



**ZUELLIG FAMILY
FOUNDATION**

Annual and Sustainability Report 2018

70 *years*

as a catalyst for better
health outcomes
in the Philippines



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in Public Health

46 | Continuing
the mission

About the Cover

10 years of better health

Within 10 years of employing the Health Change Model strategy, the Zuellig Family Foundation's interventions moved from a focus on maternal and child health to the triple burden of disease, and across a person's life span i.e., from womb to tomb. The programs remained centered on strengthening local health leadership and governance in the hope that health systems are reformed, and access to quality healthcare services are made easier for all Filipinos, even those living in far-flung areas.

Location: Barangay Urzadan, Suyo, Ilocos Sur (Municipal Leadership and Governance Program, Batch 3, 2018)

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Vision (GRI 102-16)

Zuellig Family Foundation (ZFF) is a catalyst for the achievement of better health outcomes for the poor by strengthening leadership and governance, with a primary focus on rural communities in the Philippines.


Mission

ZFF is dedicated to enhancing the quality of life of Filipinos by focusing on the achievement of the country's Sustainable Development Goals for health, in partnership with government and other stakeholders.

Goals

1. All trained local health leaders have improved Bridging Leadership competencies.
2. All trained local health leaders are able to strengthen local health systems with equitable and sustainable community-driven arrangements for better health outcomes.
3. Lessons learned and evidence are disseminated to advocate equitable policies in public health and governance.
4. Partnerships with government and other stakeholders are formed to support and institutionalize leadership and local health system developments.

ZFF NUMBERS

 **797**
Municipalities with Health Change Model (HCM)

 **26**
Provinces with HCM interventions

 **3,301**
Leaders Trained

 **155**
Faculty Trained

347 Health Leaders for the Poor

1,485 Municipal Leadership and Governance Program

197 Provincial Leadership and Governance Program

1,259 Health Leadership and Management Program

13 Bridging Leadership Fellowship Program

 **11**
Academic Partners

 **₱573M**
Funds from partners (2012-2018)

 **₱862M**
Zuellig family commitment spent (2009-2018)



10-Year Timeline

- 2008:** ZFF creates its strategy called the Health Change Model.
- 2009:** ZFF pilots its strategy through a two-year, four-module program in its first cohort of nine rural municipalities.
- 2010:** A second cohort of prototype municipalities undergoes the two-year Community Health Partnership Program.
- 2011:** ZFF introduces a shorter one-year program for mayors and municipal health officers through a partnership with the University of Makati.
- 2012:** ZFF forges a partnership with the United Nations Population Fund (UNFPA). Provincial Leadership and Governance Program (PLGP) cycle 1 is introduced to help fix public hospital systems.
- 2013:** Department of Health (DOH) and ZFF forge a partnership for the Health Leadership and Governance Program (HLGP), which covers over 600 priority local government units (LGUs). MSD for Mothers Global Giving Program becomes a ZFF program partner.
- 2014:** The United States Agency for International Development (USAID) and the United Nations Children's Fund (UNICEF) become partners in support of the HLGP.
- 2015:** ZFF holds its National Health Leaders Conference, recognizing outstanding health leaders from among its prototype municipalities.
- 2016:** HLGP National Colloquium is held with awards handed out to outstanding health leaders. HLGP is extended for another cycle, while the PLGP begins its second cycle.
- 2017:** USAID partnership enters its second cycle. A nutrition governance project begins in partnership with the Kristian Gerhard Jebsen Foundation.
- 2018:** Twelve governors and eight DOH regional directors and assistant directors successfully finish their respective ZFF programs. ZFF recognizes 19 individuals as outstanding Bridging Leaders in public health and one LGU for excellence in health governance.



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(GRI 102-14)

Swift progress to strengthen health leadership and governance

From 9 to 797 municipalities in 10 years. That is an 88-fold increase in the number of municipalities where our Health Change Model was introduced between 2008 and 2018. The scope of leaders trained also expanded from those at the municipal level to those at the provincial, regional, and national levels. Hence, the exponential increase in health leaders trained: 347 from prototype municipalities to 3,109 from local government units (LGUs) and the Department of Health (DOH).

We attribute this growth to our conscious effort from the start to make sure our intervention addressed a systemic problem so it will have long-term positive effects. We took a novel path that few treaded because of the many perceived hurdles in dealing with elected local officials. More important, we grounded our Foundation on the values the Zuellig family has long lived by: integrity, duty, reliability, and care for people.

We introduced the Health Change Model in 2008. Its training, practicum and coaching components were aimed at enabling mayors and municipal health officers to understand their entire health systems in the hope the reforms and programs they carry out would bring health services closer to every constituent. Only in doing so can health outcomes truly improve for the Filipinos.

Productive partnership with the Department of Health (GRI 102-13)

Our pilot areas quickly showed promising results, especially in bringing down maternal deaths. This became key in attracting the leadership of the DOH in 2013, as well as organizations like the United Nations Population Fund and the United States Agency for International Development. In fact, if not for these groups¹, we would not have reached the areas we did.

Thanks to their trust that better health outcomes can be achieved through improvements in health leadership and governance, we were able to improve our strategy. This helped us address malnutrition issues, build health resiliency, and establish service delivery networks. Thus, we will continue to work with more groups to continuously strengthen local health systems so they become responsive to the needs of every Filipino.

Aligning with the national healthcare agenda

In the recent years, we have always aligned our strategy with the government's own strategic framework to bring better healthcare to every Filipino. This is especially true with the enactment of the Universal Health Care (UHC) Law, which states that "the DOH, Department of Interior and Local Government (DILG), PhilHealth and the LGUs shall endeavor to integrate health systems into province-

Ten years went by quickly. We set an incredibly fast pace that led us to where we are now: hundreds of partner-municipalities and thousands of health leaders trained.

wide and city-wide health systems. The provincial and city health boards shall oversee and coordinate the integration of health services for province-wide and city-wide health systems, to be composed of municipal and component city health systems, and city-wide health systems in highly urbanized and independent component cities, respectively."

The challenge of Universal Health Care

Our experience running the Provincial Leadership and Governance Program puts us in a good position to help the country transition to this new setup. In 2019, we will begin offering relevant UHC public programs for health leaders in the DOH, local governments, and academic

institutions that will complement the efforts of local leaders to transition smoothly into the new setup.

Ten years went by quickly. We set an incredibly fast pace that led us to where we are now: hundreds of partner-municipalities and thousands of health leaders trained.

Our health-trained leaders give us the confidence to carry out our new programs. With more governors and mayors now more intent on achieving better health outcomes, our role is to support them as they set their respective local health systems under a new policy environment brought forth by the UHC Law.

¹ PARTNERS: Assisi Development Foundation Inc., B. Braun Medical Supplies Inc., CARD-MRI, Carlos P. Romulo Foundation, Center for Community Transformation, Commission on Population, Consuelo Foundation, Department of Health, East West Seed Foundation Inc., Foundation for Information Technology Education and Development, Jollibee Foundation, KBA-NotaSys, Kristian Gerhard Jebsen Foundation, Makati Medical Center Foundation, Manila Observatory, MSD for Mothers Global Giving Program, Medicines Transparency Alliance Philippines, Metro Drug Inc., Nutrition International, Netsuite.org, Panasonic HQ for Solar Lantern Project, Pascal Gueissaz, Peace and Equity Foundation, Pfizer Philippines, PHAPCares Foundation, Philippine Nurses Association of America, Pilipinas Shell Foundation Inc., ROK Water, Seaoil Foundation, Solar Energy Foundation Philippines, Synergeia Foundation, Tabang Visayas, Team Energy Foundation, UNFPA Indonesia and Indonesian National Family Planning Coordination Board, United Nations Children's Fund, United Nations Population Fund, United States Agency for International Development, University of California, San Francisco's Malaria Elimination Initiative, University of Makati, University of Sydney School of Public Health, US-Philippines Society, Vitamin Angels, Wireless Access for Health, 162 to 52 Coalition

NETWORKS: Association of Foundations, League of Corporate Foundations, National Resilience Council, Zero Extreme Poverty

(GRI 102-5)

10 years as a catalyst for better health outcomes in the Philippines

The Zuellig Family Foundation (ZFF) has undergone three iterations since the first foundation was established by the Zuellig Group in 1997, but its focus has remained constant: health of the Filipinos. This was not surprising given the Zuellig family's involvement in the Philippine healthcare industry.

In 2008, the corporate Foundation evolved to become the Zuellig family's philanthropic vehicle for nation-building. Hence, the name-change. It also signaled the start of ZFF's strategic public health intervention that would add value to the Philippine health system.

At that time, the country's chances of meeting its 2015 Millennium Development Goal targets for maternal health were slim. One of ZFF's trustees and a former health secretary, the late Dr. Alberto Romualdez Jr. also noted the significant differences in the health indicators of rich and poor Filipinos.

There were several suggestions on what ZFF should do, including putting up community clinics, but this was deemed unsustainable. A study and analysis of the situation eventually led ZFF to adopt a strategy that endeavored to transform local political chief executives into health leaders as health in the Philippines is a devolved function of local governments, which are led by mayors and governors.



JOURNEY TO BETTER HEALTH

The mission of improving health outcomes in geographically isolated areas is extremely challenging but the Foundation is committed to move forward with its partnership programs for accessible healthcare. Seen here is Department of Health development management officer IV Genie Daradal on her way to one of her assigned remote Samar municipalities.

Location: Calbiga, Samar

(GRI 102-2)

Creating a strategy to address systemic public health issues

From the body of experiences on responsive leadership and wealth of good practices on health system reforms, a theory of change was formed—the **ZFF Health Change Model** (HCM, see *Figure 1 in this section*). The model posits that to have better health outcomes, the community must have access to health services, which is made possible by a responsive health system, which in turn, is transformed and managed by a committed local leadership.

This was not an unknown concept, but its operationalization is a relatively unexplored territory.

In operationalizing this strategy, ZFF’s first intervention was to improve the health services where the poor go—the rural health units of local governments. This meant working with municipal mayors and their health leadership teams. As populations in rural areas are usually homogeneously poor, ZFF chose to work in fourth- and fifth-class rural municipalities, majority of which have far-flung, geographically isolated villages.

To train mayors and their health leadership teams, the Foundation designed the Health Leaders for the Poor program, which equipped mayors with an understanding of the inequities and gaps in their health system, and what needs to be done to address them. At the same time, the program allowed mayors to bring together bureaucracy and external

stakeholders to co-own the shared health vision and response, and come up with new institutional arrangements to reform the system. Built around the Bridging Leadership process, the development framework is heavily influenced by the writings of Amartya Sen in “Development as Freedom”¹ and Otto Scharmer’s Theory U² as technology for social change.

Operationalizing the Health Change Model involved the following:

- 1) Three to four face-to-face training modules spread across 12 to 24 months

The Bridging Leadership (see *related information on pages 11 and 13*) framework is used in the health leadership and governance training.

- 2) A practicum period between modules

Trained leaders improve their health systems. During this time, they have the Health Roadmap (see *Municipal Health Roadmap on page 12*) to help them identify gaps in their system they need to work on.

- 3) Coaching and mentoring to help leaders fix their systems.

Bridging Leadership (BL) was initially developed by the New York-based Synergos Institute to address societal divides in communities. According to Synergos, Bridging Leadership is “a style of

FIGURE 1. Health Change Model

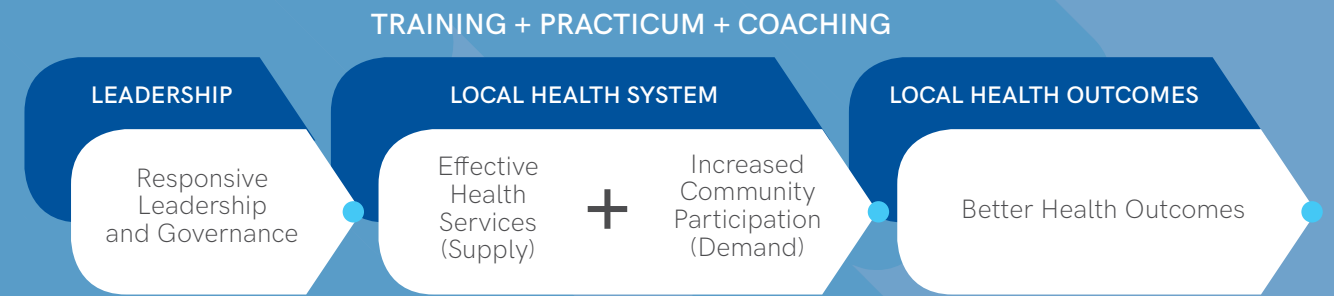
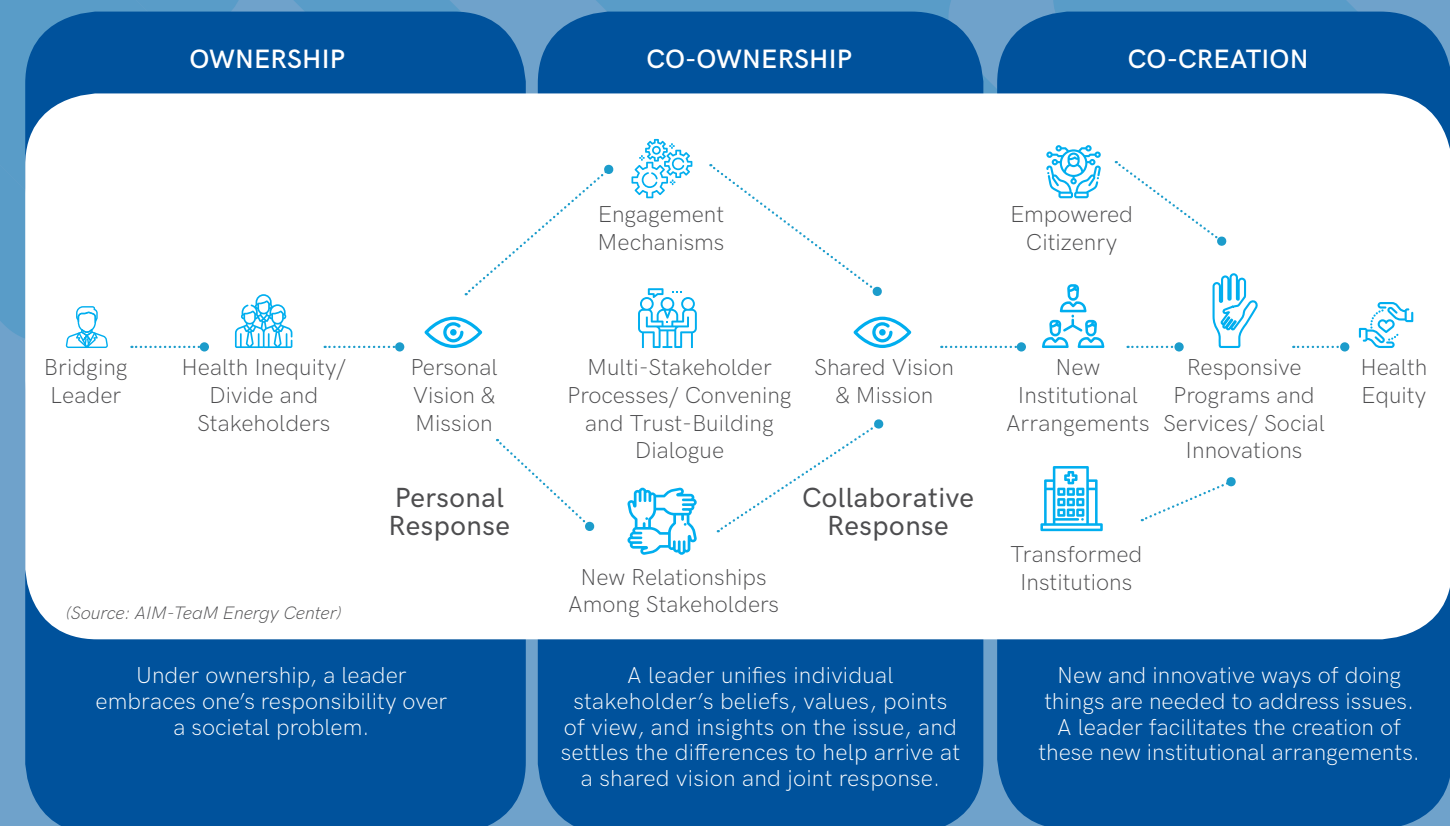


FIGURE 2. Bridging Leadership



¹ Sen A. *Development as Freedom*. New York: Alfred Knopf, 1999.

² Scharmer, C.O. *Theory U: Leading from the Future as It Emerges*. San Francisco: Berrett-Koehler Publishers, 2009.

Municipal Health Roadmap*

6 Building Blocks of a Health System						Health Outcomes
Leadership and Governance	Health Financing	Health Human Resource	Access to Medicine and Technology	Health Information System	Health Service Delivery	
Expanded and Functional Local Health Board	Accredited Health Facilities	Complete Rural Health Unit (RHU) Staff Complement	LGU Supply Chain Management System	Functional Electronic Health Information System	Functional Health Facilities	Facility-based Delivery
		RHU Human Resource Accreditation				Skilled Birth Attendance
Collaborative, Comprehensive, Participatory, and Evidence-based Municipal Investment Planning for Health	Community IEC on PhilHealth Services	Barangay Health Worker Registration and Accreditation	LGU Supply Chain Management System	Patient Registry System	Established Referral System	Ante Natal Care
		Trained Medical Doctor				Post-Natal Care
Community Engagement Activities with Intersectoral Participation	Management of PhilHealth Reimbursements	Trained Public Health Nurses	Policy Support on Medicines	Data Reporting and Utilization	Barangay Health Service Delivery	Exclusive Breastfeeding
		Trained Rural Health Midwives				Fully Immunized Children
Functional Barangay Health Governance Body	PhilHealth Coverage for the Poor	Trained Barangay Human Resource	Policy Support on Medicines	Mortality Reviews	Patient and Client Feedback Mechanism	Tuberculosis (TB) Detection Rate
		Learning and Development Management for the RHU				TB Treatment Success Rate
Barangay Investment Plan for Health/Barangay Development Plan	PhilHealth Coverage for the Poor	Functional Performance Evaluation and Rewards System for RHU Staff	Policy Support on Medicines	Data on Social Determinants of Health	Health Promotion Services	TB Treatment Success Rate
		Functional Performance Evaluation System for Barangay Health Station Staff				Contraceptive Prevalence Rate
Presence of Health Policies	LGU Health Budget Allocation (At least 15%)	RHU Health Human Resource Adequacy	Essential Medicines	Profiling of Vulnerable Population	Curative Services	Households with Access to Safe Water
		Barangay Health Human Resource Adequacy				Households with Sanitary Toilets
Collaborative and Intersectoral Health Policy Development, Implementation and Monitoring	Actual Budget Utilization	Health Human Resource for Emergency	Essential Medicines	Early Warning System for Emergencies	Complete Health Service Packages for All Life Courses	Households with Access to Safe Water
		Adequate Compensation for RHU Staff				Households with Sanitary Toilets
LGU Support for Building Resilient Health Systems	Policy Support on Provision of Funds for Subsidies and Social Protection	Implementation of Magna Carta of Public Health Workers	Essential Medicines	Early Warning System for Emergencies	Essential Health Services in Emergencies and Disasters	Households with Sanitary Toilets

* The roadmap is based on the six building blocks of a health system enumerated by the World Health Organization. Roadmaps vary depending on the program. Shown is the roadmap under the Health Leaders for the Poor and the Municipal Leadership and Governance Program. Specific targets are set for every sub-block found in the roadmap.

