the development of a financial sustainability policy and a solid capital structure in line with its growth strategy as one of its strategic goals. This policy has undergone active management of its debt profile in recent years in terms of diversification of its the sources of finance and extension of its maturity profile.

As a result of this policy and of its sound financial position, José de Mello Saúde has been able to access different sources of funding, having finished 2016 with a diversified financial debt profile, with only about 10% of its the debt in tradition bank financing.

In spite of the relative volatility in the domestic financial market, the evolution of José de Mello Saúde debt allowed for the reduction of its average spread by 0.3 p.p. to 3.18%, enabling relevant cost savings.



Indicadores Chave da Dívida da José de Mello Saúde

(Milhões de Euros)	2015	2016
Dívida Financeira Bruta	212,1	219,6
Dívida Financeira Líquida ¹	128,6	154,9
Maturidade Média (anos) ²	3,8	3,0
Spread Médio	3,46%	3,18%

¹Considers gross financial debt less cash and cash equivalents and other financial instruments

²Excluindo leasings

Main Financial Ratios

In spite of a very robust accounting period in financial terms, the evolution of the ratios translates the effort of investment in new units carried out during the year. For the same reason, and even taking into consideration the increase of EBITDA, there is a growth of the net debt/EBITDA ratio to 2.27.

On the other hand, coverage ratio of financial charges shows an improvement vis-à-vis 2015, due to the reduction in financial costs, reaching a value of 4.1x.

Financial Indicators

	2015	2016	Var. %
Financial Autonomy	17,0%	16,2%	-4,3%
Solvency	20,4%	19,4%	-5,2%
Net Financial Debt¹/EBITDA	2,0	2,3	11,8%
EBIT/ Financial Charges	3,6	4,1	14,1%

¹ Considers gross financial debt less cash and cash equivalents and other financial instruments



JOSÉ DE MELLO · SAÚDE

02 CORPORATE GOVERNANCE

2.1 GOVERNANCE MODEL

José de Mello Saúde is composed of a set of companies and complementary groups of companies (ACE – Agrupamentos Complementares de Empresas), who carry out their activity in the provision of healthcare services sector.

Headed by José de Mello Saúde S.A. ("JMS"), which holds the equity interests in the companies that manage and explore each of the operating, hospital and outpatient units, and the equity interests in other companies that develop ancillary activities, the governance of José de Mello Saúde follows a matrix logic. Thus, José de Mello Saúde, S.A. takes responsibility for the definition of the strategy and social, economic and financial planning, as well as for coordinating the management of ACE and subsidiary companies, by issuing mandatory instructions and/or through the exercise of its shareholder rights.

The Board of Directors is responsible for managing José de Mello Saúde, delegating the day-to-day management of the company to an Executive Committee that is advised by the corporate and shared-services departments and by a set of advisory bodies in their corresponding fields of expertise.

