

SUSTAINABILITY REPORT

HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES (HC&D) For the Year Ended 31 December 2024

(Prepared in accordance with SEC Sustainability Reporting Guidelines and aligned with ISO 9001:2015)

1. CONTEXTUAL INFORMATION

1.1. Company Details

Name of Organization	Health Care and Development Corporation of the Philippines
Office Location	7/F University of Perpetual Help Medical Center Administration Bldg., Alabang-Zapote Road, Brgy. Pamplona 3, Las Pinas City
Location of Operations	Nationwide
Report Boundary	All HMO operations
Business Model	Prepaid healthcare services via provided network

1.2. Materiality Process

Material topics were identified using stakeholders' engagement and ISO 9001:2015 risk-based approach.

Topic	Impact	Boundary
Access to Healthcare	High	Internal/External
Customer Satisfaction	High	Internal
Data Privacy and Security	High	Internal
Employee Welfare	Medium	Internal
Environmental Impact	Medium	Internal

2. ECONOMIC

2.1. Direct Economic Value Generated and Distributed

(Benchmark based on PH HMO industry statistics of Php101.56B revenue and Php74.64B claims in 2025)

Category	HC&D	Industry Benchmark
Revenues	47.685M	Php81.36B
Operating Costs	13.78%%	85%
Healthcare Benefits and Claims	86.09%	76.85% of expenses
Employees' Wages and Benefits	Compliant with minimum DOLE standards	Industry Norm
Taxes Paid	Compliant with BIR standards	Industry Norm

2.2. Financial Performance Indicators

<u>Indicator</u>	<u>Typical HMO Range</u>
Revenue Growth	20 – 25% YoY
Net Profit Margin	2 – 5%
Claims Ratio	70 – 85%
Expense Ratio	15 – 25%

Insight:

Claims remain the largest cost driver, comprising roughly 70 – 85% of total expenses in the industry.

2.3. Procurement Practices

- Partnered with network providers
- Payments to healthcare providers represent around 75 – 80% of total costs
- Focus on accredited hospitals and clinics
- ESG considerations included in provider accreditation

3. ENVIRONMENTAL

3.1. Resource Management

Resource	Typical Usage	Benchmark
Paper	120,000 pages/year	Declining due to Digitization
Electricity	11,940 kWh/year	Office-based consumption

3.2. Reduction Initiatives

Initiative	Benchmark Impact
E-Claims / remote claim transactions	40 -60% paper consumption reduction
Hybrid meeting setup	Lower energy consumption
Sustaining Enercon Programs	Lower energy consumption
Office Supplies Recycling	Reduction of paper consumption

3.3. Environmental KPIs

Metric	Target
Paper Reduction	40% - 60%
Energy Reduction	5% - 10%
Digital Transactions	70% – 90%

4. SOCIAL

4.1. Employee Management

4.1.1. Workforce Composition

Employee Gender	Frequency	Percentage (%)
Male	6	46.15
Female	7	53.55
TOTAL EMPLOYEE	15	100.0

4.1.2. Employee Benefits

- Full HMO coverage for employees (Private Room Accommodation)
- Training programs (compliance, sales, marketing, customer service)
- 30 days sick and vacation leaves (SL is convertible to cash)

- Tuition fee discounts for immediate family members at the University of Perpetual Help System DALTA

4.1.3. Training and Development

Program	Participation Rate
Compliance Training	100%
Customer Service	80%
ESG Awareness	70%

4.2. Customer Welfare

- 3.5 Customer Satisfaction index
- 30 days claims turnaround time from receipt of complete required documentations to check release
- 24 – 48 hours call resolution time

4.3. Access to Healthcare

- Thru accredited hospitals / clinics / medical doctors
- Use of mobile applications for remote access
- Growth driven by increasing membership and medical inflation
- Claims payout to an average of 70% of total revenue collection which is at par with the industry statistics

4.4. Data Privacy and Security

- Full compliance with Data Privacy Act
- Registration with the National Privacy Commission
- Zero major breaches reported to date

4.5. Community Investment

- Free clinic consultation for the adopted community
- Minimum of three (3) corporate social responsibility (CSR) activities for a year which includes feeding program and gift-giving activities
- Active participation in system-wide medical mission and other community outreach programs of the DALTA system

5. GOVERNANCE

5.1. Governance Structure

- Board-level oversight of ESG
- Compliance Officer and Risk Officer roles
- Adopting ISO 9001:2015 Quality Management System (to consider applying certification in the future)

5.2. Anti-Corruption and Ethics

- Adopting a zero-tolerance policy
- Whistleblowing mechanism (currently under structuring)

5.3. Regulatory Compliance

HC&D complies with:

- Insurance Commission regulations
- SEC Sustainability Reporting Guidelines
- Corporate Governance Code
- National Privacy Commission

6. SUSTAINABILITY STRATEGY (ADOPTION OF ISO 9001:2015 STANDARD)

Application of relevant ISO Clauses:

- Stakeholder and ESG risk identification
- Leadership accountability
- Risk-based sustainability planning
- Training and awareness
- Sustainable service delivery
- KPI monitoring
- Continuous improvement

7. KEY PERFORMANCE INDICATORS

Area	KPI	Target
Economic	Portfolio Growth	100%
Economic	Claims Ratio	70%
Social	Customer Satisfaction Index	3.5
Operational	Claims Processing Time	30 days
Environmental	Paper Reduction	40 – 60%

8. INDUSTRY CONTEXT

The Philippine HMO industry in 2025 demonstrated:

- Php81.36B total revenue
- Php76.85% claims payout
- 23% average revenue growth
- Strong recovery in profitability after prior losses from the pandemic time

This reflects improving sustainability but highlights ongoing pressure from medical inflation and high claims utilization.

9. STATEMENT OF MANAGEMENT RESPONSIBILITY

The HC&D management confirms that this report reflects true and fair sustainability performance aligned with SEC requirements.

10. BOARD APPROVAL

Approved by the Board of Directors.