Colors are assigned to easily show how a local government unit is performing. These colors are:
■ Targets are met. ■ Some targets have yet to be met. ■ Below target

leadership that focuses on creating and sustaining effective working relationships among key partners and stakeholders. By 'bridging' different perspectives found across the breadth of different stakeholders, a common agenda can begin to be developed and shared in order to find solutions to social and economic problems." ZFF president Ernesto Garilao and his colleagues at the Asian Institute of Management developed the BL framework of ownership, co-ownership, and co-creation in the Philippines.

There are BL competencies that need to be developed to help in effectively fixing health systems. These are:

Ownership:
Modelling personal mastery: have courage to do what is right regardless of circumstances and/or consequences

Thinking strategically on health inequities: see the big picture, think multi-dimensionally

Problem-solving and decision-making on health challenges: exercise good judgement and select courses of actions that produce positive results

Co-ownership:
Leading change: generate genuine enthusiasm and momentum among stakeholders for a positive change agenda

Leading multiple stakeholders: develop synergistic working relationships across relevant sectors

Coaching and mentoring: create an enabling environment to nurture and sustain a performance-based coaching culture

Co-creation:
Championing and sustaining social innovation: generate fresh perspectives, solutions and strategies that decrease social inequities

The model posits that to have better health outcomes, the community must have access to health services, which is made possible by a responsive health system, which in turn, is transformed and managed by a committed local leadership.

(GRI 102-4, GRI 102-6, GRI 102-7)

Proving committed health leadership and governance leads to improved health outcomes

Between 2009 and 2013, the Foundation tested its Health Change Model in 72 municipalities comprising nine cohorts. Most underwent the two-year, four-module program.

The focus was on maternal health considering the high maternal mortalities and the country's struggle to bring its maternal mortality ratio to the Millennium Development Goal target of 52. The results showed the approach can indeed lead to better health systems and outcomes.

Among the results ZFF saw were:

- Mayors can become champions for health.
- Mayors need an easily understandable and measurable scorecard that shows them clearly what acts of leadership are required to improve their health systems.
- Mayors and their teams need mentoring and coaching in transforming their health systems.

Work with mayors has proven that local mayors and their teams must become integrators of the health system, and that improving their leadership skills and competencies allows them to innovate.

Thus, ZFF's initial cohorts of municipalities showed that by working on system-sensitive indicators such as maternal health, deaths among mothers can, in fact, be brought down by early tracking, providing complete pre- and post-natal care, ensuring facility-based deliveries, and facilitating access to family planning services as well as referral facilities providing critical obstetric care for mothers with high-risk pregnancies.

These are not innovations credited to ZFF's interventions but are acts of leadership that mayors and their teams—as integrators of the health system—did.



IMPROVING HEALTHCARE ACCESS

Children from an impoverished community in fifth-class Matuguinao, Samar receive medical treatment. Most of ZFF's prototype municipalities are in isolated and disadvantaged areas which significantly hamper the delivery of healthcare services. As community leaders realize their part in providing health solutions, major reforms have resulted in easier access for residents to quality healthcare programs.

72 PROTOTYPE MUNICIPALITIES (2009-2013)

(GRI 102-40, GRI 102-42, GRI 102-43)

Academic partnerships as force multipliers for public health leaders

Key to the successful replication of the Health Change Model is academic partnerships. Trained faculty members deliver the course, which used to be directly given by Zuellig Family Foundation (ZFF) staff trainers. ZFF built the capacities of faculty members through training, coaching, and mentoring to effectively provide training and other interventions to their municipal leadership teams. A number are also undergoing the Bridging Leadership Trainer Certification Program to ensure quality of content and platform skills training.

Partnering with an academic institution started when the Foundation signed a formal agreement with the University of Makati in 2011. Through the partnership, ZFF piloted a shorter one-year, two-module course. Mayors and municipal health officers (MHOs) from 16 sister-municipalities of Makati City successfully finished the program. Their resulting health indicators were comparable to the improved health statistics in prototype municipalities that were under the two-year, four-module course.

This course was the start of the Municipal Leadership and Governance Program, a course now provided by academic partners to mayors and MHOs enrolled by the Department of Health under the Health Leadership and Governance Program.

At the end of 2018, there were 11 active academic partners. Some of these institutions were tapped for similar programs by other agencies like the Office of the Vice President, Commission on Population, Department of Social Welfare and Development, etc. Through these institutions, ZFF is confident there will be a steady stream of trainers and mentors who will continuously mold local health leaders into Filipino health champions.

ACADEMIC PARTNERS

- Ateneo de Davao University, Davao City
- Ateneo de Zamboanga University, Zamboanga City
- Benguet State University, La Trinidad, Benguet
- Cebu Normal University, Cebu City
- Development Academy of the Philippines, Pasig City
- Davao Medical School Foundation Inc., Davao City
- St. Paul University Philippines, Tuguegarao City
- Silliman University, Dumaguete City
- University of the Philippines (UP) Manila-College of Public Health
- UP Manila School of Health Sciences, Palo, Leyte
- UP Visayas, Miagao, Iloilo



ACADEMIC PARTNERS IN HEALTHCARE IMPLEMENTATION

Faculty members of the Davao Medical School Foundation Inc., one of ZFF's academic partners, check the technical roadmap to see who among the participants of the Municipal Leadership and Governance Program will proceed to the colloquium and formally finish the course.

(GRI 102-40, GRI 102-42, GRI 102-43)

Program partnerships for wider reach of Health Change Model

The Foundation engaged other partners to further expand the reach of the Health Change Model to achieve better outcomes in response to specific challenges. Partnerships are critical to the Foundation given its intention to work within a “collective impact” approach to leverage its resources. Engaging other organizations provides opportunities for ZFF to improve its processes, maximize existing resources and access more, build networks, and promote innovations in its work.

- Partnering with the United Nations Population Fund enabled the Foundation to work with provincial governors with a focus on family planning (FP), which later became a key element of its Provincial Leadership and Governance Program, while the work with the United States Agency for International Development highlighted service delivery network, tuberculosis, and FP.
- Work with the United Nations Children’s Fund facilitated engagement with cities and inequities in urban health settings. The learnings from this will be valuable in the emerging partnerships with highly urbanized cities under the City Leadership and Governance Program, which addresses urban poor health inequities and increasing teenage pregnancies.
- Engagement with the MSD for Mothers Global Giving Program addressed maternal challenges in geographically isolated and disadvantaged areas (GIDAs), and became the basis of ZFF’s continuing work with GIDAs in Region VIII, where its experience can be part of the GIDA strategy of the Department of Health.
- Involvement with the US-Philippines Society for the Super Typhoon Yolanda relief effort enabled ZFF to work on the resilience of health systems in Samar. This is now being used in the resiliency model for mainstreaming its training modules.
- Work with the Kristian Gerhard Jebsen Foundation looks at the problem of malnutrition and stunting, and has implications on addressing the stunting issue across the country. When the proof of concept is validated, the approach and strategies can be diffused to provinces whose governors are willing to use it.



PARTNERS IN ADDRESSING HEALTH CHALLENGES

At Malapatan, Sarangani, 19-year-old Judibeth Lemon fans her two-year-old daughter Juna within a treated mosquito net. To address different health issues, ZFF has been working with various groups like the University of California, San Francisco for the Malaria Elimination Initiative. In 2019, a partnership with the United Nations Population Fund will have ZFF work in selected Sarangani municipalities to help prevent the increasing incidence of teenage pregnancies.

(GRI 102-43)

Scaling up through partnership with the Department of Health

The improvements in the Zuellig Family Foundation’s (ZFF) prototype municipalities, particularly the drop in maternal mortality cases, did not go unnoticed. In 2013, Secretary of Health Enrique Ona, M.D., challenged the Foundation to transfer the technology to the Department of Health (DOH) and work with municipalities marked as priority by the National Anti-Poverty Commission.

Like ZFF’s work mission to improve health outcomes, the government’s then Universal Health Care Agenda had the goal of “ensuring achievement of health system goals of better health outcomes...and responsive health system by ensuring all Filipinos especially the disadvantaged group...have equitable access to affordable healthcare.”

Moving the perimeter from 72 municipalities to more than a thousand nationwide required a leap of faith, but it was a rare window of opportunity not always given to a private family foundation. But it came with risks, mainly because the intended innovation is coming from an outsider—a private civil society organization—and pushed by a politically appointed official, whose tenure is dependent on the pleasure of the country’s president. But it was a risk worth taking, and as the Foundation’s experience working with local government units (LGUs) showed, the risks can be mitigated.

For this scaling up, ZFF had a program partnership with DOH—the Health Leadership and Governance Program. To reduce the risks, the Foundation ensured the innovation is internally owned: all partnership policies, systems, procedures were co-created with the DOH. There is nothing in the program that was unilaterally introduced by ZFF. Further, ZFF covered all its operating costs in this program, including unfunded training interventions for DOH personnel.

The partnership involved the transfer of the technology by enhancing the leadership and governance capability needed to operationalize the Health Change Model, and the use of systems approach with Bridging Leadership as the platform to the participating regional offices. This required the training, coaching, and mentoring of DOH regional directors (RDs) and selected regional staff. Over 1,200 DOH RDs, assistant RDs, and other DOH officers were trained by the end of 2018.

Regional offices also provided the resources, to facilitate the responsiveness of local health systems to the needs of the poor.

After a second cycle in 2016, the partnership ended in December 2018.



726 REPLICATION MUNICIPALITIES

PARTNERSHIPS FOR BETTER HEALTH OUTCOMES

ZFF’s joint efforts with the Department of Health (DOH) have succeeded in improving health outcomes. Those who completed the Health Leadership and Governance course received from the DOH incentives such as healthcare facilities. Former Mayor Jose Abansi (left) of Burgos, La Union, is seen here at a DOH-funded barangay health station with then DOH Regional Director and now Undersecretary Dr. Myrna Cabotaje (second from left).

(GRI 413-1)

Implementing the ZFF strategy in provincial and regional health systems

In 2016, the Duterte administration introduced the Philippine Health Agenda, which promoted universal healthcare and service delivery network for the three burdens of diseases. This entails strengthening promotive, preventive, and curative care which are under different administrative levels of the government. As a catalyst in making this a reality, the Foundation recast its Provincial Leadership and Governance Program (PLGP) late that year. From working to ensure public hospitals had Comprehensive Emergency Obstetric and Newborn Care (CEmONC) capacities, the PLGP evolved to provide an intervention that will spur governors to lead provincial health reforms that looked beyond just hospitals.

Under the program, provincial governors exercised their leadership in the integration of curative and preventive care. While governors have direct supervision over their hospitals, they use political influence to align the goals and objectives of the municipal health systems with the overall provincial health goals and objectives. This is required if the service delivery network is to be effective, especially in addressing the needs of the poor in the province.

The Foundation's experience in PLGP cycle 2 showed that success in improving provincial health systems require a governor to be committed to good health outcomes, focused on the poor, and supported by competent staff.

Overall, the program showed it would take at least a year for the governors to fix their systems, which will be useful in light of the Universal Health Care Act that puts the province-wide health system as the organizing system for public healthcare. The Foundation's work henceforth with local governments will be premised on the commitment of governors and mayors to fix the integration of curative and preventive healthcare systems.

On the other hand, DOH regional directors were given the Bridging Leadership Fellowship Program so they become effective coaches and mentors especially to the provincial governors and their own DOH staff.

By using their newfound coaching skills, regional directors helped governors set a course through which they could effectively navigate their health systems to achieve their desired results.

These and other programs and innovations introduced by the regional directors helped strengthen the relationship between the DOH Center for Health Development and the provinces and municipalities they cover, which has helped move healthcare services closer to the people.



QUALITY PATIENT CARE AT ALL HEALTHCARE LEVELS
A pregnant woman will be transported from the D.O. Plaza Memorial Hospital in Agusan del Sur (ADS) to the Davao Regional Medical Center to receive the specialty care she needs. Health leaders of ADS, with help from the Department of Health Caraga Region Center for Health Development, have begun taking the necessary steps to have a fully functional service delivery network.

Our Bridging Leaders in public health

In the succeeding pages, you will read stories about health champions whose acts of Bridging Leadership have led to improvements in the health status of their communities.



- A** Former Mayor Joselito Escutin, Dr. Humbelyn Horneja, Vice Mayor Loreto Eslaban (Dao, Capiz)
- B** Dr. Ryan Guinaran, Dr. Meredith Labarda, Josephine Alindajao (Academic Partners' faculty members)
- C** Mayor Leila Arboleda (Looc, Romblon)
- D** Mayor Mar Ruel Sumabat, Dr. Katrina Asuncion-Dungca (Alilem, Ilocos Sur)
- E** Provincial Governor Adolph Edward Plaza (Agusan del Sur), Director Jose Llacuna Jr., M.D. (DOH Caraga Region Center for Health Development)



(GRI 413-1)

Rural town's ownership brings sustainable healthcare

Unlike the rail transport that has long ceased operations in Dao and across the Panay Island, the train of health reforms remains in motion in this inland municipality, ensuring every Daonhon's health is properly looked after.

"We've already developed ownership so we will not neglect health programs. ZFF gave us the ideas, concepts, and processes to fix health systems, and the three of us internalized these so I believe health reforms will continue," Dao Vice Mayor Loreto Eslaban said in 2011, as the partnership with ZFF began to wind down that year.

Fast forward to 2018: Eslaban proved right. Dao has kept its health indicators ideal, particularly its maternal health indicators, recording no death in the town since 2010.

In September 2018, all three Dao health leaders: Eslaban, former mayor and now municipal administrator Joselito Escutin, and municipal health officer Dr. Humbelyn Horneja were awarded by the Foundation for being outstanding Bridging Leaders in Public Health.

Impact of ownership on community healthcare

Dao was among ZFF's nine pilot sites for its Health Change Model strategy in 2009.

Horneja, who got into ZFF's program only because then-Mayor Escutin included her,

said she was initially confused why she, as a doctor, had to undergo a leadership program as well. But after undergoing the training, she realized the importance of ownership and of having the heart to do your work.

"Marami akong nasayang na years na kailangan pala yung ownership talaga," Horneja said after joining ZFF's program, adding, "Yung sa training na 'yun dun ako, parang awakening. Masarap pala magtrabaho na it's from the heart. (I realized I wasted a lot of years when I found out you really needed ownership. That training was an awakening. It feels better when you work from the heart.)"

Horneja spearheaded the *Nanay Bata Buhay Alagaan* (NBA-Care for Mother and Child) program to ensure the well-being of pregnant women from the time they conceive to the time they give birth. This had been a major contributor to Dao's good maternal health indicators, which included zero maternal death since 2010 (see chart on page 27). But there was a case of a Dao mother who died delivering her baby in a hospital outside the municipality. It became a very serious concern for Horneja and her team. After investigating and analyzing the case, they found weaknesses in their program and systems. The experience instilled in her the importance of analyzing facts and events so she can continually address health system gaps and improve health program implementation.

Co-owning and co-creating with barangays

The success of the NBA was driven by lessons on co-ownership and co-creation that they got from the ZFF program. Their NBA enjoys the active participation not only of medical staff but also of barangay health leaders and workers.

Engaging multiple stakeholders proved to be challenging but worthwhile not only for Horneja but also Eslaban and Escutin. In fact, Escutin admits using his Bridging Leadership (BL) skills to get inputs from his people and gather support for his programs that could bring further economic progress to Dao.

"There are many kinds of leadership models but BL produced better outcomes for me. I've used it many times, not just in health...and it has proven effective," Escutin said.

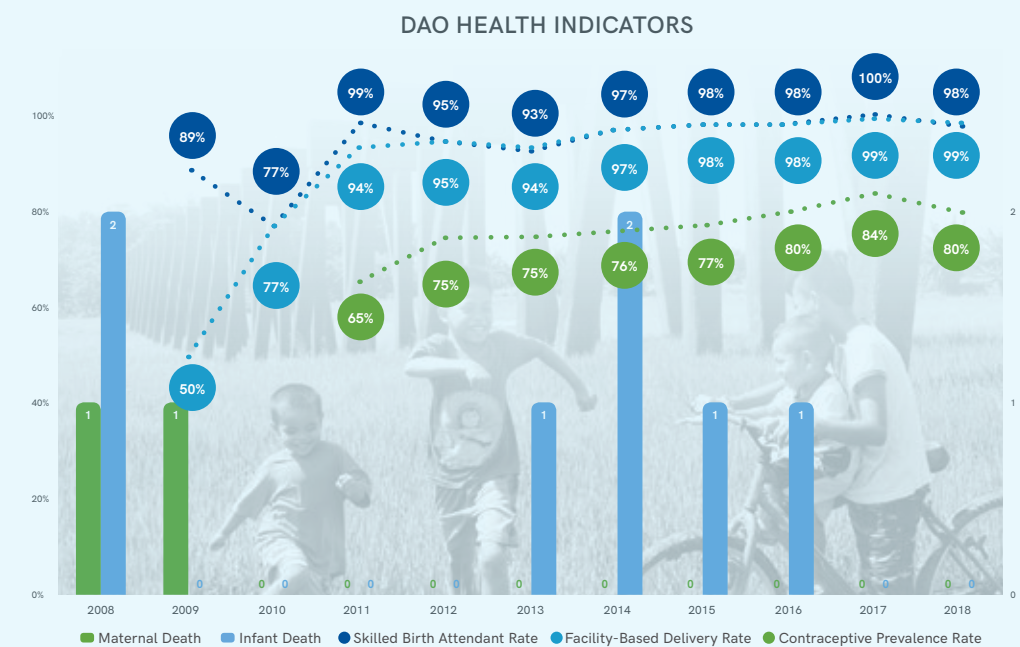
Awards for good health

As a result of its health leaders' consistent and collective efforts, the town of Dao has received several health awards

including the 2017 Purple Ribbon Award for its reproductive health programs, and the 2017 Regional Local Health System Award (first place).

Dao has also been recognized for effectively addressing adolescent sexual behavior issues. In 2018, or just two years after identifying adolescent sexual behaviors as a priority concern, the Department of Health gave Dao's teen center the highest level of certification—Level 3—for complying with the national standards set by the DOH. This level, according to DOH Memorandum 2017-0098, means the "facility provides health services in ways that respect the rights of adolescents and their privacy and confidentiality; and adolescents find the surroundings and procedures of your facility appealing and acceptable."