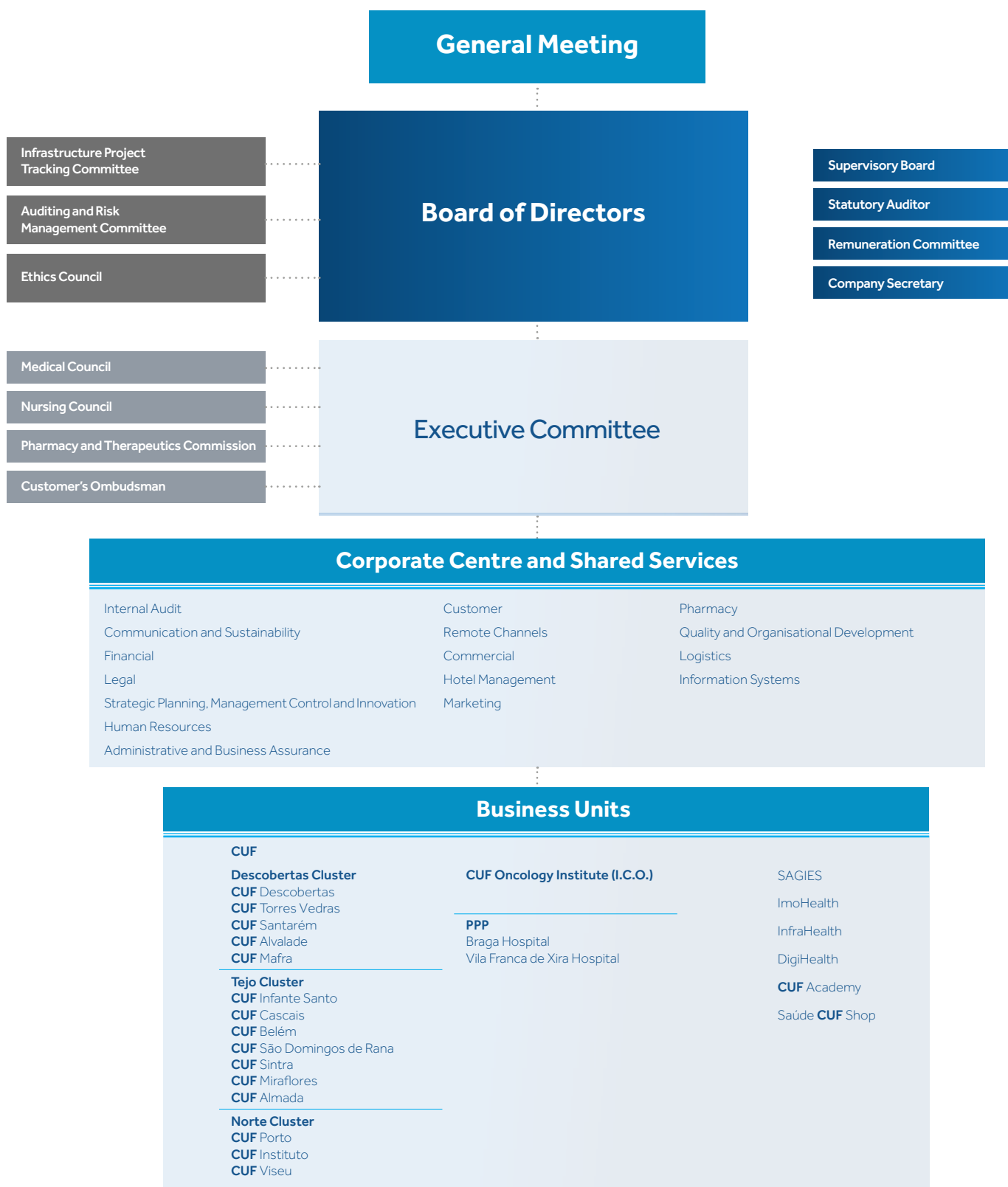
On the other hand, the subsidiary companies are managed by their corresponding Boards, comprised of members of José de Mello Saúde Executive Committee, which, depending on the nature and size of the company, delegate day-to-day management to an Executive Committee or to a Managing Director.

From an organisational perspective, the hospital and outpatient units were grouped into two

Coordinating Committees: – **CUF** and PPP., with **CUF** network is divided into three geographical clusters – Descobertas, Tejo and Norte – in a rationale of coordination around the three large major **CUF** Hospitals. These are managed by Executive Committees made up of a CEO, an Assistant Director and an Operating Director.

The establishment of **CUF** and PPP Coordinating Committees and clusters aims to implement a single-operator model in strategic alignment, standardisation, operational control and risk management.

Governance Model



2.2 MAKE-UP AND POWERS OF THE GOVERNING AND SUPERVISORY BODIES

Board of Directors



Salvador de Mello

Chairman of the Board of Directors and CEO

Chairman of the Board of Directors and CEO of José de Mello Saúde since 2001, he is responsible for the strong growth momentum and expansion of the network to its current 18 healthcare units. Salvador de Mello holds a degree in Economics and Business Administration from the University of Neuchâtel, Switzerland.



Pedro de Mello

Deputy Chairman of the Board of Directors

Pedro de Mello holds a degree in Textile Engineering and he is also Deputy Chairman of José de Mello, SGPS, member of the Board of Directors of **CUF** and Chairman of the managing boards of the companies Sociedade Agrícola D. Diniz and M Dados.