Dao may be a fourth-class sleepy town, but its health leaders work non-stop to give all Daonhons the best health services possible.





**WORKING TOGETHER FOR ACCESSIBLE
HEALTHCARE SERVICES**

Under the Nanay Bata Buhay Alagaan program in Dao, Capiz, community members and health workers provide the means to make healthcare services more accessible to mothers and children, such as available transportation to health centers. The program's impact remains significant as Dao has not had any maternal death recorded since 2010.

(GRI 413-1)

Transformed trainers help create better health leaders

Engaging academic partners (APs) is an integral part of the Health Leadership and Governance Program (HLGP). With hundreds of local government units involved, it was impossible for the Zuellig Family Foundation to deliver the program to all health leaders. Because APs are training partners of regional Centers of Health Development of the Department of Health, ZFF provided technology transfer and training for their faculty.

Just like the political leaders and health officials enrolled in the program, faculty members also experienced their own personal transformations as they taught local health leaders.

"It has allowed me to step back and assess what I have been doing over the past years and how these contribute to a bigger purpose. I've always believed that it is impossible to teach transformative leadership to others without the teacher being transformed along the process," said Dr. Meredith Del Pilar-Labarda of the University of the Philippines Manila, School of Health Sciences (Palo, Leyte).

For Josephine Alindajao of the Davao Medical School Foundation Inc., the program reaffirmed her commitment "to facilitate transformation." Through the program, she realized good political leaders still abound in the country; it

was only a matter of engaging them in programs "that will not only open their eyes and minds to the needs of their constituents but will also hit their emotions on the effects of ill-health."

Healthcare improvements with visible results

Alindajao is pleased that mayors now build infrastructures with health in mind. These include birthing facilities, halfway homes for pregnant women about to deliver, and access road improvements to health facilities.

Another positive change she witnessed was the successful engagement by leaders of other stakeholders to improve their health programs. She cites the case of Braulio Dujali in Davao del Norte where even the police are involved in teaching the youth skills like playing musical instruments to keep them away from drugs and risky sexual behaviors. In Pilar, Surigao del Norte, the agriculture office strengthened its organic farming program to help address malnutrition.

As more leaders are trained and more stakeholders are engaged, Labarda hopes the Bridging Leadership (BL) principles in governance will improve not only public health but also other sectors like agriculture, education and livelihood.

More Bridging Leaders through educational and training courses

Dr. Ryan Guinaran of Benguet State University-Open University (BSU-OU) likewise said the program allowed him to meet and learn from other facilitators. He hopes to "spread BL as a common language of leadership."

The BSU-OU was the first among the academic partners to grant credits to completers of the program. This means that aside from getting their Certificate in Community Health Development, they already have 12 credited units should they pursue a Master in Community Development degree.

Guinaran also shared they have begun offering Bridging Leadership for Emerging Student Leaders for their student council members. He hopes more schools in the region will adopt it too. He also said plans are being finalized to train deans and

directors of the BSU in 2019 in hopes of integrating BL into their strategic planning.

In Davao City, Alindajao said they have been incorporating the BL framework in their engagements with leaders and volunteers in communities served by DMSF's Institute of Primary Health Care, its community service arm which promotes primary healthcare through training mobilization of volunteer health workers.

Moving forward, Labarda knows what must be done to develop more Bridging Leaders who address health and other issues for the benefit of Filipinos: "We must continue to learn and provide an enabling and supportive environment for leaders entrusted to us so they can thrive in the midst of the struggles and challenges of bringing transformation—first on a personal level, and then as a community of practice."

"I have seen how it really made an impact on mayors and MHOs. It has touched me in a different way that they treat this not as a usual training but as their personal journey as a leader."

—Dr. Ryan Guinaran of Benguet State University-Open University on the changes he saw as a result of the Municipal Leadership and Governance Program (MLGP)

"I think the program has allowed them to re-assess their lifelong dreams and aspirations, and connect these to a deeper purpose that creates meaning in the things they do. For participants who have taken this seriously, they go back to their municipalities with a different perspective and a renewed sense of hope with the system and the teams they are working with."

—Dr. Meredith "Medith" Labarda of the University of the Philippines Manila, School of Health Sciences (Palo, Leyte) on the resulting positive changes of MLGP

"It gives us satisfaction, a feeling of fulfillment when we do validation work and then we can see better health outcomes, we witness positive values of the leaders, and we see evident complementation of the stakeholders and active participation of the community."

—Josephine "Jobas" Alindajao on what conducting MLGP has given her and her team at the Davao Medical School Foundation Inc.



BRIDGING LEADERS AND BEYOND

Through ZFF's academic partnership, more Bridging Leaders are being developed as they incorporate the Bridging Leadership (BL) framework into their programs and conduct similar training programs. Seen here is Josephine Alindajao (standing, right) of Davao Medical School Foundation Inc. (DMSF) as she watches one of the midwives at Davao City Marilog District give patients a short lecture on pre-natal and child healthcare management. Health leaders and workers in this city health office were given a similar BL training program by Alindajao and the rest of the DMSF Institute of Primary Health Care team.

(GRI 413-1)

Reducing stunting and undernutrition through integrated nutrition governance

The Philippines continues to face issues of wasting and stunting among children, which, if left unchecked, can lead to economic losses and deaths.

A study by the United Nations Children's Fund (UNICEF), "The Economic Consequences of Undernutrition in the Philippines: A Damage Assessment Report," showed losses suffered by the country due to undernutrition amounted to \$4.5 billion annually. UNICEF also noted 29,000 under-5 Filipino children die yearly due to undernutrition. And a joint malnutrition estimate by the UNICEF, World Health Organization, and the World Bank revealed under-5 stunting among Filipino children was 33.4 percent in 2015. Malnutrition among children is caused by several factors such as lack of food, a mother's health during pregnancy, inadequate healthcare, etc. Thus, addressing it requires an intervention that examines and produces reforms into the whole nutrition system.

Through a partnership with the Switzerland-based Kristian Gerhard Jebsen Foundation (KGJF), the Zuellig Family Foundation began an intervention aimed at strengthening nutrition governance in two municipalities ZFF had previously engaged: Looc in Romblon and Gamay in Northern Samar.

Through the program, the mayors and their health teams updated their municipal nutrition action plans, gave corresponding budgets for their nutrition programs, and issued the necessary policies to support their implementation.

Health leaders began to realize the role of various sectors affecting nutrition such as agriculture, livelihood, and education. Membership of the municipal nutrition committees expanded and became functional. Barangay nutrition committees were also formed.

Through the National Nutrition Council, barangay nutrition scholars (BNS) were given basic skills training.

Another training by the ZFF had health and nutrition workers harmonizing their action plans to address the first 1,000 days of life. The Local Integrated Nutrition Information System was also introduced, which now ensures the intensified tracking and monitoring of malnourished children and their families.

Referral systems between barangay (village) and the municipality's rural health unit (RHU) became functional, allowing BNS like Betty Flores of Barangay Pili in Looc to refer patients directly to the RHU, where there are more resources available to help patients.

One of Flores's patients is Junel Javier who, at 30 months, was found lacking in protein and iron. He had thin hair and swollen ankles, feet, belly and face. He lacked appetite and was generally weak.

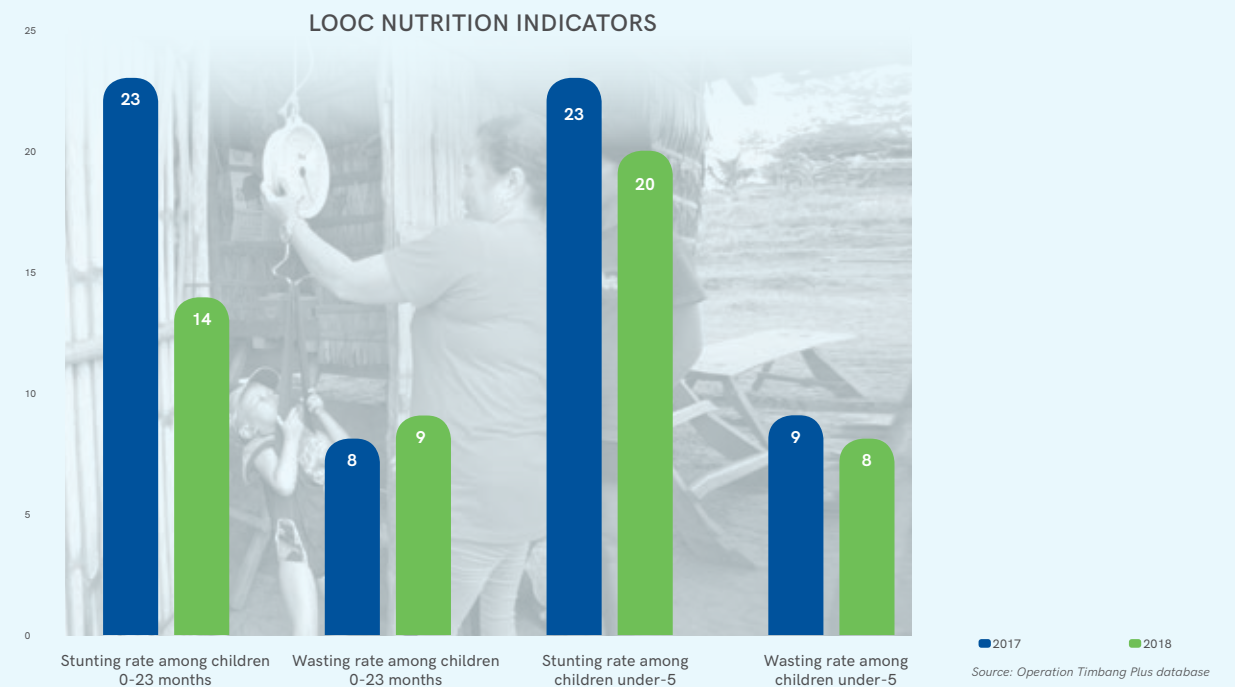
As part of the revitalized nutrition campaign of the municipality in 2017, Junel was given close clinical care and dietary and micronutrient supplements. His family was provided nutrition counselling and even financial support. A few months into the intervention, the three-year-old boy displayed noticeable improvements. The swelling is gone and he has a healthy appetite. Though still considered underweight, everyone is optimistic he will soon reach normal nutritional status.

Among those looking forward to Junel's rehabilitation is Looc Mayor Leila Arboleda, whose town ranked third in stunting and fourth in wasting among

Romblon's 17 towns. National Nutrition Council's Operation Timbang Plus database showed that in 2017, 23 percent of Looc's 0- to 23-month-old babies were stunted and 8 percent were wasted. In 2018, stunting dropped to 14 percent but wasting increased to 9 percent.

To help achieve better nutrition, the municipal government introduced in August 2018 its Biggest Gainer Community Challenge. This will award the top three villages that attain the highest annual percentage improvements in nutrition indicators like under-5 wasting, underweight and stunting. Rewards include medical and nutrition supplies and goods worth P200,000, P100,000, and P50,000 respectively.

Meanwhile, BNS Flores continues to do her village rounds to check on children and educate families about proper nutrition and sanitation.





TIPPING THE SCALES FOR NUTRITION REFORM

Betty Flores (left), barangay nutrition scholar of Looc, Romblon, records a child's weight to monitor malnutrition. In response to the country's ongoing nutrition issues, ZFF partnered with the Kristian Gerhard Jebsen Foundation (KGJF) to revitalize nutrition programs that encouraged more active barangay participation and provided better measuring equipment.

(GRI 413-1)

Co-ownership brings more health support, leads to improved health

A fourth-class town where a third of the villages are considered geographically isolated and disadvantaged won the top prize in the Zuellig Family Foundation's 2018 search for Excellence in Health Governance Award among local government units (LGU).

To win, the LGU's health leaders must prove they had few or zero serious health gaps in the six building blocks of their health system. This would be proven by meeting over 60 targets in the health roadmap, which is a color-coded monitoring tool: green for meeting targets, yellow for partially meeting targets, and red for not meeting targets (see page 12 for related information).

Alilem was lagging in fulfilling some of the Magna Carta of Public Health Workers' requirements. Otherwise, its roadmap was as green as the terraced mountain slopes and forests of the Ilocos Sur town.

Between 2013 and 2017, maternal and infant death cases in the LGU should ideally be zero, while rates for facility-based delivery (FBD), skilled birth attendant (SBA) delivery, and contraceptive prevalence (CPR) should be at or above the national targets.

From 2013 to 2017, Alilem had neither maternal nor infant death (see chart on page 39). Its SBA and FBD, which were both at 61 percent when its leaders started the Municipal Leadership and Governance Program (MLGP), progressed to hit 100 percent in 2017. Its CPR, however, fell to 56 percent in 2017 after steadily increasing and hitting a high of 63 percent in 2016. It rose slightly to 57 percent in 2018.

Considering the challenges some residents face in going to and from health facilities, the 100-percent FBD is remarkable. Dotted by hanging bridges to connect communities to the town proper or the access roads, only four of the town's villages remain passable by vehicles during the rainy season. The town's five other villages can only be reached on foot or by boats.

Regional, municipal and barangay health investments

To ensure a mother's safety, the town invested in getting its main birthing facility PhilHealth-accredited. Built adjacent to this facility is a shelter where pregnant women about to deliver or have just delivered can temporarily stay.

With Mayor Mar Ruel Sumabat at the helm, health budget increased from 12 percent to 15 percent of the internal revenue allotment, while barangay leaders were convinced to allot at least 5 percent for health.

There is now one midwife for every village. Through the Department of Health's (DOH) Health Facility Enhancement Program, each village now has its own functional barangay health station.

A dialogue led by the mayor with his village chiefs led to the establishment of the Inter-Barangay Transport Vehicle Referral System to respond to emergency medical cases. The local government has also been constructing farm-to-market roads to address accessibility.

Mayor Sumabat realized his great health responsibility only after being enrolled by the DOH Region I Center for Health Development into the MLGP in 2014.

"The Bridging Leadership's concept of ownership, co-ownership and co-creation taught me to look beyond what we see, respond to situations strategically and positively act to reach my greatest potential," Mayor Sumabat said.

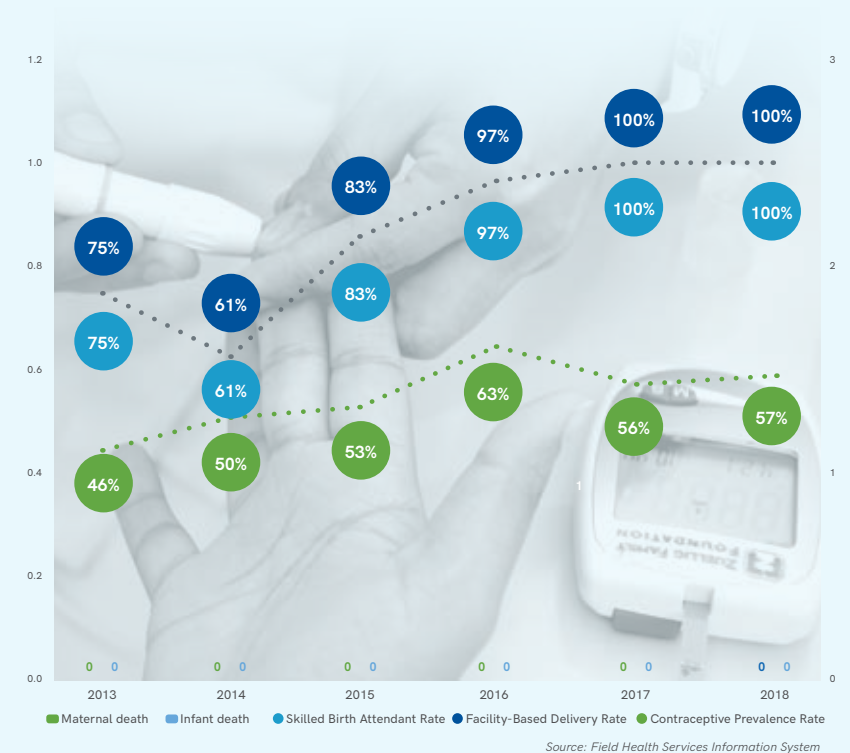
Mayor's office in RHU

Even after completing MLGP, the mayor remains committed to better health, having his own room in the Rural Health Unit (RHU), where he regularly holds office. He also joins monthly RHU staff meetings headed by Dr. Katrina Asuncion-Dungca, the municipal health officer and a former Doctor to the Barrio.

The two, along with RHU staff, also conduct monthly visits to the villages for their *Konsulta sa Barangay* (Village Consultations).

Involving stakeholders has been key in their health successes. As Dr. Asuncion-Dungca said: "Building a sustainable maternal and child healthcare program in Alilem involved a tedious process of collaboration between stakeholders, private institutions, and most importantly, gaining the trust and participation of the whole community."

ALILEM HEALTH INDICATORS





**COMMUNITY ENGAGEMENT
REAPS REWARDS**

Barangay consultations help inform, provide feedback, and earn support for local government's health programs. Seen here are Barangay Anaa Chairman Pablito Budao (second from left), Alilem, Ilocos Sur Mayor Mar Ruel Sumabat (third from left), and Dr. Katrina Asuncion-Dungca (seventh from left). Alilem won the Foundation's 2018 Excellence in Health Governance Award.

(GRI 413-1)

Champions of regional and provincial health systems

Dr. Jose Llacuna Jr., Center for Health Development Caraga Region Director, recognized how the Health Leadership and Governance Program (HLGP) can be an effective platform in engaging local chief executives and help him realize his vision of establishing functional service delivery networks in the provinces.

“Good leadership can transform and drive the health system effectively and produce better health outcomes,” Llacuna said.

So when he was asked by the Foundation which provinces he would like to be included in cycle 2 of the Provincial Leadership and Governance Program (PLGP), he readily said Agusan del Sur. Llacuna had been a witness to the governor’s deep commitment, and a number of local chief executives from different municipalities of Agusan del Sur have already finished the Municipal Leadership and Governance Program.

For his part, Agusan del Sur Governor Adolph Edward Plaza had set his sights on solidifying his legacy in his province when he entered his 23rd year in public service and last term as governor.

He first focused on poverty alleviation through the flagship livelihood program called Upland Sustainable Agri-Forestry Development (USAD) Convergence Program launched in January 2013. USAD targeted upland farmers who were severely affected by Typhoon Pablo in December 2012, providing them capacity development opportunities and assistance in cultivating crops to help them rebuild their livelihood.

Then he turned to health. Despite Plaza’s efforts to help fix the hospitals, he felt the province was still failing to satisfy his

constituents availing of health services. Thus, the governor accepted Llacuna’s invitation to join PLGP cycle 2.

“I think this (PLGP) is it. This is a third party that is apolitical whose objectives are to guide us in seeing the problems and push us to do something about them,” Plaza said.

The program focused on seven deliverables: core group formation, hospital improvements, rural health unit (RHU) accreditation, establishment of service delivery network, health equity information system, program for social determinants of health, and community participation.

Joint commitment to better health

Believing he needed to journey with the governors to let them know he co-owned their health challenges and corresponding solutions, Llacuna worked with Plaza and joined the latter in his PLGP activities.

The pair also identified and formed a core team from different sectors with roles in improving and strengthening what they call the Provincial Government of Agusan del Sur (PGAS) Health System. This group was later called the One PGAS Team. Together they created a new health vision: “A quality healthcare system with highly satisfied clients, especially the disadvantaged Agusanons.”

Working toward this vision, Plaza empowered middle and technical managers to strategize and implement plans to improve hospital services. As a result, human resource was increased, services were upgraded, customized hospital feedback tool was implemented, infrastructures were improved, and budget was increased from P226.9 million in 2016 to P346.5 million in 2018, among others.

Reforms helped achieve 100-percent no-balance billing in three of its five provincial hospitals in 2017. That same year, 51 staff members were appointed to regular positions. The Talacogon District Hospital (TDH) was upgraded to Level 1 hospital in August 2017.

The PLGP had an activity that specifically called for governors to gather their mayors, share their health vision, and win their support. This became an avenue for Plaza and his core team to discuss with municipalities their needs and health priorities. Through this, four inter-local health zones were established, policy sharing was facilitated across municipalities, and 12 of the 14 RHUs became 3-in-1 Philippine Health Insurance Corp. (PhilHealth) accredited.

These efforts helped improve maternal health with facility-based delivery rate increasing and maternal mortality ratio (MMR) decreasing to 45 in 2018 from 77 in 2016 (see chart). Contraceptive prevalence rate (CPR) also increased to 88 percent in 2018 from 76 percent in 2016. In the same period, the overall six-province Caraga regional data showed MMR decreased to 70 from 80. Likewise, CPR increased to 77 percent in 2018 from 65 percent in 2016.

Governor Plaza is also proud of the Hospital Information System being piloted in TDH. With PhilHealth granting TDH access to their web portal, submission of patients’ records and data transmission were simplified from the barangay up to the provincial level. This has allowed the provincial government to track the health status of every Agusanon.

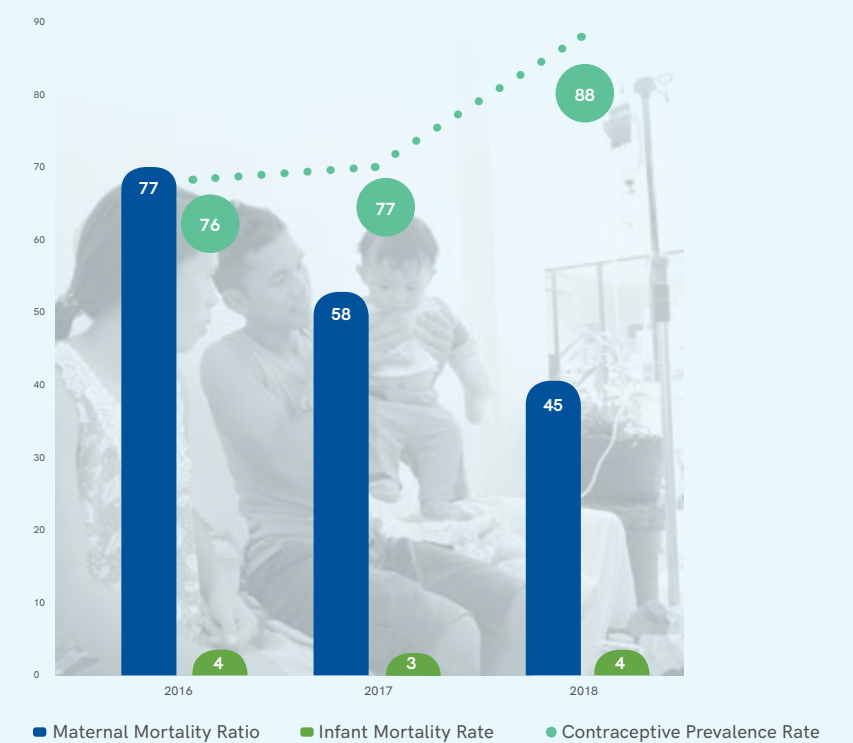
And while the province has not fully met the conditions under PLGP’s social determinants of health, it has integrated health components to their USAD program to have a holistic approach in its efforts to uplift livelihood. Now, all USAD beneficiaries are enrolled in PhilHealth and their children attend alternative after-school program where they learn about nutrition and other health topics.

To sustain the province’s accomplishments after he steps down, the governor said efforts were done to expose the legislative branch to health reforms.

“Some of our legislators have also undergone Bridging Leadership and we have shown them the realities and dreams in the health service delivery of the province,” Plaza said.

“Health core team, health practitioners and other constituents should be continuously empowered to ensure implementation of both short-term and long-term health reforms to include the social determinants of health. Politicians or leaders come and go but these people are the key to the sustainability of every program; thus, co-ownership is essential. Showcase the small gains in health reforms to inspire every stakeholder to continually improve and sustain the health service delivery network,” Plaza added.

AGUSAN DEL SUR HEALTH INDICATORS



Source: Provincial Head Office



**HEALTH EDUCATION FOR CHILDREN,
LIVELIHOOD FOR PARENTS**

In a school at Santa Emelia, Veruela, Agusan del Sur, children discuss the nutritional value of vegetables through an alternative after-school learning program as part of the provincial government's efforts to integrate health and education for the children of its Upland Sustainable Agri-Forestry Development (USAD) program beneficiaries.

(GRI 203-2)

Continuing the mission to strengthen Filipino leaders' health governance capacities

All in all, the Zuellig family has provided more than P800 million to the Foundation in the last decade. Collectively, the Zuellig Family Foundation's partners have spent close to P600 million. For its partnership program with ZFF, the Department of Health (DOH) has spent P600 million over the last five years, on top of the Foundation's own P150 million for the Health Leadership and Governance Program alone.

Twenty-six provinces and nearly 800 municipalities have been trained under the Health Change Model since 2008. More than 1,200 people from the Department of Health, including senior regional operations staff, together with 155 faculty members from 11 academic institutions all over the country, have likewise been trained in Bridging Leadership.

ZFF to offer programs to support UHC Law

The Foundation does not stop here. Beginning 2019, ZFF will start its public health leadership programs with courses to be offered to officials and staff of the DOH, health leaders of local government units and faculty members of academic partners.

It will also continue working with provinces, though ZFF will concentrate its efforts in pilot provinces to closely study and monitor its interventions. The target is to pick at least three from its roster of engaged provinces under cycle 2 of its Provincial Leadership and Governance Program, and address



CONTINUING THE WORK WITH NEW PARTNERSHIPS
At Maitum, Sarangani, two young mothers wait with their children as they look forward to getting a ride home. Maitum is among the municipalities that have benefitted from ZFF's Health Change Model. The Foundation continues to move forward in making healthcare more accessible by involving isolated areas in its programs through partnerships with local governments and academic institutions.

the remaining challenges in health information, continuity of care, and health financing, as well as help local leaders execute their responsibilities under the Universal Health Care Act.

Through its work, the Foundation will help in operationalizing the DOH's Fourmula One Plus strategic framework in the provinces particularly where local investment plans for health, service delivery networks, and health scorecards are concerned. ZFF will take an active role in assisting local governments integrate their health systems into province-wide health systems.

Addressing malnutrition and teenage pregnancies

The Foundation's program for the provinces is targeted at further improving maternal and child health, nutrition in the first 1,000 days of life, and adolescent sexual and reproductive health (ASRH). For the latter two health issues, ZFF crafted health governance interventions that will be carried out in selected provinces and cities.

These interventions are based on available literature, input from external experts, and ZFF's own knowledge and experiences. Significantly contributing to the broadening of ZFF's knowledge base is partnerships. In 2019, ZFF will pursue more partnerships even as it continues working with the United States Agency for International Development (USAID), Kristian Gerhard Jebsen Foundation, the University of California-San Francisco, and the ASRH program in Mindanao with the United Nations Population Fund.

Results of ZFF's effort

From all that has been done, these are what the Foundation has to show for its work:

- A public leadership and governance approach, which can be shared with other interested sectors through public programs that will be available starting next year
- Partnership engagement with the DOH, regional Centers for Health Development, where direct operations work is essential
- A network of academic partners that can diffuse and move the technologies and tools to other sectors
- Engagement of other partners critical for the replication, mainstreaming, and expansion of coverage of the Health Change Model and its capacity-building platforms

All these are now part of the Zuellig family's legacy of doing the right thing for the country of their birth. Doing the right thing could have been "feel-good initiatives" with no systematic approach. But the Foundation had a focused vision and mission to be the catalyst for better health outcomes of the poor. ZFF is a Foundation with a strategic goal and measurable results.


There are now local chief executives with better commitment for public health leadership and governance, and improved working relations with the

country's health institutions. These, and a growing public voice for health will help ensure the sustainability of ZFF's public health interventions.


The Foundation's work, however, is not yet done. It knows there are still pressing issues in local health systems that must be addressed. And if the government continues on its current path, ZFF's interventions will be more valuable and useful. First, the DOH's strategic

framework underscores health governance and accountability. Second, the Universal Health Care Law is a move toward integrated province-wide health systems.

Clearly, there is manifest significance in what ZFF has been doing as it always anticipates and performs its role as a catalyst for better health outcomes of all Filipinos.



The Foundation does not stop here. Beginning 2019, ZFF will start its public programs... The Foundation's program for the provinces is targeted to further improve maternal and child health, nutrition in the first 1,000 days of life, and adolescent sexual and reproductive health.



SUSTAINABILITY REPORT

Rural healthcare management for sustainable progress

With 10 years of experience delivering a novel change model for the much-needed improvement of rural health situations across the country, the Zuellig Family Foundation is even more conscious of its duty to stakeholders to ensure that the organization grows stronger and gets better as it moves forward into the future. To continue fulfilling its avowed duty to care for the people, ZFF is committed to integrating sustainability into its journey toward healthcare for all.



Location: Maitum, Sarangani

Report scope and boundaries
(GRI 102-46, GRI 102-54)

For the fifth consecutive year, the Zuellig Family Foundation (ZFF) is reporting on the organization’s sustainability performance as part of its Annual Report. Covering initiatives from January to December 2018, the information and data presented in this report have been consolidated by ZFF’s Sustainability Technical Working Group (TWG) which is responsible for monitoring, evaluating and analyzing performance records from process handlers. Member units of the TWG include the administrative, human resource, finance, and corporate communications.

This report has been prepared in accordance with the GRI Standards: Core option with additional G4 NGO Sector Disclosures. The reporting structure and process prescribed by the global standards have provided the Foundation the framework to continuously assess internal processes, program effectiveness, and the impact of its activities.

The metrics for the Foundation’s successes and progress, such as maternal mortality, infant mortality, number of health facilities, number of skilled birth attendants, etc. are included in the program design and are reported in depth in the main section of this Annual Report. Meanwhile, other performance metrics that particularly touch on material aspects of sustainability covering good governance, program management, and operational impact are shared in this section.

Approach to sustainability

The foundation’s impact on healthcare improvement

As ZFF marks its 10th year of service for the benefit of the Filipino families’ health, it becomes apparent how its stakeholders have also benefitted from the organization’s practice of reporting on sustainability performance in strengthening public accountability and generating transparency that affirm its contribution to the country’s sustainable development.

This commitment to the pursuit of continuous improvement has allowed the Foundation to align with the government’s strategic framework to bring universal healthcare to every Filipino. At the same time, the Foundation continues to assess and validate the identified Material Aspects of sustainability key issues while developing appropriate responses to address the concerns.

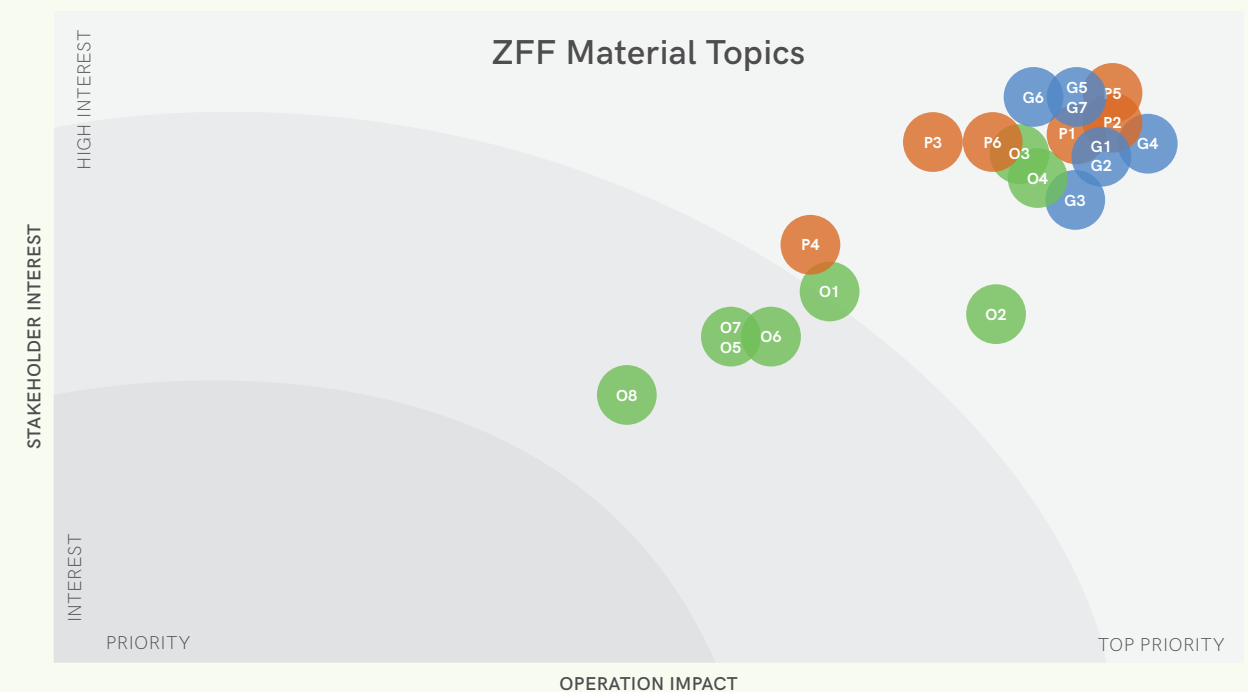
In 2018, the Foundation conducted a Materiality Assessment exercise where the material topics presented in the 2017 Sustainability Report were validated through a survey with key departments and stakeholders. The survey ascertained the current level of criticality of the material topics, to identify which has the most impact for the stakeholders and to the business of the Foundation.

The key results of the Materiality Assessment showed changes in the level of criticality for a number of topics, revealing that Program Management topics are most material to the organization, followed by Good Governance before Operational Impact (see chart on page 53).

Ranking the topics by these three categories reveals that implementation of projects remains ZFF’s top priority. In line with this, Good Governance as the second material category, emphasizes that effective implementation is not possible without having a solid foundation of internal management.

Meanwhile, environmental topics remaining the least material is consistent with the low physical impact of ZFF’s operations. Considered the most material Operational Impact topic is human rights protection (O3), strongly relating to the Foundation’s activities and its priority of people, both internal and external.

(GRI 102-47)



Program Management

- P5-Program effectiveness management
- P2-Program monitoring, evaluation, and learning
- P1-Better healthcare programs
- P6-Feedback and complaints management
- P3-Public awareness and advocacy
- P4-Better livelihood and wellbeing

Good Governance

- G7-Partnership management
- G5-Compliance to stakeholder requirements
- G4-Financial management
- G6-Stakeholder communications
- G2-Corporate governance
- G1-Ethical funding
- G3-Internal process management

Operational Impact

- O3-Human rights protection
- O4-Safety and security
- O2-Workplace wellness
- O1-Material consumption
- O6-Water management
- O7-Waste management
- O5-Energy management
- O8-GHG emission

Partnership management (G7) showed the biggest increase in ranking, with program effectiveness management (P5) coming in second. These topics, as well as stakeholder communication (G6) and human rights protection (O3), revolve around the supporting aspects of project implementation. This signals bigger emphasis on the efficiency of the project implementation process.

Topics directly related to project implementation - better healthcare programs (P1) and better livelihood and well-being (P4) - show a marked difference in change in ranking. P1 stayed in the same priority range, while P4 dropped 14 levels in ranking, which gives the program managers a reason to consider its implications thoughtfully.

Meanwhile, workplace wellness (O2) showed the second biggest decrease in ranking, followed by ethical funding (G1), reflecting hyper-focus on external stakeholders and the priority given to serving the needs of the communities.

Consistent and continuous support from stakeholders

As a Foundation advocating rural health programs, ZFF is keenly aware that the full support of its internal and external stakeholders, and their commitment to long-term success, are only possible through consistent and constant engagement.

ZFF enjoys the support of several groups of stakeholders who are directly involved with the organization and its programs—whether as partner or beneficiary—and the Foundation takes pains to maintain open and accessible communication channels. Stakeholder engagement is integral to its sustainability approach such that ZFF creates platforms to actively engage each of them and create an environment where people are open to learning from each other.

Anchored on the values it espouses, the Foundation communicates and relates to its stakeholders in a transparent, professional and inclusive manner. It is purpose-driven and endeavors to always be fair and just in all its dealings and transactions.