João Gonçalves da Silveira

Deputy Chairman of the Board of Directors

Deputy Chairman of the Board of Directors of José de Mello Saúde since 2001, João Gonçalves da Silveira holds a degree in Pharmacy from Universidade de Lisboa, Chairman of the Board of MONAF (Montepio Nacional da Farmácia).



Rui Diniz

Deputy Chairman of the Executive Committee

Deputy Chairman of the Executive Committee of José de Mello Saúde, Rui Diniz holds a degree in Economics from Universidade Católica de Lisboa. He is also an Executive Director of José de Mello, SGPS.



Rui Assoreira Raposo

Executive Director

Rui Assoreira Raposo holds a degree in Pharmacy from Universidade do Porto; he is a Specialist in Pharmacy Industry by the Portuguese Pharmacists' Association and a Postgraduate degree from IMD-Lausanne/Switzerland and from the AESE Business School – Lisbon/Portugal.



Vasco Luís de Mello

Executive Director

Vasco Luís de Mello holds a degree in Mechanical Engineering from the Catholic University of Leuven – Belgium, later obtaining a Master's Degree in Business Administration from the same University.



Inácio Brito

Executive Director

Inácio Brito holds a degree in Economics from Universidade Católica de Lisboa, with postgraduate studies in Actuarial Sciences.



Guilherme Magalhães

Executive Director

Holds a degree in Mechanical Engineering from Instituto Superior Técnico and an MBA from Universidade Nova de Lisboa; is also the Chairman of the Board of Trustees of Fundação do Gil.



Paulo Cleto Duarte

Non-Executive Director

Paulo Cleto Duarte holds a degree in Pharmaceutical Sciences from the University of Lisbon and an MBA in Information Management from Universidade Católica Portuguesa. He is Chairman of the Portuguese Association of Pharmacies and CEO of Farminveste, SGPS.



Luís Brito de Goes

Non-Executive Director

With a degree in Law by Universidade Católica Portuguesa, Luís Brito de Goes is also an Executive Director of José de Mello, SGPS, member of the boards of directors of Brisa and CUF and Chairman of the Board of Directors of MGI Capita, SGPS.



Vera Pires Coelho

Non-Executive Director

Vera Pires Coelho holds a degree and a master's degree in Economics with an MBA from Universidade Nova de Lisboa and a postgraduate degree in Actuarial Sciences from Catholic University of Lisbon; she is currently the Managing Director of the subsidiaries of Grupo Vendap in Angola, Mozambique and Brazil, Director of the Serralves Foundation and Deputy Chairman of the General Council of Universidade Nova.



Celine Abecassis-Moedas

Non-Executive Director

Céline Abecassis-Moedas holds a PhD in Business Strategy, from École Polytechnique, Paris, a Master's degree in Management, from École Normale Supérieure and Université Paris Dauphine and a degree in Economics and Management from the Sorbonne. She is an Associate Professor in the areas of Strategy and Innovation at the Universidade Católica Portuguesa. Additionally, she is a member of the Board of Directors of CTT and Europac.



Raúl Galamba de Oliveira

Non-Executive Director

Raúl Galamba de Oliveira holds a degree in Mechanical Engineering from Instituto Superior Técnico, an MSc in Systems and an MBA from Nova School of Business and Economics, is currently a senior partner at McKinsey in Portugal and Spain, and leads McKinsey's Risk Management area.