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44)

INTERNAL STAKEHOLDERS	KEY CONCERNS	RESPONSES
Staff	<ul style="list-style-type: none"> • Compensation and Benefits Package • Alignment of work with personal values, passion and purpose (job fit) • Recognition of staff's added value and unique contribution to the vision of the Foundation • Professional and personal development and advancement • Supportive and enabling working environment 	<ul style="list-style-type: none"> • Compensation and benefits exceed industry standards • Fairness and consistency in job classification and pay assignments are observed; Talent Bank database • Structured employee advancements, in-house and external training, biannual appraisal process, Staff Development Grant • Personal good health as part of its Sustainability Policy, free medical screening tests
Members of the Board	<ul style="list-style-type: none"> • Unique/distinctive and maximum contribution/value of the Foundation to the health sector • Implementation of strategies identified • Judicious use of fiscal resources and grants • Foundation's work impacts on reducing health inequities • Continued support from partners and other stakeholders 	<ul style="list-style-type: none"> • Establishment of Health Change Model (HCM) as a sustainable solution to solve issues on health inequities • Nationwide implementation of HCM • Engaging partners, building relationships and utilizing technology to leverage sustainable advancements
Zuellig family	<ul style="list-style-type: none"> • Work of the Foundation should positively contribute to the health development of the Zuellig family's country of birth. • Operations of the Foundation should follow family values, enhance family brand. 	<ul style="list-style-type: none"> • Participation in addressing health inequities in the Philippines through HCM • Work of the Foundation is guided by Zuellig family values

EXTERNAL STAKEHOLDERS	KEY CONCERNS	RESPONSES
Department of Health (DOH)	<ul style="list-style-type: none"> • Contribute to the achievement of the Philippine Health Agenda • Technology transfer in health leadership and governance • Contribute to the development of provincial health champions 	<ul style="list-style-type: none"> • DOH is an active partner in engaging local governments and other stakeholders for better health • ZFF Institute transfers training, coaching and quality assurance to DOH
Local government units/regulators	<ul style="list-style-type: none"> • Be equipped with appropriate knowledge, skills, attitudes and values to be able to implement health-related projects and programs in community • Recognition as change leader in community • Implement practical solutions to local health problems and concerns • Improvement of community health systems • Access to other resources and partners for health • ZFF quality brand in training 	<ul style="list-style-type: none"> • ZFF formation programs surface the need for health leaders to be accountable for their constituents' health. Leaders are also taught to bring their people to work together toward a common health vision.
Partners	<ul style="list-style-type: none"> • Contribution of Foundation to partners' cause and recognition of partner organization through ZFF work • Involvement in program development and implementation • Compliance with program deliverables and financial performance standards • Unique/distinctive and innovative contribution/value of the Foundation to the health sector including reduction of health inequities 	<ul style="list-style-type: none"> • Participation in addressing health inequities in the Philippines through HCM • Work of the Foundation is guided by Zuellig family values
Academic partners	<ul style="list-style-type: none"> • Technology transfer of health leadership development program • Increase partner's relevance to society • Access to continuing learning and research on health leadership and governance 	<ul style="list-style-type: none"> • Materials researched are designed for public consumption • Partners are tapped as leverage to further expand HCM in localities • Sharing through publications the knowledge of its health models and programs

(GRI 103-1, GRI 103-2, GRI 103-3)

Leadership through partnership for healthcare improvement

- Program effectiveness management
- Program monitoring, evaluation, and learning
- Better healthcare programs
- Feedback and complaints management
- Public awareness and advocacy

"Bridging Leadership is... a type of leadership that is appropriate in promoting multi-stakeholder processes to address societal inequities. This is about leading collaboration and collaborative action to bring about social change."

— Excerpt from the acceptance speech of ZFF President Ernesto D. Garilao at the David Rockefeller Bridging Leadership Award presented by Synergos in New York City



For an organization which exists primarily to advance the Zuellig family's vision of good health for Filipino communities, it is completely understandable that the stakeholders of the Zuellig Family Foundation (ZFF) should consider Program Management as the most critical material aspect of sustainability.

Intent on being relevant, effective, and innovative in the pursuit of its mission, the Foundation is fully cognizant of its responsibility to efficiently and professionally manage the finite resources purposely endowed to produce results that impact the lives of poor families in its project sites, especially those in geographically isolated and disadvantaged areas.

For all its programs and activities, the Foundation spent P150 million or 104 percent of its approved 2018 budget of P144.5 million.

Program effectiveness management

Even before the approval of Universal Health Care Act, the Foundation has been strengthening its planned interventions to help its selected provinces implement the law effectively and ensure better health indicators thereafter. Thus, in choosing the provinces, the Foundation considered the capacities of the provinces based on their achievements under the Provincial Leadership Governance Program (PLGP) cycle 2.

Provinces with same priority health indicators as ZFF's were tagged as good candidates. These health indicators include maternal and child health, adolescent sexual and reproductive health, and nutrition.

The choices are critical to make the intervention successful. Thus, the following were given weight in choosing: having a provincial health system already in place, has improving health indicators, has proven active participation in the ZFF program, has trained provincial health team leaders under the Health Leadership and Governance Program (HLGP) foundational courses, and has a supportive regional director from the Department of Health (DOH).

A prescribed method for assessment of program effectiveness is included in the technical roadmap of all the Foundation's programs. Using scorecards helps show the gaps in the health system.

Because the Foundation introduced interventions at various levels of the health system, stronger health leadership and governance could effectively integrate healthcare service delivery such that patients get the quality care they need.

Program monitoring, evaluation, and learning (GRI 413-1)

ZFF programs identify key metrics to track over time as indicators of progress, and in most cases this is the maternal mortality ratio and its surrogate indicators of facility-based deliveries and the presence of skilled birth attendants. A technical roadmap or scorecard guides the quality implementation of the programs. This is then used as a tool to monitor and evaluate progress and learnings and to recommend course corrections if needed.

Program monitoring and evaluation, along with research and learning, are some of the core functions of the Technical Services Group (TSG). The group is made up of four sub-units with distinct, yet interlinked functions. As a unit, the TSG serves as the lead learning office of ZFF—ensuring the systematic collection, analysis, packaging and dissemination, as well as storage and retrieval of institutional learning and performance data.

The TSG has the responsibility of ensuring both performance data and learnings are harvested routinely from organizational and programmatic operations, research, and monitoring and evaluation. The information is then utilized in the development of internal policies, program design, and corporate strategy.

Program innovations and improvements have been key to ZFF's success in its interventions and forging partnerships such that in 2018, the Foundation took steps to strengthen its knowledge management (KM) processes, with a specific KM unit shepherding learning sessions to ensure that salient program learnings from actual field experiences are gathered, analyzed, packaged, and shared with other leaders and teams.

The end of 2018 also marked the formal end of PLGP cycle 2 and HLGP cycle 2. Lessons from these two programs were collected with the assistance from the Bayan Academy, a social development organization offering entrepreneurship, management, and education training programs and services. These lessons have been used to develop other interventions.

Further, learnings from these two programs were also shared by DOH regional directors and provincial governors during the Health Leadership and Governance Summit conducted in September 2018.

Better healthcare programs

Continuous improvement and evolution are essential for the Foundation to remain effective in its advocacy. As the cycle 2 implementation of the PLGP came to a close by the end 2018, a new three-year cycle plan was drawn up taking off from the learnings of the past programs. It is called the Integrated Provincial Health Systems Development Program (IPHSDP).

Through the IPHSDP, the Foundation hopes to develop priority provinces where operationalization of the Universal Health Care Act is fast-tracked, and the resulting health indicators and outcomes are better.

The PLGP cycle 2 gave ZFF robust data to work with and build on. Designed using the principles of Primary Health Care and aligned with the three guarantees of the DOH’s Philippine Health Agenda, the program proved that the local health system can be integrated at the provincial level, with the leadership of the governor

as health champion together with his or her core team. It also showed that hospital development and engagement of rural health units for continuity of care can be done with the help of the DOH, Philippine Health Insurance Corp. regional offices, municipal health officers, and the mayors.

The program also showed the potential of having national departments work together to have an integrated approach to addressing the social determinants of health. These social determinants are increasingly being seen at the national level as a major contributor to health inequities and such was the theme of the symposium of the National Academy of Science and Technology for their policy advocacy strategies. It was clear from the symposium that at the national level, the national departments need to have better synergy for an integrated approach.

With the DOH’s Fourmula 1+ (F1+), Secretary Francisco Duque III calls for the “integration of the public system at the provincial level” and to “coordinate all DOH assistance through the updated province-wide investment plans for health.” The PLGP cycle 2 experience provides the proof of concept to the intentions of the F1+ and would be a good starting point for F1+ and the Universal Health Care Act’s operationalization.

The intervention will still be focused on achieving better health outcomes through strengthened health leadership and governance. While provinces will have the freedom to choose their priority health concerns, ZFF will closely be monitoring maternal and child health, nutrition, and adolescent sexual and reproductive health.



Provincial governors, beginning second from left: Albert Garcia of Bataan, Ryan Singson of Ilocos Sur, and Jayvee Uy of Compostela Valley share their health status, innovations, and insights during the Governors' Learning Forum, which is part of the activities under cycle 2 of the Provincial Leadership and Governance Program.

Feedback and complaints management

The Foundation’s commitment to the pursuit of improvement and innovation for its programs and processes is reflected in its staunch belief in the need to constantly engage with stakeholders. As stated in the ZFF Communications Policy, the Foundation will always strive to be transparent and responsive—not only regularly disseminating information but also encouraging its stakeholders to communicate their feedback, questions, complaints, concerns, and suggestions to the Foundation.

The Foundation uses convenient and accessible channels such as its official website and official social media pages. Communications can also be easily sent via the following email addresses: feedback@zuelligfoundation.org and communications@zuelligfoundation.org. People may also use regular postal service and send letters to Km. 14 West Service Road corner Edison Avenue, Barangay Sun Valley, Parañaque City 1700.

The Corporate Communications team receives and acknowledges all the feedback received through these channels. CorpComm sends the feedback to the concerned unit then agrees on courses of action to address whatever concerns were raised.

For concerns raised internally, ZFF practices an open-door policy, wherein employees can and are able to voice thoughts on issues without fear of discrimination, reprisal or retribution, especially from management. There is a Grievance Procedure and Dispute Resolution in place that ensures employees' concerns are addressed through proper channels.

Providing channels of communication for people to share their feedback or air grievances, the human resource department conducts focus group discussions as well as organizational surveys.

The Foundation encourages its people to adhere to strict policies and systematic processes covering business ethics and proper office decorum as it aims to maintain an atmosphere of trust and respect in the workplace.

This is enshrined in the ZFF Code of Conduct which promulgates the values of the organization. Those who may be reported violating the values are recognized to have a right to due process and are asked to submit to an ethical investigation. This process leads to a just and proper disciplinary action. Due consideration is also given to different perspectives and aspects of the issue on hand. Cases or actions against the Code of Conduct remain confidential and form part of the employee's record.

By the same token, the Foundation makes an effort to recognize the commitment of the staff to upholding the values of the organization, adding value through their talents and their unique contribution to its continued growth. Exceptional staff are recognized and presented with Presidential Citations and honored in simple but meaningful ceremonial rites.

Public awareness and advocacy

ZFF has defined a Policy Advocacy Strategy (2017-2022) to guide the Foundation in developing and advocating equitable policies in public health and governance through dissemination of lessons learned.

The direction was to translate lessons learned and best practices of local governments into policies to be advocated to government stakeholders. These policy advocacies are largely health leadership and governance issues. This is done through targeted dialogues and participation in national level discussions.



To push its advocacies, the Foundation holds policy dialogues, such as this one held on April 17, 2018, to discuss the local government's role in implementing the Responsible Parenthood and Reproductive Health Law.

(GRI 102-11)

Positive change through committed, values-oriented leadership

- Partnership management
- Compliance to stakeholder requirements
- Financial management
- Stakeholder communications
- Corporate governance
- Ethical funding

"From the very start, we knew the Foundation will be guided by the Zuellig family values: sense of duty and clarity of purpose, leadership and integrity, good management, and reliability."

— From the "The Legacy of Dr. Stephen Zuellig in Public Health" delivered by ZFF President Ernesto D. Garilao on January 26, 2017



For a civil society organization built on a deeply held sense of duty and responsibility to the Filipino community, Good Governance will surely maintain high ranking in criticality as a material aspect of sustainability. Through the process of reporting, the Zuellig Family Foundation (ZFF) can critically examine its own activities, benchmark itself with other organizations, learn from experience, and make improvements over time to better serve the causes it pursues.

The value of good governance is what the Foundation advocates and teaches to local government leaders as the path to successful health programs. It is, therefore, expected from the Foundation to teach by example and become an effective agent of change.

Partnership management (GRI102-9, GRI 103-1, GRI 103-2, GRI 103-3, GRI 205-2)

The Foundation has institutionalized a partnership protocol which leverages on its resources and aims to improve ZFF's core competencies as a result of such partnerships. ZFF also promulgates standards of partnership conduct, wherein the Foundation's philosophy for partnership conduct extends beyond the prescribed mandates and obligations, acting as a steward for ensuring the observance of high standards of a development organization.

In all processes, the Partnerships unit—through the Vice President or the Partnerships Manager—should be able to guide, mentor or coach staff to ensure compliance to all relevant ZFF policies. Partnership processes include scoping, identifying partners, building working relationships, and partnerships planning, agreement, implementation, monitoring and evaluation. After the end of partnership, ZFF will build capacity for mainstreaming and institutionalization to ensure sustainability.

In 2018, the partnership with the Department of Health (DOH) for the Health Leadership and Governance Program formally ended but the Foundation continues to seek partnerships with the DOH Centers for Health Development, provincial governments and other groups. An ongoing partnership with the United States Agency for International Development is poised to continue the institutionalization of the program within the DOH.

Also, the partnership with the Kristian Gerhard Jebsen Foundation for nutrition will end in 2019. A recently forged

partnership with Nutrition International can adopt the project's learnings for an urban nutrition governance application. Other partnerships include the adolescent sexual and reproductive health with the United Nations Population Fund, and for a malaria program with Pilipinas Shell Foundation Inc. and University of California-San Francisco's Malaria Elimination Initiative.

Compliance to stakeholder requirements (GRI 102-43)

The Foundation's Board of Trustees and Executive Committee, endeavor to lead ZFF in ensuring compliance with the standard, regulatory, and statutory requirements. The Office of the President also ensures that needs and expectations of stakeholders are documented and considered during deliberations and strategic planning sessions.

The Foundation also champions the implementation of its quality management system through the administrative services unit. Program Implementation Reviews were conducted twice a year to discuss if these needs and requirements were being complied with by the respective units and programs.

Financial management

The Foundation is committed to the values of accountability and transparency in all its dealings, particularly in terms of financial management.

In its 10 years of service, the Zuellig family has provided over P800 million funding for its programs. Collectively, the Foundation's partners have spent more than P500 million. For its partnership program with ZFF, the DOH has spent over P600 million over the last five

years, on top of the Foundation’s P150 million for the Health Leadership and Governance Program (HLGP) alone.

Stakeholder communications (GRI 102-42, GRI 102-43)

The Foundation utilizes various channels and platforms and maintains open communication lines for the different communities and audiences it relates with.

In 2018, as it marked a milestone 10th anniversary, the Foundation not only conducted learning forums and symposiums and continued an active relationship with the media, it also sponsored the first ZFF Awards to recognize Bridging Leaders in Public Health, Outstanding Barangay Leaders in Public Health, and LGU Excellence in Public Health.

The Awards not only brought public recognition to the important work and contribution of dedicated individuals and groups of people, but also elevated the topic of rural health to a wider audience and shared the stories of hope to those who have yet to know about ZFF and its advocacies.

Corporate governance (GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-18, NGO 10)

The Foundation is led by its Board of Trustees, a group of 11 people serving as the highest governing body. It is led by the chairman and the president, who are aided by a treasurer and a secretary.

The chairman presides over all meetings of members of the Board, and oversees the affairs of the whole Foundation.

It is, however, the president who acts as the chief executive officer, executing all resolutions or decisions made by the Board. The president is also responsible for directing and overseeing the Foundation’s activities.

As the main governing body of the Foundation, the Board exercises the main corporate power especially in terms of conducting business and controlling property. The Board also determines the acceptance and approval of all grants, donations, and contributions to ZFF to ensure complete adherence to the Foundation’s ideals as expressed in its mission, vision, and goals.

The Board always includes two permanent members from the Zuellig family. It is up to the family to determine who among them will sit on the Board at any time. Accompanying these two are members of the Foundation who are elected to sit as part of the Board. An elective member is an individual who has been known to have rendered distinguished service to the community and other areas of public welfare or development, or has made a significant contribution to the Foundation itself.

Members of the Foundation can vote on all matters relevant to the organization, use facilities, participate in all deliberations and meetings, and examine all books and records of the Foundation. They, of course, should comply with all bylaws, rules, and regulations promulgated by the Foundation, as well as attend all meetings and contribute to the development of the organization’s programs.

Ethical funding (GRI 103-1, GRI 103-2, GRI 103-3, NGO 8)

The Foundation is predominantly funded by the Zuellig family. There are also leveraged and co-funded programs in partnership with different organizations such as multilateral funding agencies, corporate foundations, government agencies, and other non-government organizations to facilitate a “collective impact approach” in mobilizing resources and engaging partners for public health. In its partnership with the DOH and the Commission on Population, ZFF uses its own funds independently from that of national government agencies.

Its policy on partnerships states its commitment to do due diligence to establish legitimacy of all institutions

it partners with, clearly making its position against any conditions that will require the Foundation to promote or endorse products, services or companies.

The policy also states the Foundation shall not consider any partnership that will compromise its integrity and reputation such that it shall only venture into partnerships with organizations that are aligned with and supportive of its leadership, governance and health system development efforts and will have synergies with the Foundation’s Health Change Model. Implementation of such partnerships must be compliant with ZFF’s financial and administrative policies, systems and procedures such that cost-sharing and co-financing arrangements are transparent, documented and mutually agreed upon for the benefit of all.



Puerto Princesa City is among the local governments where the Foundation will begin work in 2019 with its partners to improve the nutritional status of children and address the growing concern for teenage pregnancies.

Ecologically responsible choices for long-term positive effects

- Human rights protection
- Safety and security
- Workplace wellness
- Material consumption
- Resources management

With the Zuellig Family Foundation's (ZFF) workforce population of 86 people, Operational Impact is understandably ranked low in criticality as material aspect of sustainability. Still, as an advocate of values-based leadership, the Foundation considers it a duty to act and make decisions in an ecologically responsible manner, especially in the way it operates administratively. The long-term view is always considered deeply when making choices on how to implement the programs and maintain operations.

(GRI 102-7, GRI 102-8)

Workforce	2018		2017		2016	
	Count	% of Total	Count	% of Total	Count	% of Total
Regular	13	15%	15	16%	15	17.50%
Outsourced	20	23%	25	26%	21	24.50%
Project-based	53	62%	55	58%	50	58%
TOTAL	86	100%	95	100%	86	100%

Human rights protection

The greatest strength of an organization is the talent, work ethic and values of its people. The Foundation therefore endeavors to attract, hire and retain a diverse mix of talents for its workforce, who are able to work as a team and support each other in pursuit of the Foundation's goals.

To do this, ZFF maintains a healthy work environment enabled by policies that uphold the rights and dignity of persons and honors their humanity. Policies on Equal Opportunity and Non-Discrimination are clearly articulated and adhered to—there is zero tolerance in the organization for any form of discrimination or harassment. The Foundation's policies support the following:

- An inclusive workplace with due consideration given to an individual's well-being as a person and employee
- Compliance with the Magna Carta for Disabled Persons (Republic Act 7277)
- A drug-free workplace, fully in support of Article V of RA 9165, otherwise known as the Comprehensive Dangerous Drugs Act of 2002, its implementing rules and regulations, and the Labor Department Order No. 53-03, series of 2003
- Compliance with RA 8504 otherwise known as the Philippine AIDS Prevention and Control Act of 1998

The Foundation reiterates its commitment to a policy of equal opportunity for all persons and does not discriminate on the

basis of race, color, national origin, age, marital status, sex, sexual orientation, gender identity, gender expression, disability, religion, height or weight.

Employees can therefore expect to work within the same standards for compensation and privileges, promotion, training and development, incentives or allowances, and other employee benefits. This includes the right to medical records privacy with regard to one's medical condition and history.

This also means persons with disabilities (PWDs) can expect equal opportunity and non-discrimination in the recruitment process which is based on the qualification standards prescribed for an appointment to a position. They undergo the exact same procedures as to application, hiring, training and promotion, discharge of staff, and other terms and conditions of employment.

Furthermore, reasonable accommodation may be expected by a PWD employee in terms of facility upgrades for enhanced accessibility such as modification of work schedule and provision of essential equipment or devices, and appropriate modifications or use of auxiliary aids relating to company material within the company premises, and other similar accommodations for PWDs.

The practice of non-discrimination also means the observance of fairness and consistency in job classification and pay assignments, with compensation and benefits that meet industry standards including those of the Association of Foundations, League of Corporate Foundations, and the Department of Health (DOH).



Workforce diversity (GRI 103-1, GRI 103-2, GRI 103-3, GRI 405-1)

The Foundation may be considered a small organization in size, with less than 100 people in its roster. A great majority of them hail from the Metro Manila area. Being a non-profit with specific objectives and time-bound programs, the organization logically functions best with majority of the technical roles assigned as project-based while also finding value in outsourcing.

With the Foundation practicing an Equal Employment Opportunity Policy, it maintains a general balance in the composition of the staff, with about 40 percent male and 60 percent female in its workforce. From this number, men and women share leadership roles with women occupying about 48 percent of the middle- to senior-management positions while men occupy the other 52 percent.

Workforce	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Top Management	4	0	3	0	2	1
Senior Management	3	4	3	1	3	1
Middle Management	7	11	8	11	5	10
Supervisors	0	1	4	8	15	22
Rank and File	20	36	20	37	6	21
TOTAL	34	52	38	57	31	55

**(GRI 401-1)
New Hires and Employee Turnover**

A. By gender

	Male	Female
New Hires	7	4
Attritions/Turnover	11	6
Attrition Rate	14%	7.79%

B. By age group

	Below 30	30 to 50	Over 50
New Hires	4	6	1
Attritions/Turnover	6	10	1
Attrition Rate	8%	13%	1%

Note: Attrition rate is automatically computed from number of attritions over total employees

Total attrition	17
Total number of employees	86
Overall attrition rate	20%

**Safety and security
(GRI 103-1, GRI 103-2, GRI 403-3)**

The Foundation considers the safety and security of its people as top priority. Believing in its value, ZFF invests resources in emergency preparedness and response programs to reinforce staff readiness and response capabilities to address emergencies.

Located within the same facility as the Zuellig Pharma Corporation (ZPC), the organization adheres to ZPC's Emergency Management Framework in identified stress and emergency cases and has set communication protocols for times of calamities or civil disturbance. These protocols were designed to keep all employees aware and informed of what is happening and the appropriate courses of action that they may take.

Everyone is reminded that the consistent practice of the "safety first" mindset is each individual's responsibility. Still, the Foundation protects its people with a professional safety and security staff and management, with the expressed duty to uphold human rights in the exercise of their function and follow customer service processes and standards.

Equipping people with practical and useful knowledge has been a key approach to underline individual responsibility for having a safety mindset, especially for teams who travel to remote project sites. When going to remote project sites, air travel is preferred and contingency plans are required when such trips involve transporting large amounts of cash. Provisions for safely storing such cash follows security protocols.

For project sites within high-risk areas (e.g. sites with cases of open violence or armed hostilities), staff members are given safety orientations and training on how to behave and prepare themselves in such situations, prioritizing their safety. This involves proper planning of an itinerary to maximize a trip and avoid any unnecessary risks.

Should ZFF staff be required to operate a transport vehicle, safety is deemed paramount and they are enjoined to follow all safety protocols. These include the usual safety precautions of wearing a seatbelt, keeping track of how much fuel is left in the tank, and knowing the full condition of the vehicle before travel commences. Drivers are asked to choose primary routes instead of alternate routes

because, more often than not, primary routes are better lit, better paved, and have much better access to services if these are needed. Personnel are also always encouraged to consult with locals and local partners regarding what areas must be avoided especially in terms of criminality or safety.

Workplace wellness

ZFF advocates for its staff to be health champions, encouraging them to have their own personal health agenda. The Foundation asks its people to, first and foremost, be aware of personal health conditions, have regular checkup with a health professional, do sound research through credible sources, and help with information dissemination of health alerts. A review of lifestyle choices and pursuit of healthy living is constantly promoted.

A. Health

The Foundation sponsors annual physical exam and flu vaccination for all its employees. There are also classes, screening tests, and follow-

up assistance for the prevention, identification and management of health concerns or illnesses.

The Foundation has programs encouraging lifestyle changes such as healthy eating and stress management.

The Wellness for Women Program is directed at mothers' concerns. The Foundation grants benefits for female staff as provided for under the Philippine laws, specifically the Magna Carta for Women, the Expanded Breastfeeding Promotion Act of 2009, and the Anti-Violence Against Women and their Children Act of 2004. Additional breaks are given to lactating mothers in support of the DOH's breastfeeding advocacy.

All of the Foundation's Health and Wellness programs are led by the human resource (HR) department. Suggestions for new initiatives or improvement on current ones are welcomed by HR, and these suggestions will be vetted for approval of the Management Committee.

Item	Maternal Leave	Paternal Leave	Total
Total employees who took parental leave	1	1	2
Number of employees who returned to work after parental leave	1	1	2
Return to work rate (%)	100%	100%	100%
Number still employed one year after their return from parental leave	1	0	1
Retention rate (%)	100%	0%	50%

B. Training and development for professional growth (GRI 404-2)

The Foundation provides programs for staff members to develop core competencies aligned with changing organizational needs.

These staff development programs assume that the staff in the Foundation is predisposed to building work on public health leadership. As such, all development interventions are aligned with enabling the staff to take on roles toward increasing responsibility in public health leadership.

The Foundation employs a performance management system that features coaching, mentoring, and competency assessment processes. The system allows for generous and sustained growth opportunities so people will be prepared to take advantage of opportunities for promotion, merit increase, and training and development.

An individual's professional development needs are identified and articulated in documented staff development plans tailored to individual needs. With regular coaching and mentoring sessions by concerned directors and/or managers, these plans are supported and people are motivated.

These development plans, with both in-house and external training programs, are designed to enable ZFF staff members with competencies, skills and knowledge to handle and take on job requirements within the Foundation, or in any local public or foreign private or funded health institutions.

Further, the Foundation offers a continuing education program known as the Staff Development Grant. Allowed on a part-time basis and only at a local academic institution, the intended postgraduate course must correspond to a ZFF-approved program.

As a Foundation scholar, staff members remain full-time employees whose work schedules are then adjusted to accommodate schoolwork. The scholars are allowed use of ZFF's facility beyond office hours, access to available references, and photocopying services of non-restricted material. This support structure allows for a balanced and optimized focus toward work and course loads.

Another important aspect to ensure continued operations for the Foundation is Succession Planning. Staff with excellent performance and equivalent experience are included in a succession planning pipeline development where they undergo mentoring and training, and perform other functions necessary to hone their potential for higher leadership roles.

(GRI 404-1)

Training Hours			
By position	Total (hrs)	By gender	Total (hrs)
Top Management	152	Male	1,288
Senior Management	184		
Middle Management	904		
Supervisors	32	Female	1,616
Rank and File	1,632		
TOTAL	2,904	TOTAL	2,904

Staff Development Grant coverage spending	P528,650.78
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Material consumption

Though a small organization, ZFF believes that every little effort counts toward changing the world for the better. The Foundation’s carbon footprint is relatively miniscule compared to other organizations but it still recognizes the importance of responsibly making conscious and careful choices when it comes to the use of resources.

The Foundation therefore conscientiously monitors and measures its materials consumption. So although the use of paper cannot be avoided, the Foundation chooses to re-use the back side of used paper for some of its printing needs. It measures paper consumption diligently to ensure the organization only uses them as needed.

With new programs and partnerships coming online, increased activity has meant marked increase in its use of paper materials. The increase in number corresponds directly to its program expansion efforts and the cascade of documents and training materials used therein.

Paper Consumption				
Material by Type	Usage Purpose	Quantity by weight or volume		
		2018	2017	2016
Bond paper (by the ream)	Documentation; Training, Workshop	1,690	949	397
Manila Paper (by pcs.)	Training, Workshop	1,115	486	2,043
Cartolina (by pcs.)	Training, Workshop	804	834	3,181

(GRI 303-3)

Water Consumption (cu.m)	2018	2017	2016
	1,301.04	1,569.67	1,318.26

Resources management

Water | Waste | Energy | GHG Emission

Water management

(GRI 103-1, GRI 103-2, GRI 103-3)

The organization’s water consumption remained comfortably within acceptable levels, and even went down in 2018 with no specific new measures undertaken aside from encouraging the conservation and wise use of water, which was something it has done ever since. People were reminded to turn off the faucet and leaks were always repaired as soon as possible. In addition, it can be deduced that the use of dual flush system for its toilet facilities has been an effective water management strategy. This downward shift in water consumption is being monitored to confirm that systematic changes are producing the long-term results that the organization seeks.

Waste management

(GRI 103-1, GRI 103-2, GRI 103-3, GRI 306-2)

Meanwhile, the Foundation’s ecologically conscious approach to consumption of materials also makes it an active advocate of the Repurpose-Reuse-Recycle (3R) movement. The office systematically segregates recyclables for proper disposal to accredited junk buyers and at the same time, encouraging everyone to always seek to maximize the use of resources.

Tracking the recyclable waste sold shows significant decrease of total waste, a marked improvement compared to the previous year. This result can be explained as better implementation of recycling initiatives in 2018, such as back-to-back printing, use of existing materials, and conscientious use of paper.

Repurpose-Recycle-Reuse (3R) applicability	
Material type	3R capacity
Raw material	Repurposed, recycled and reused by volume or weight
Bond paper	Back portion 3R'd through office printings
Manila Paper	n/a
Cartolina	n/a
Toner	n/a (raw material)

Waste Sold to Junk Buyer (kg)		
Waste type	2018	2017
Waste paper	118	333
Paper white	288	548
Empty boxes	117	132
Plastic bottle	3.5	11.5
Newspaper	10	5
TOTAL	536.5	1,029

Energy management
(GRI 103-1, GRI 103-2, GRI 103-3)

The Foundation has chosen to use cost-effective energy management measures offered by new eco-friendly technology that yield long-term savings. For instance, fluorescent lighting was replaced with LED lighting and the old air-conditioning units were replaced with new inverter air-conditioning units.

Such choices are made for the long-term benefits, not only in cost but also in environmental impact. As can be seen in the results, comparing year-on-year, resource consumption went down across the board, showing the immediate positive impact of making responsible choices for the environment.

(GRI 302-1)

Energy Performance			
	2018	2017	2016
Electrical Consumption (kWh)	80,863	85,933	89,748
Energy Intensity (kw/m ²)	123.77	131.53	139.36
Light Consumption	6,243.34	7,299.07	7,299.07

(GRI 102-48, GRI-305-1, GRI 305-2)

GHG Emissions in kg (using 2018 Emission Factors)		
	2018	2017
Company Owned Vehicles (Diesel) in km	393.325	57.116
Purchased Electricity	57.51	61.115
Business Air Travel	375,680.72	245,172.69
TOTAL	376,131.55	245,290.92

GHG emissions
(GRI 103-1, GRI 103-2, GRI 103-3)

The price of progress for ZFF’s programs has been the constant need for its teams to travel. The Foundation has acquired two new vehicles which now brings a total of seven vehicles that the Foundation monitors. This has resulted in a predictably large jump in the source data for calculating the Foundation’s greenhouse gas (GHG) emissions. Add to that figure the air travel that were also done in 2018, and it is easy to see how the GHG total increased by 53 percent.

With this, the Foundation is committed to continue monitoring its GHG performance and find ways to keep GHG emission within a reasonable range. It implements travel guidelines that ensure schedules for fieldwork are efficient and are maximized. Meanwhile, the staff maximizes opportunities to engage health leaders during their travels to Manila or through the use of technology.

Every program has a set of prescribed travel frequency and duration based on objectives, which is an average of two weeks per month. Director approval is needed for travel beyond this normal monthly frequency. Finance provides a monthly flight expenditure report which program managers study and use to advise their respective staff on better ways of planning their travels to maximize coverage. Managers compare travel costs with their scorecard or workplan accomplishments to determine where efficiencies can be further improved.

ZUELLIG FAMILY FOUNDATION Management Staff List

Office of the Chairman

- | | | |
|---|--|---|
| Roberto Romulo
<i>Chairman</i> | Jeromeo Jose
<i>Expert</i> | Vina Castro
<i>Associate</i> |
| Melanie Reyes
<i>Executive Associate</i> | Jacqueline Momville, M.D.
<i>Expert</i> | Pearl Joy Catingub
<i>Associate</i> |
| | Axell Alterado, R.N.
<i>Manager</i> | Eleneth Anne Chan, R.N.
<i>Associate</i> |

Office of the President

- | | | |
|---|--|---|
| Ernesto Garilao
<i>President</i> | Joyce Ann Arandia-Viar, M.D.
<i>Manager</i> | Janet Clemente
<i>Associate</i> |
| Austere Panadero
<i>Executive Vice President</i> | Jeremiah Calderon, M.D.
<i>Manager</i> | Edison Dela Peña II, R.N.
<i>Associate</i> |
| Ramon Derige
<i>Vice President</i> | Angeli Comia, M.D.
<i>Manager</i> | Lera Jo Duldoco, R.N.
<i>Associate</i> |
| Anthony Faraon, M.D.
<i>Vice President</i> | Jescir Crescencio
<i>Manager</i> | Ma. Jerry Elope, R.N.
<i>Associate</i> |
| Jessie Pascua
<i>Executive Associate</i> | Maria Luz Lopez-Ayusa, M.D.
<i>Manager</i> | Julius Estoesta
<i>Associate</i> |
| | Jenny Macaraan
<i>Manager</i> | Kathrinna Legaspi, R.N.
<i>Associate</i> |

Operations

- | | | |
|---|---|--|
| Dorie Lyn Balanoba, M.D.
<i>Director</i> | Anjelica Nacnac, M.D.
<i>Manager</i> | Lucille Loterte
<i>Associate</i> |
| Timothy Ting, M.D.
<i>Associate Director</i> | Jasmin Ahmad, R.N.
<i>Associate</i> | Charisse Malbacias, M.D.
<i>Associate</i> |
| Czarinnah Araneta
<i>Expert</i> | Michael Angelo Arellano, R.N.
<i>Associate</i> | Donna Medina, R.N.
<i>Associate</i> |
| Catherine Chung, M.D.
<i>Expert</i> | Ray Anthony Banglos, R.N.
<i>Associate</i> | Jennifer Nandu, R.N.
<i>Associate</i> |
| | Lou Ann Buenaventura, R.N.
<i>Associate</i> | Rachel Paradiang
<i>Associate</i> |

Mary Rose Poa
Associate

Tessa Luz Sevilla
Associate

Kristian Paul Soliven, R.N.
Associate

Jocelyn Toledo
Associate

Angelique Santos, R.N.D.
Assistant

ZFF Institute for Health Leadership

Juan Villamor
Director

Heidee Buenaventura, M.D.
Associate Director

John Ruzel Abadiano, R.N.
Expert

Ellen Licup-Medina, M.D.
Manager

Philip Flores, R.N.
Associate

Pamela Mangilin
Associate

Faith Narvasa, R.N.
Associate

Partnerships, Policies, and Coalition Building

Sealdi Gonzales
Associate Director

Dominique Monido, R.N.
Associate

Technical Services Group

Johanna Banzon
Director

Miko Balisi, R.N.D.
Associate

Deinzel Uezono
Assistant

Support Group

Wesley Villanueva
Director

Ulysis Borais, C.P.A.
Finance Manager

Mark Anthony Mariano
Human Resource Manager

Maricar Tolosa
Corporate Communications Manager

Alfred Jerald Apura
Human Resource Associate

Reynan Balisacan, C.P.A.
Finance Associate

Jannela Krishna Galias, C.P.A.
Finance Associate

Barbara Jamili
Admin Associate

Patricia Nable, C.P.A.
Finance Associate

Marianne Sarmiento
Corporate Communications Associate

Gilmer Cariaga
Admin Assistant

THE ZUELLIG FAMILY FOUNDATION, INC.
[A Non-Stock, Non-Profit Corporation] (GRI 103-1)

Statements of Assets, Liabilities and Fund Balance

(GRI 201-1)

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 38,713,479	₱ 72,940,903
Receivables	211,712	221,563
Prepayments and other current assets	796,013	849,103
Total Current Assets	39,721,204	74,011,569
Noncurrent Assets		
Property and equipment	4,534,173	5,264,141
Retirement asset	7,605,379	2,688,356
Refundable deposit	37,500	37,500
Total Noncurrent Assets	12,177,052	7,989,997
TOTAL ASSETS	51,898,256	82,001,566
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables	23,453,285	23,178,282
Due to related parties	-	-
Total Liabilities	23,453,285	23,178,282
Fund Balance		
Restricted	9,763,393	15,320,765
Unrestricted	18,681,578	43,502,519
Total Fund Balance	28,444,971	58,823,284
TOTAL LIABILITIES AND FUND BALANCE	₱ 51,898,256	₱ 82,001,566

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Non-Stock, Non-Profit Corporation)

Statements of Revenues, Expenses and Fund Balance

(GRI 102-7)

	Years Ended December 31	
	2018	2017
REVENUES		
Donations	₱ 114,596,066	₱ 70,813,437
Interest	160,541	675,708
Gain from sale of asset	-	440,000
Others	24	46
	114,756,631	71,929,191
EXPENSES		
Professional fees	54,929,539	43,177,826
Salaries, wages and other benefits	28,116,788	24,561,320
Trainings and seminars	24,302,170	15,748,690
Transportation and travel	20,916,639	13,598,633
Utilities (Note 8)	11,757,331	10,370,227
Infrastructure projects	-	3,936,008
Materials and supplies	3,172,279	3,442,085
Retirement Cost (income) (Note 10)	(4,079,242)	2,592,184
Depreciation and amortization	2,176,447	2,486,492
Representation and entertainment	2,338,427	1,880,268
Donations and contributions	684	1,801,001
Taxes and licenses	92,733	39,293
Unrealized foreign loss (gain) - net	(316,871)	9,910
Other expenses	1,728,020	1,070,732
	145,134,944	124,714,669
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES	(30,378,313)	(52,785,478)
FUND BALANCE AT THE BEGINNING OF YEAR	58,823,284	111,608,762
FUND BALANCE AT THE END OF YEAR	₱ 28,444,971	₱ 58,823,284

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Non-Stock, Non-Profit Corporation)

Statements of Cash Flows

	Years Ended December 31	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Excess(deficiency) of revenues over expenses	(₱30,378,313)	(₱52,785,478)
Adjustment for:		
Movements in retirement asset	(4,917,023)	2,592,184
Depreciation and amortization	2,176,447.00	2,486,492
Interest Income	(160,541)	(675,708)
Gain from sale of transportation equipment	-	(440,000)
Unrealized foreign exchange loss(gain) net	(316,871)	9,910
Revenues (expenses) before working capital changes:		
Decrease(increase) in:		
Receivables	9,851.00	389,820
Prepayments and other current assets	53,090	(113,059)
Increase(decrease) in:		
Accrued Expenses and other payables	275,003	1,975,113
Due to related party	-	(60,260)
Net Cash generated (used in) operations	(33,258,357)	(46,620,986)
Interest received	160,541	675,708
Net cash provided by (used in) operating activities	(33,097,816)	(45,945,278)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,446,479)	(3,440,004)
Increase in Refundable deposit	-	(37,500)
Proceeds from Sale of transportation equipment	-	440,000
Net cash provided by (used in) investing activities	(1,446,479)	(3,037,504)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(34,544,295)	(48,982,782)
EFFECT OF FOREIGN EXCHANGE RATE CASH AND CASH EQUIVALENTS	316,871	(9,910)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,940,903	121,933,395
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ 38,713,479	₱ 72,940,903

For the complete audited financial statement report and accompanying notes to financial statement, go to <https://zuelligfoundation.org/our-performance/annual-reports/>.