Executive Committee

Salvador Maria Guimarães José de Mello (Chairman)
Rui Alexandre Pires Diniz
Rui Manuel Assoreira Raposo
Vasco Luís José de Mello
Inácio António da Ponte Metello de Almeida e Brito
Guilherme Barata Pereira Dias de Magalhães

Company Secretary

Rui Manuel da Costa Ramalhal

Supervisory Board

Chairman

José Manuel Gonçalves de Moraes Cabral

Members

José Luís Bonifácio Lopes
João Filipe de Moura-Braz Corrêa da Silva

Deputy

Miguel Luís Cortês Pinto de Melo

Statutory Auditor

Ernst & Young Audit & Associados, SROC, representada por Paulo Jorge Luís da Silva

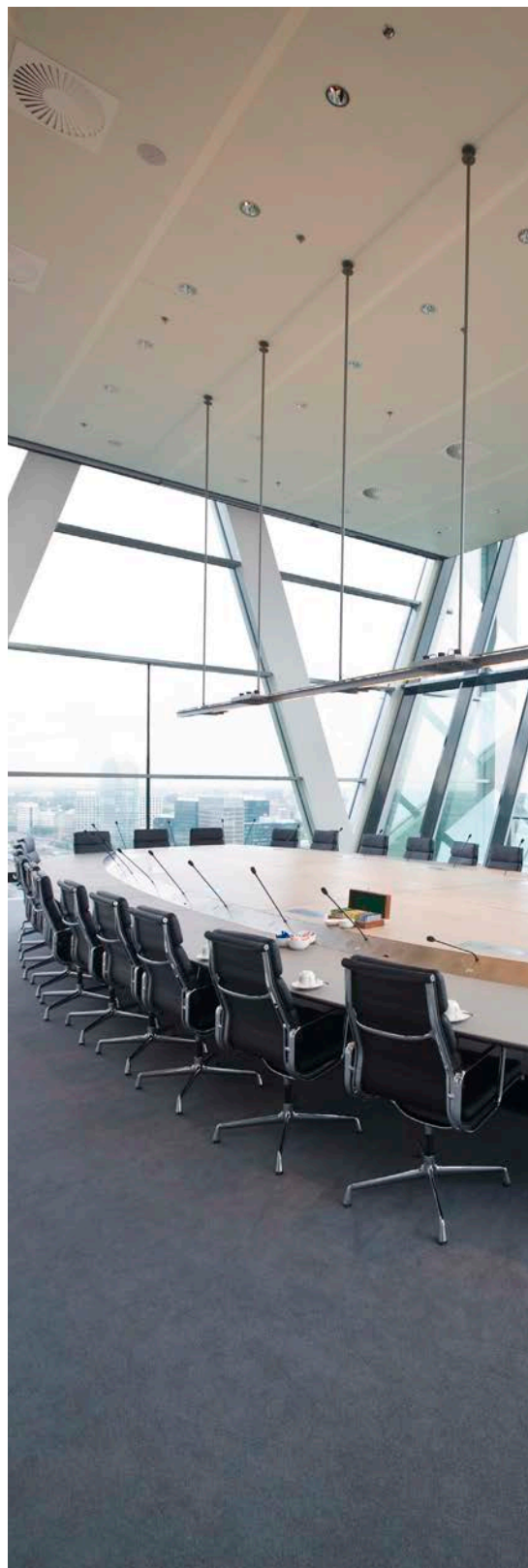
Board of the General Meeting

Chairman

Vasco Vieira de Almeida

Secretary

João Vieira de Almeida



Medical Council

João Carlos Lopes Simões Paço, M.D., Ph. D. (Chairman) – **CUF** Infante Santo Hospital
Maria da Piedade Sande Lemos Azcue, M.D., Ph. D. – **CUF** Cascais Hospital
Jorge Manuel Alves Draper Mineiro, M.D., Ph. D. – **CUF** Descobertas Hospital
Alberto Jorge Neves de Bessa Peixoto, M.D. – Braga Hospital
Vitor Manuel Lima Correia da Silva, M.D. – **CUF** Porto Hospital
Eduardo Pegado, M.D. – Hospital **CUF** Torres Vedras
José Valério Rodrigues Leite Pires M.D. – **CUF** Porto Institute
Carlos Alberto Rabaçal Silva, M.D. – Vila Franca de Xira Hospital
António Júlio da Silva, M.D. – **CUF** Santarém Hospital
José Inácio Guerreiro Fragata, M.D., Ph. D. – Clinical Consultant for José de Mello Saúde
Paulo Beckert, M.D. – **CUF** Alvalade Clinic
Jacob Frischknecht, M.D. – **CUF** Belém Clinic
Eduardo Mendes, M.D. – **CUF** Viseu Hospital
Cláudia Sofia Carvalho Simões, M.D. – Director of Organisational Development and Quality for José de Mello Saúde

Nursing Council

Fátima Faria, R. N. Braga Hospital (Chairman)
Carlos José Gomes da Costa, R. N. **CUF** Descobertas Hospital
José António Oliveira Coelho, R. N. **CUF** Infante Santo Hospital
Maria José Lourenço, R. N. Vila Franca de Xira Hospital
Sara Maria Almeida Martins, R. N. **CUF** Porto Hospital and **CUF** Porto Institute
Maria Benilde Rosário Folgado, R. N. Hospital **CUF** Torres Vedras
Célia Leitão, R. N. **CUF** Cascais Hospital
Maria Perpétua Bento Santos, R. N. José de Mello Residências e Serviços
Raquel Gueifão, R. N. **CUF** Santarém Hospital
Duarte Mendonça, R. N. **CUF** Viseu Hospital
Cláudia Sofia Carvalho Simões, M.D. – Director of Organisational Development and Quality for José de Mello Saúde

Ethics Council

Paula Cristina Ruivo Duarte Martinho da Silva, M. D. (Chairwoman)

Maria Isabel Semedo Carmilo Renaud, Ph. D.

João Paulo Mouro Rosa Camilo Malta, M. D.

Rev. Nuno João Amador Silvestre Carlos

Rita Maria Lagos do Amaral Cabral, M. D.

Chairwoman of José de Mello Saúde Nursing Council, Fátima Faria, R. N.

Chairman of the Medical Council of José de Mello Saúde João Carlos Lopes Simões Paço, M.D., Ph. D.

Customer's Ombudsman

José Carlos Lopes Martins, M.D.



Powers of the Governing Bodies

The functioning of the Board of Directors, of the Executive Committee and the rules of conduct of its members are governed by their respective Regulations, in addition to the Law, the Statutes and the Code of Ethics of José de Mello Saúde (JMS).





Body

Board of Directors

Powers

It is incumbent upon the Board of Directors to define the strategy, the major policies and the social, economic and financial planning of José de Mello Saúde, ensuring their application in its subsidiary companies. To that extent it is specifically responsible for deliberating on (i) the acquisition of real estate and movable property, including equity interests, as well as to sell or encumber such property by any acts or contracts, even if they serve to establish real guarantees; (ii) the budget approval, the preparation of the balance sheet and financial statements of the accounting period and the preparation of reports on José de Mello Saúde's activities and economic situation, as well as the proposal for distribution of profits, to be submitted to the General Meeting; (iii) the amicable or judicial settlement of questions regarding rights and interests of José de Mello Saúde; (iv) the appointment of people who do not belong to the governing bodies, of those who will be responsible for top-level executive management of all of José de Mello Saúde's technical and administrative services and the establishment of representatives for any other purposes; (v) the contracting of internal or external funding that José de Mello Saúde needs in order to conduct its corporate purpose; (vi) the decision on the issuance of bonds and/or other securities; (vii) the preparation and approval of all regulations that detail the exercise of social rights, as well as those that concern practical aspects of the operation of the Board of Directors or of other bodies, such as regulations concerning the exercise of the right of information; vote by mail and the use of long-distance communication for participation in meetings, including the exercise of the right to vote.

Body

Executive Committee

Powers

The Executive Committee takes on a set of responsibilities, delegated by the Board of Directors, where the following stand out: (i) carrying out the day-to-day management of José de Mello Saúde, with the ability to deliberate on all matters concerning the performance of its activity and following its social purpose, the resolutions made by the Board of Directors and by the General Assembly in matters within the latter's purview; (ii) preparing and submitting to the Board of Directors the main policies of José de Mello Saúde, namely the remuneration policy, the staff