GRI CONTENT INDEX

"IN ACCORDANCE" – CORE OPTION

(GRI 102-55)



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
		Page Number	Omission
Organizational Profile			
GRI 102-1	Name of the organization	Inside Cover	
GRI 102-2	Activities, brands, products, and services	10	
GRI 102-3	Location of headquarters	Back Cover	
GRI 102-4	Location of operations	14	
GRI 102-5	Ownership and legal form	8	
GRI 102-6	Markets served	14	
GRI 102-7	Scale of the organization	14, 66, 78	
GRI 102-8	Information on employees and other workers	66	
GRI 102-9	Supply chain	63	
GRI 102-10	Significant changes to the organization and its supply chain	There was no significant changes in the supply chain	
GRI 102-11	Precautionary principle or approach	62	
GRI 102-12	External initiatives	ZFF is not a member of any such activities	
GRI 102-13	Membership of associations	6	
Strategy			
GRI 102-14	Statement from senior decision-maker	6	
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	Inside Cover	
Governance			
GRI 102-18	Governance structure	64	
Stakeholder engagement			
GRI 102-40	List of stakeholder groups	16, 18, 55	
GRI 102-41	Collective bargaining agreements	There is no union at ZFF. Each staff directly negotiates with management at the end of contract and per evaluation	
GRI 102-42	Identifying and selecting stakeholders	16, 18, 55, 64	
GRI 102-43	Approach to stakeholder engagement	16, 18, 20, 55, 63, 64	
GRI 102-44	Key topics and concerns raised	55	

		Page Number	Omission
Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	Zuellig Family Foundation	
GRI 102-46	Defining report content and topic Boundaries	52	
GRI 102-47	List of material topics	53	
GRI 102-48	Restatements of information	74 [more accurate emission factors were used]	
GRI 102-49	Changes in reporting	None	
GRI 102-50	Reporting period	January - December 2018	
GRI 102-51	Date of most recent report	May 2018	
GRI 102-52	Reporting cycle	Annual	
GRI 102-53	Contact point for questions regarding the report	Back Cover	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	52, Back Cover	
GRI 102-55	GRI content index	80	
GRI 102-56	External Assurance	Not Applicable [No external assurance conducted for this report]	

		Page Number	Omission
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	77
	GRI 103-2	The Management Approach and its components	65
	GRI 103-3	Evaluation of the Management Approach	65
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed	77
	GRI 203-2	Significant indirect economic impacts	46
Compliance			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	63
	GRI 103-2	The management approach and its components	63
	GRI 103-3	Evaluation of the Management Approach	63
GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	None
	GRI 205-2	Communication and training about anti-corruption policies and procedures	63
	GRI 205-3	Confirmed incidents of corruption and actions taken	There were no such incidents.
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	None
Energy			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	74
	GRI 103-2	The management approach and its components	74
	GRI 103-3	Evaluation of the Management Approach	74
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	74
Water			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	72
	GRI 103-2	The management approach and its components	72
	GRI 103-3	Evaluation of the Management Approach	72
GRI 303: Water and Effluents 2018	GRI 303-1	Interactions with water as a shared resource	[Not Applicable] No significant water related impacts
	GRI 303-2	Management of water discharge-related impacts	[Not Applicable] No significant water related impacts
	GRI 303-3	Water withdrawal	72

Material Topics			Page Number	Omission
Emissions GHG				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	74	
	GRI 103-2	The management approach and its components	74	
	GRI 103-3	Evaluation of the Management Approach	74	
GRI 305: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG Emissions	74	
	GRI 305-2	Indirect (Scope 1) GHG Emissions	74	
Effluents and Waste				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	73	
	GRI 103-2	The Management Approach and its components	73	
	GRI 103-3	Evaluation of the Management Approach	73	
GRI 306: Effluents and Waste 2016	GRI 306-2	Waste by type and disposal method	73	
Labor Practices & Employee Relations				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	68, 69	
	GRI 103-2	The management approach and its components	68, 69	
	GRI 103-3	Evaluation of the Management Approach	68	
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	69	
GRI 403: Occupational Health & Safety 2016	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	69	
GRI 404: Training & Education 2016	GRI 404-1	Average hours of training per year per employee	71	
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	71	
GRI 405: Diversity & Equal Opportunities 2016	GRI 405-1	Diversity of governance bodies and employees	68	
	GRI 405-2	Ratio of basic salary and remuneration of women to men	The ratio of salary is based on performance and position and not on gender	
GRI 406: Non-discrimination 2016	GRI 406-1	Incidence of discrimination and corrective actions taken	There were no such incidents	
GRI 410: Security Practices 2016	GRI 410-1	Security personnel trained in human right policies or procedures	All our security personnel are outsourced and are regularly trained by agency on human rights topics	
Community Development				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	56	
	GRI 103-2	The management approach and its components	56	
	GRI 103-3	Evaluation of the Management Approach	56	
GRI 413: Local Communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	22, 26, 30, 34, 38, 42, 57	
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities		
NGO Sector Disclosures – GRI G4			Page Number	Omission
Economic				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	65	
	GRI 103-2	The Management Approach and its components	65	
	GRI 103-3	Evaluation of the Management Approach	65	
	NGO 8	Sources of Funding by category and five largest donors and monetary value of their contribution	65	
Social				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundaries	64	
	GRI 103-2	The Management Approach and its components	64	
	GRI 103-3	Evaluation of the Management Approach	64	
	NGO 10	Adherence to standards for fundraising and marketing communications practices	64	

2018 ZUELLIG FAMILY FOUNDATION ANNUAL AND SUSTAINABILITY REPORT

Corporate Communications – Zuellig Family Foundation

Concept and Design: Studio 5 Designs Inc.

Special thanks to: Fennel Strategic Communications & Media Co.

Editor: Blanche Fernandez

Writers: ZFF Corporate Communications Unit

GCSS Inc. (Sustainability Report section)

Copywriter: Joy Tirona

Photographers: Revoli Cortez (cover, pages 1-5, 14-23, 28-29, 32-33,

40-41, 44-47, 50-51, 61, 65 and 68)

Kimberly dela Cruz (pages 36-37)

Nonilon Reyes (page 59)



This Annual and Sustainability Report was printed on Forest Stewardship Council (FSC)-certified paper. In an effort to reduce consumption of resources from printing and distributing hard copies, an electronic copy of this report with complete 2018 audited financial statements may be downloaded from <https://zuelligfoundation.org/our-performance/annual-reports/>.



Duly certified as development agency by the
Department of Social Welfare and Development (DSWD)

Accredited by the Philippine Council for NGO Certification (PCNC)
This report has been prepared in accordance with the GRI Standards:
Core option

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www.zuelligfoundation.org



**ZUELLIG FAMILY
FOUNDATION**

Annual and Sustainability Report 2018

70 *years*

as a catalyst for better
health outcomes
in the Philippines



Audited Financial Statements

About the Cover

10 years of better health

Within 10 years of employing the Health Change Model strategy, the Zuellig Family Foundation's interventions moved from a focus on maternal and child health to the triple burden of disease, and across a person's life span i.e., from womb to tomb. The programs remained centered on strengthening local health leadership and governance in the hope that health systems are reformed, and access to quality healthcare services are made easier for all Filipinos, even those living in far-flung areas.

Location: Barangay Urzadan, Suyo, Ilocos Sur (Municipal Leadership and Governance Program, Batch 3, 2018)



Vision (GRI 102-16)

Zuellig Family Foundation (ZFF) is a catalyst for the achievement of better health outcomes for the poor by strengthening leadership and governance, with a primary focus on rural communities in the Philippines.

Mission

ZFF is dedicated to enhancing the quality of life of Filipinos by focusing on the achievement of the country's Sustainable Development Goals for health, in partnership with government and other stakeholders.

Goals

1. All trained local health leaders have improved Bridging Leadership competencies.
2. All trained local health leaders are able to strengthen local health systems with equitable and sustainable community-driven arrangements for better health outcomes.
3. Lessons learned and evidence are disseminated to advocate equitable policies in public health and governance.
4. Partnerships with government and other stakeholders are formed to support and institutionalize leadership and local health system developments.

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- 05 Statements of Assets, Liabilities and Fund Balance
- 06 Statements of Revenues, Expenses and Fund Balance
- 07 Statements of Cash Flows
- 08 Notes to Financial Statements

Independent Auditor's Report

The Board of Trustees
The Zuellig Family Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Zuellig Family Foundation, Inc. (a nonstock, nonprofit corporation) (the "Foundation"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2018 and 2017, and the statements of revenues, expenses and fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities ("PFRS for SMEs").

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines ("Code of Ethics") together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

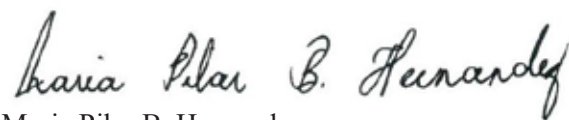
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 11 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of The Zuellig Family Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez

Partner

CPA Certificate No. 105007

SEC Accreditation No. 1558-AR-1 (Group A),

February 26, 2019, valid until February 25, 2022

Tax Identification No. 214-318-972

BIR Accreditation No. 08-001998-116-2019,

January 28, 2019, valid until January 27, 2022

PTR No. 7332559, January 3, 2019, Makati City

May 22, 2019

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

Statements of Assets, Liabilities and Fund Balance

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱38,713,479	₱72,940,903
Receivables (Note 5)	211,712	221,563
Prepayments and other current assets	796,013	849,103
Total Current Assets	39,721,204	74,011,569
Noncurrent Assets		
Property and equipment (Note 6)	4,534,173	5,264,141
Retirement asset (Note 10)	7,605,379	2,688,356
Refundable deposit	37,500	37,500
Total Noncurrent Assets	12,177,052	7,989,997
TOTAL ASSETS	₱51,898,256	₱82,001,566
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	₱23,453,285	₱23,178,282
Fund Balance		
Restricted for retirement fund	9,763,393	15,320,765
Unrestricted	18,681,578	43,502,519
Total Fund Balance	28,444,971	58,823,284
TOTAL LIABILITIES AND FUND BALANCE	₱51,898,256	₱82,001,566

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.
 (A Nonstock, Nonprofit Corporation)

Statements of Revenues, Expenses and Fund Balance

	Years Ended December 31	
	2018	2017
REVENUES		
Donations (Note 8)	P114,596,066	P70,813,437
Interest	160,541	675,708
Gain on sale of asset	-	440,000
Others	24	46
	114,756,631	71,929,191
EXPENSES (INCOME)		
Professional fees	54,929,539	43,177,826
Salaries, wages and other benefits	28,116,788	24,561,320
Trainings and seminars	24,302,170	15,748,690
Transportation and travel	20,916,639	13,598,633
Utilities (Note 8)	11,757,331	10,370,227
Retirement cost (income) (Note 10)	(4,079,242)	2,592,184
Materials and supplies	3,172,279	3,442,085
Representation and entertainment	2,338,427	1,880,268
Depreciation and amortization	2,176,447	2,486,492
Unrealized foreign loss (gain) - net	(316,871)	9,910
Taxes and licenses	92,733	39,293
Donations and contributions	684	1,801,001
Infrastructure projects	-	3,936,008
Other expenses	1,728,020	1,070,732
	145,134,944	124,714,669
DEFICIENCY OF REVENUES OVER EXPENSES	(30,378,313)	(52,785,478)
FUND BALANCE AT THE BEGINNING OF YEAR	58,823,284	111,608,762
FUND BALANCE AT THE END OF YEAR	P28,444,971	P58,823,284

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.
 (A Nonstock, Nonprofit Corporation)

Statements of Cash Flows

	Years Ended December 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(P30,378,313)	(P52,785,478)
Adjustments for:		
Movements in retirement asset (Note 10)	(4,917,023)	2,592,184
Depreciation and amortization (Notes 6 and 9)	2,176,447	2,486,492
Unrealized foreign exchange loss (gain) - net	(316,871)	9,910
Interest income (Note 4)	(160,541)	(675,708)
Gain on sale of asset	-	(440,000)
Revenues (expenses) before working capital changes:		
Decrease (increase) in:		
Receivables	9,851	389,820
Prepayments and other current assets	53,090	(113,059)
Increase (decrease) in:		
Accrued expenses and other payables	275,003	1,975,113
Due to a related party	-	(60,260)
Net cash used in operations	(33,258,357)	(46,620,986)
Interest received	160,541	675,708
Net cash used in operating activities	(33,097,816)	(45,945,278)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	(1,446,479)	(3,440,004)
Increase in refundable deposit	-	(37,500)
Proceeds from sale of transportation equipment	-	440,000
Net cash used in investing activities	(1,446,479)	(3,037,504)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,544,295)	(48,982,782)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	316,871	(9,910)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,940,903	121,933,395
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P38,713,479	P72,940,903

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION, INC.

(A Nonstock, Nonprofit Corporation)

Notes to Financial Statements

1. General Information

The Zuellig Family Foundation, Inc. (the “Foundation”) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC). Its registered office address is Km. 14, West Service Road cor Edison Ave., Sun Valley, Parañaque City. The primary purpose of the Foundation is to act as a modernizing force in shaping sound and effective policies in public health and nutrition in the Philippines. The Foundation has 15 regular employees both in 2018 and 2017.

The Philippine Council for Non-Government Organization Certification (PCNC), on October 26, 2015 issued a certification for good governance and accountability for a period of five (5) years.

The Bureau of Internal Revenue (BIR) issued the Certificate of Registration for donee institution status that is valid until October 28, 2020. In accordance to the provision of Revenue Regulations (RR) No. 13-98 dated January 1, 1999, the donations received shall entitle the donor/s to full or limited deduction pursuant to Section 34(H)(I) or (2), and exemption from donor’s tax pursuant to Section 101(A)(3) of the National Internal Revenue Code of 1997.

The Foundation renewed its Certificate of Registration from the Department of Social Welfare and Development (DSWD) is valid for 3 years covering the period September 2, 2016 to September 1, 2019.

The BIR has issued a certificate of tax exemption on December 2, 2016 which is valid for three (3) years. Being a nonstock, nonprofit corporation, it is not subject to income tax under Section 30 of the National Internal Revenue Code with respect to income received such as donations, gifts or charitable contributions. However, income from any of its properties, real or personal, or from any of its activities conducted for profit shall be subject to regular corporate income tax.

The financial statements were authorized for issuance by the Board of Trustees (BOT) on May 22, 2019.

2. Summary of Significant Accounting Policies

The significant accounting policies and practices applied in the preparation of these financial statements are set forth to facilitate the understanding of data presented in the financial statements.

Basis of Preparation

The financial statements have been prepared using the historical cost basis. The financial statements are presented in Philippine peso which is the Foundation’s functional and presentation currency and all values are rounded to the nearest peso, unless otherwise stated.

Statement of Compliance

The financial statements of the Foundation which were prepared for submission to the SEC and the BIR, have been prepared in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

PFRS for Small Entities

In March 2018, the Philippine Securities and Exchange Commission resolved to adopt PFRS for Small Entities (the Framework) as part of its rules and regulations on financial reporting. This Framework was developed in response to feedback of small entities that PFRS for SMEs is too complex to apply. By reducing choices for accounting treatment, eliminating topics that are generally not relevant to small entities, simplifying methods for recognition and measurement, and reducing disclosure requirements, the Framework allows small entities to comply with the financial reporting requirements without undue cost or burden. Some of the key simplifications introduced by the Framework are as follows:

- For defined benefit plans, an entity is required to use the accrual approach in calculating benefit obligations in accordance with Republic Act (RA) 7641, The Philippine Retirement Pay Law, or company policy (if superior than RA 7641). Accrual approach is applied by calculating the expected liability as of reporting date using the current salary of the entitled employees and the employees’ years of service, without consideration of future changes in salary rates and service periods.
- Investment properties can be carried either at cost or at fair value, depending on the policy choice made by the entity.
- There is no concept of “finance lease” under the Framework. All lease receipts (payments) are recognized as income (expense) as earned (incurred).
- Inventories are to be subsequently valued at the lower of cost and market value (i.e., the probable selling price to willing buyers as of reporting date).
- Entities are given a policy choice of not recognizing deferred taxes in the financial statements.

The Foundation plans to adopt the Framework when it becomes mandatory starting January 1, 2019. The adoption of this Framework is not expected to have significant impact to the financial statements of the Foundation.

Current versus Noncurrent Classification

The Foundation presents assets and liabilities in the statements of assets, liabilities and fund balance based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. No restriction is attached to cash account.

Receivables

Receivables, which are based on normal credit terms and do not bear interest, are recognized and carried at transaction price. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method less provision for impairment. At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of revenues, expenses and fund balance.

If there is any objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in statement of revenues, expenses and fund balance for the period.

Prepayments

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, amortization and any accumulated impairment loss. The initial cost of property and equipment comprises its purchase price, and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. It excludes the costs of day-to-day servicing.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	3-5 years
Office improvements	3 years

The useful lives, depreciation and amortization method are reviewed periodically to ensure the period and method of depreciation and amortization are consistent with the expected pattern of economics benefits from items of property and equipment. If there is any indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of revenues, expenses and fund balance in the year the asset is derecognized.