management policy and the commercial and pricing policy; (iii) preparing and submitting to the Board of Directors, for approval, the Business Plan and the Budget of José de Mello Saúde for the following year, as well as to propose subsequent amendments; (iv) carrying out permanent coordination and monitoring of the day-to-day management of the, directly and indirectly, subsidiary companies of José de Mello Saúde ("Subsidiaries") by issuing, in the case of Subsidiaries in a group relation, i.e., whose share capital is wholly owned by José de Mello Saúde, mandatory instruction with the ability to, namely, deliberate on the definition of the strategy and economic and financial planning of the Subsidiaries; the approval of any business plan, as well as any changes and updates to it; the approval of the annual budget and any updates to it and the contracting of any funding or the signing of relevant contracts; (v) signing all acts and contracts inherent to the activity of José de Mello Saúde, as long as their value does not exceed an amount equivalent to fifteen million euros; (vi) entering into bank loans or similar operations, granting shareholders' loans and other forms of providing capital to Subsidiaries, as long as the corresponding amount does not exceed the equivalent to fifteen million euros; (vii) proposing the holders of the governing bodies of the Subsidiaries, on whose Boards of Directors shall participate the entirety or part of the members of the Executive Committee of José de Mello Saúde.

The activity of the Board of Directors and of the Executive Committee of José de Mello Saúde is supervised and monitored by the Supervisory Board and by the Statutory Auditor.

Body

Supervisory Board

Powers

The Supervisory Board is responsible for (i) supervising the management of José de Mello Saúde and monitoring compliance with the rules governing its operation; (ii) participating in the meetings of the Board of Directors of José de Mello Saúde where financial statements for the accounting period are evaluated; (iii) requesting the Chairman of the Board of Directors to convene the Board of Directors to evaluate facts considering relevant to the supervision of José de Mello Saúde's management; (iv) verifying the correctness of the accounting information, the accuracy of accounting documents and evaluating the accounting policies and the underlying valuation criteria; (v) annually preparing the report of its activity and give an opinion on the management









report and accounts submitted by the Board of Directors; (vi) monitoring the effectiveness of the risk management system, the system of internal control and internal audit system; (vii) supervising the process of preparation and dissemination of the financial information; (viii) supervising the auditing of accounting documents; (ix) supervising the independence of the statutory auditor.

Body

Statutory Auditor

Powers

In accordance with the law and the statutes, the statutory auditor is responsible for examining the accounts of José de Mello Saúde, namely, (i) verifying the correctness of the books, accounting records and documents that support it; (ii) verifying the extent of cash and stocks of any types of properties or values; (iii) verifying the accuracy of the accounting documents; (iv) verifying whether the accounting policies and the valuation criteria adopted by José de Mello Saúde lead to a correct evaluation of the assets and of the results.

The Executive Committee is assisted by the corporate and shared-services departments and by a set of advisory bodies in their corresponding fields of expertise.

Advisory Bodies

Body

Ethics Council

Powers

This advisory body has, among its main tasks, the responsibility for analysing, on an ethical level, the questions raised by scientific advances, social developments and legislative activity in the fields of biology, medicine or health in general.

Body

Medical Council

Powers

Advisory to the Board on clinical issues and continuous improvement of the services provided to all customers of José de Mello Saúde, with the following main tasks:

- Advising on the definition of José de Mello Saúde's clinical development strategy;
- Proposing the launch and follow-up of clinical projects common to José de Mello Saúde's units;
- Fostering the development of clinical protocols applicable across all of José de Mello Saúde's units;
- Assisting the development of clinical innovation projects which simultaneously ensure clinical differentiation and increased efficiency; and,
- Assisting in the definition of recruitment criteria and evaluation of medical professionals, for application across all José de Mello Saúde units.

Body

Nursing Council

Powers

Advises the Board on issues concerning nursing within the clinical activity of José de Mello Saúde, with the main responsibilities of:

- Defining the strategy of talent development and performance standards in Nursing;
- Strengthening the culture of best practices based on evidence;
- Developing innovative projects that promote technical differentiation, improving the efficiency of the care provision processes and their respective levels of service;
- Developing clinical quality and patient safety, based on the principle of continuous improvement; and,
- Monitoring the activity of **CUF** Academy.







JOSÉ DE MELLO · SAÚDE