Impairment of Property and Equipment

At each reporting date, the Foundation assesses whether there is any indication that any of its assets that are subject to depreciation or amortization may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in the statement of revenues, expenses and fund balance for the period.

Accrued Expenses and Other Payables

Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when legally enforceable claim against the Foundation is established or when the corresponding assets or expenses are recognized.

Accrued expenses and other payable are recognized initially at the transaction price.

It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Financial Instruments

Classification

The following are basic financial instruments:

- Cash;
- A debt instrument that satisfies specific criteria;
- A commitment to receive a loan that cannot be settled net in cash, and when the commitment is executed, is expected to meet the conditions of a debt instrument above;
- An investment in non-convertible preference shares and non-puttable ordinary shares or preference shares.

Other financial instruments would include instruments that are not within the scope of basic financial instruments.

Recognition

Basic and other financial instruments are recognized in the statement of assets, liabilities and fund balance when the Foundation becomes a party to the contracts.

Initial Measurement of Financial Instruments

Basic financial instruments are measured at their transaction price including transactions costs.

If the contract constitutes a financing arrangement, it is measured at the present value of future payments discounted at a market rate of interest for a similar instrument (this is not applicable to assets and liabilities classified as current, unless they incorporate a finance arrangement).

If interest is not at a market rate, the fair value would be future payments discounted at a market rate of interest. Other financial instruments are initially measured at fair value, which is usually their transaction price. This will exclude transaction costs.

Subsequent Measurement

Investments in non-convertible preference shares and non-puttable ordinary, and preference shares that are publicly traded or their fair value can otherwise be reliably measured, are measured at fair value through profit or loss if a public market exists, otherwise at cost less impairment.

All other financial instruments are measured at fair value at reporting date. The only exception are equity instruments (and related contracts that would result in delivery of such instruments) that are not publicly traded and whose fair value cannot be reliably determined are measured at cost less impairment.

Impairment of Basic Financial Instruments

At each reporting date, an assessment is made as to whether there is objective evidence of a possible impairment. The impairment loss of basic financial instruments at amortized cost is the difference between carrying value and the revised cash flows discounted at the original effective interest rate.

The impairment of basic financial instruments at cost is the difference between the carrying value and best estimate of the amount that would be received if the asset was sold at the reporting date.

Reversal of impairment on basic financial instruments is permitted.

Impairment of Other Financial Instruments

Other financial instruments carried at cost are impaired on the same basis as basic financial instruments measured in the same manner.

Fair Value

The standard makes use of a fair value hierarchy. This is quoted prices in an active market, prices in recent transactions for the identical assets (adjusted if necessary), and use of a valuation technique (that reflects how the market would expect to price the asset and the inputs reasonably represent market expectations). Fair value, where there is no active market, is only considered reliable if the variability in the range of fair values is not significant and the probabilities of various estimates can be reasonably assessed.

Derecognition

The Foundation derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expire or are settled;
- The Foundation transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The Foundation, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

The Foundation derecognizes a financial liability when extinguished.

Fund Balance

Fund balance includes all current and prior period results of operation as disclosed in the statement of revenues, expenses and fund balance. The amount is partially restricted for retirement obligations.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefit associated with the transaction will flow to the Foundation and the amount of the revenue can be measured reliably. Revenue is measured at fair value of the consideration received.

The following specific recognition criteria must also be met before revenue is recognized:

Donations. The Foundation recognizes donations, including unconditional promises to give, as revenue in the period received. Donations which are restricted and deferred for future projects are shown separately in the statement of assets, liabilities and fund balance as “Deferred revenue”.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Revenue is recognized when earned.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in fund balance. Expenses are recognized in the statement of revenues, expenses and fund balance in the year these are incurred on the basis of:

- a. a direct association between the costs incurred and the earning of specific items of income;
- b. systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
- c. immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance.

Retirement Costs

The Foundation has a funded, non-contributory defined benefit plan covering all regular employees. Retirement costs are actuarially determined using the projected unit credit method and incorporates assumptions concerning employees’ projected salaries. The retirement cost is recognized during the employees’ period of service and discounted using market yields on government bonds. Actuarial gains and losses are recognized as part of profit or loss in the statement of revenues, expenses and fund balance for the period.

Provisions

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Foundation expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the statement of assets, liabilities and fund balance date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Foreign Currency Transactions

Items included in the financial statements of the Foundations are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of revenues, expenses and fund balance.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Events after the Financial Reporting Period

Post year-end events that provide additional information about the Foundation's financial position as of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

The Foundation's financial statements prepared in accordance with PFRS for SMEs require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgments

Management makes judgments in the process of applying the Foundation's accounting policies on the classification of expenses.

Classification of Expenses. The Foundation classifies and allocates its expenses between project and general and administrative expenses according to their nature. Project expenses are expenses which are directly incurred for the completion of the Foundation's activities relating to community health partnership programs, training and capability programs and other projects. General and administrative expenses are expenses which are not directly related to project expenses.

Project expenses in 2018 and 2017 amounted to ₱122.02 million and ₱103.05 million, respectively, while general and administrative expenses in 2018 and 2017 amounted to ₱23.12 million and ₱21.70 million, respectively (see Note 9).

Estimates

The key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets within the next financial year is discussed below.

Valuation of Retirement Liability (Asset). The determination of the liability (asset) and cost (income) of retirement benefits is dependent on the selection of certain assumptions used by the Foundation's management. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. While the Foundation believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumption may materially affect the pension and other retirement obligations.

As at December 31, 2018 and 2017, present value of retirement liability amounted to ₱9.6 million and ₱15.3 million, respectively (see Note 10).

4. Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	₱38,713,479	₱46,949,934
Short-term placements	–	25,990,969
	₱38,713,479	₱72,940,903

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Foundation, and earn interest at the prevailing short-term placement rates.

Interest income earned from cash in banks and short-term placements amounted to ₱0.16 million and ₱0.68 million in 2018 and 2017, respectively.

5. Receivables

	2018	2017
Loans and advances from officers and staffs	₱60,432	₱214,369
Other receivables	151,280	7,194
	₱211,712	₱221,563

Loans and advances from officers and staffs pertain to loans due for settlement within the following year and cash advances which are subject to liquidation.

Other receivables pertain to statutory deductions from employees which will be deducted from their payroll in the succeeding year.

6. Property and Equipment

	2018				Total
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	
Cost					
Balance at beginning of year	₱6,615,140	₱14,947,287	₱3,320,463	₱8,667,118	₱33,550,008
Additions	242,000	1,192,840	11,639	–	1,446,479
Disposal	–	(116,903)	–	–	(116,903)
Balance at end of year	6,857,140	16,023,224	3,332,102	8,667,118	34,879,584
Accumulated Depreciation and Amortization					
Balance at beginning of year	3,477,754	13,314,488	3,010,946	8,482,679	28,285,867
Depreciation and amortization (see Note 9)	885,854	974,755	131,470	184,368	2,176,447
Disposal	–	(116,903)	–	–	(116,903)
Balance at end of year	4,363,608	14,172,340	3,142,416	8,667,047	30,345,411
Net Book Value	₱2,493,532	₱1,850,884	₱189,686	₱71	₱4,534,173

	2017				Total
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	
Cost					
Balance at beginning of year	₱5,631,140	₱14,122,283	₱3,320,463	₱8,667,118	₱31,741,004
Additions	2,615,000	825,004	–	–	3,440,004
Disposal	(1,631,000)	–	–	–	(1,631,000)
Balance at end of year	6,615,140	14,947,287	3,320,463	8,667,118	33,550,008
Accumulated Depreciation and Amortization					
Balance at beginning of year	4,583,833	12,237,932	2,847,692	7,760,918	27,430,375
Depreciation and amortization (see Note 9)	524,921	1,076,556	163,254	721,761	2,486,492
Disposal	(1,631,000)	–	–	–	(1,631,000)
Balance at end of year	3,477,754	13,314,488	3,010,946	8,482,679	28,285,867
Net Book Value	₱3,137,386	₱1,632,799	₱309,517	₱184,439	₱5,264,141

In 2018 and 2017, the Foundation disposed its fully depreciated office equipment with a total cost of ₱116,903 and ₱1,631,000, respectively. Gain on disposal amounted to nil and ₱440,000 in 2018 and 2017, respectively.

7. Accrued Expenses and Other Payables

	2018	2017
Accrued expenses:		
Professional fee	₱10,041,807	₱9,323,770
Payable to contractors	5,343,573	3,236,309
Trainings and seminars	4,611,187	3,388,930
Transportation	10,827	5,228,259
Due to government agencies	2,029,340	1,734,767
Other payables	1,416,551	266,247
	₱23,453,285	₱23,178,282

Accrued expenses, due to government agencies and other payables are due for settlement within the following year.

8. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes entities that are under common control with the Foundation, its donors, the BOT and their close family members.

In the ordinary course of operations, the Foundation is engaged in the following transactions with entities that are considered related parties.

Related Party	Nature of Transaction	Year	Volume of transactions (Amount in millions)	Outstanding Balance	Terms	Conditions
The Zuellig Group, Inc.	Donations (a)	2018 2017	₱79.4 53.2	– –	None None	Unrestricted Unrestricted
Roberto R. Romulo	Donations (b)	2018 2017	0.01 0.01	– –	None None	Restricted Restricted
Zuellig Pharma Corporation (ZPC)	Share in utilities (c)	2018 2017	0.8 0.7	– –	90 days upon receipt of billings; noninterest-bearing	Unsecured

- These donations were not restricted for use to specific projects of the Foundation. These were recorded as part of “Donations” account in the statements of revenues, expenses and fund balance.
- These donations were restricted and earmarked for relief and recovery operations.
- The Foundation occupies an office space in ZPC’s head office building, free of any rental charges. ZPC bills the Foundation for its share in utilities. ZPC’s charges to the Foundation were recorded as part of “Utilities” account in the statements of revenues, expenses and fund balance.

Total compensation to key management personnel amounted to ₱16.5 million and ₱17.6 million in 2018 and 2017, respectively.

9. Expenses

The Foundation's expenses consist of the following for the years ended December 31, 2018 and 2017:

	2018		
	Project Expenses	General and Administrative Expenses	Total
Professional fees	₱53,231,474	₱1,698,065	₱54,929,539
Salaries, wages and other benefits	15,024,738	13,092,050	28,116,788
Trainings and seminars	23,342,039	960,131	24,302,170
Transportation and travel	19,453,719	1,462,920	20,916,639
Utilities (Note 8)	6,932,457	4,824,874	11,757,331
Retirement income (Note 10)	–	(4,079,242)	(4,079,242)
Materials and supplies	1,767,863	1,404,416	3,172,279
Representation and entertainment	1,564,785	773,642	2,338,427
Depreciation and amortization (Note 6)	–	2,176,447	2,176,447
Taxes and licenses	–	92,733	92,733
Donations and contributions	684	–	684
Others	701,644	709,505	1,411,149
	₱122,019,403	₱23,115,541	₱145,134,944

	2017		
	Project Expenses	General and Administrative Expenses	Total
Professional fees	₱42,612,069	₱565,757	₱43,177,826
Salaries, wages and other benefits	13,785,508	10,775,812	24,561,320
Trainings and seminars	14,976,362	772,328	15,748,690
Transportation and travel	13,137,585	461,048	13,598,633
Utilities (Note 8)	8,280,889	2,089,338	10,370,227
Infrastructure projects	3,936,008	–	3,936,008
Materials and supplies	3,008,423	433,662	3,442,085
Retirement income (Note 10)	–	2,592,184	2,592,184
Depreciation and amortization (Note 6)	–	2,486,492	2,486,492
Representation and entertainment	1,258,527	621,741	1,880,268
Donations and contributions	1,801,001	–	1,801,001
Taxes and licenses	–	39,293	92,733
Others	253,579	827,063	1,080,642
	₱103,049,951	₱21,664,718	₱124,714,669

General and administrative expenses is 16% and 17% of the total expenses in 2018 and 2017, respectively.

Project expenses were incurred due to the following activities:

a. Provincial Leadership and Governance Program (PLGP) Cycle 2

PLGP cycle 2 was an 18-month prototyping program for strategic leadership and governance intervention at the provincial level of the health system, where the governor, provincial health officers (PHOs), chief of hospitals (COHs), and other key provincial government officials undergo capacity-building activities in health leadership and governance, and health systems development. It ended in December 2018.

b. Community Health Partnership Program

The Community Health Partnership Program is the pilot program given to cohort municipalities. Under the program, mayors, municipal health officers, and a community leader undergo a health leadership and governance training anchored on the Bridging Leadership (BL) framework-ownership, co-ownership, and co-creation. This leadership training was called Health Leaders for the Poor (HLP). The goal is for the leaders to work on making sure their local health systems are responsive to the needs of the poor. At the start, maternal death was used to gauge the development in their municipalities. In cycle 2, communicable and non-communicable diseases are also monitored. Community participation is emphasized as well to increase demand for responsive health programs.

c. Health Leadership and Governance Program

Health Leadership and Governance Program (HLGP) cycle 2 was developed and implemented based on the recognized need of DOH and ZFF to sustain the gains of the 1st cycle. HLGP cycle 2 has been modified to align the program to the President's Philippine Health Agenda (PHA) and expand the focus from maternal and child health to a life cycle approach using the principles of Primary Health Care to contribute to the achievement of Sustainable Development Goals through improved health outcomes. Further, the second cycle also include support for the institutionalization of HLGP both at the DOH regional and national office to ensure sustainability.

The DOH-ZFF partnership for HLGP formally ended in December 2018 but through ZFF's partnership with the USAID, the objective of ensuring HLGP institutionalization in the DOH can continue.

d. United States Agency for International Development (USAID)

The USAID-ZFF partnership is for the Institutionalization of the Health Leadership and Governance Program (IHLGP). After the end of the partnership between the DOH and ZFF, the USAID team will continue to pursue the institutionalization or adoption of HLGP in the DOH central and regional offices. It is now in the second year of implementation working with the central office's Bureau of Local Health Systems Development, and the DOH regional offices in regions VI (Western Visayas), IX (Zamboanga Peninsula), X (Northern Mindanao), XII (SOCCSKSARGEN) and ARMM.

e. Kristian Gerhard Jebsen Foundation

The partnership between Kristian Gerhard Jebsen Foundation (KGJF) and ZFF partnership is implementing a pilot project on nutrition governance in two partner municipalities: Gamay in Northern Samar and Looc in Romblon. It began in 2017 and will end in September 2019.

By the end of the two-year program, the project will achieve the following:

- under-2 stunting of Gamay and Looc will be reduced by 4 percent from the baseline of 20 percent
- prevalence of under-2 wasting will not be more than 5 percent

In applying ZFF's Health Change Model, the Foundation developed health leaders focused on attaining better nutrition outcomes through its leadership training interventions.

f. *University of California- San Francisco Malaria Provincial Technical Roadmap*

In 2018, the University of California San Francisco Global Health Group's Malaria Elimination Initiative collaborated with ZFF to develop the technical roadmap toward malaria elimination. The intention was to strengthen local ownership, leadership, governance and stewardship of the health systems. This will be measured by the improvement on the performance on the malaria elimination technical roadmap indicators and policy commitment for a sustainable financing of malaria elimination activities.

g. *ZFF Institute*

In 2018, the ZFF Institute continued its focus on the provision of support for the development, enhancement, and running of BL-based training products. There are currently seven ZFF training modules accredited by the Professional Regulation Commission; thus, allowing participants to earn credits. Also in 2018, preparatory work began for the start of public course offerings in 2019.

10. Retirement Costs

The Foundation has a funded, noncontributory defined benefit plan covering all permanent employees. The benefits are based on employees' projected salaries and length of service.

The present value of the retirement liability and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The amounts included in the statements of assets, liabilities and fund balance are as follows:

	2018	2017
Fair value of plan assets	₱17,368,772	₱18,009,121
Present value of defined benefit obligation	(9,763,393)	(15,320,765)
Net retirement asset	₱7,605,379	₱2,688,356

Retirement expense (income) for the years ended December 31, 2018 and 2017 consists of:

	2018	2017
Current service cost	₱1,636,005	₱2,146,984
Net interest cost (income)	(415,875)	686,785
Expected return	694,294	(241,585)
Actuarial gain	(5,993,666)	-
Retirement expense (income)	(₱4,079,242)	₱2,592,184

Details of retirement liability as of December 31, 2018 and 2017 consists of:

	2018	2017
Balance at beginning of year	₱15,320,765	₱12,486,996
Current service cost	1,636,005	2,146,984
Interest cost	610,645	686,785
Actuarial gain	(5,993,666)	-
Benefits paid from the plan assets	(972,575)	-
Benefits paid directly by the Foundation	(837,781)	-
Balance at end of year	₱9,763,393	₱15,320,765

Changes in the fair value of plan assets in 2018 and 2017 are as follows:

	2018	2017
Balance at beginning of year	₱18,009,121	₱17,767,536
Interest income	1,026,520	-
Benefits paid	(972,575)	-
Expected return	(694,294)	241,585
Balance at end of year	₱17,368,772	₱18,009,121

The allocation of the plan assets is shown below:

	2018	2017
Cash and cash equivalents	53.6%	0.05%
Investment in:		
Unit Investment Trust Fund (UITF)	21.8%	4.17%
Government securities	24.4%	95.89%
Receivables	0.4%	0.29%
Trust fee payable	(0.1%)	(0.12%)

The plan assets of the Foundation are maintained by a trustee bank.

The plan assets are composed of cash in banks, receivables - net of payables and investments in debt securities. Descriptions of each category are as follows:

- Cash and cash equivalents consists of savings deposits and special savings deposits.
- Investments in debt securities consist of investments in government bonds.
- Receivables - net of payables consist of interest receivables.

Reconciliation of retirement liability (asset) in the statements of assets, liabilities and fund balance is as follows:

	2018	2017
Balance at beginning of year	₱2,688,356	₱5,280,540
Retirement income (expense)	(1,914,424)	(2,592,184)
Actuarial gain	5,993,666	-
Benefits paid directly by the Foundation	837,781	-
Balance at end of year	₱7,605,379	₱2,688,356

The principal assumptions used in determining retirement benefits for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Discount rate	7.60%	5.70%
Expected return on plan assets	5.00%	3.00%
Expected rate of salary increase	6.00%	7.00%

The latest actuarial valuation report is as at December 31, 2018.

11. Supplementary Information Required Under Revenue Regulations No. 15-2010

Exempt from Tax on Corporations

The Foundation being a nonstock and nonprofit charitable institution is exempted from taxation of corporation.

Below is the additional information required by RR No. 15-2010:

- a. The National Internal Revenue Code of 1997 also provided for the imposition of VAT on sales of goods and services. Accordingly, the Foundation's revenues are exempt from output VAT while its importation and purchases from other VAT-registered individuals or corporations are exempt from input VAT.

b. Taxes and Licenses

Taxes and licenses, local and national, include licenses and permit fees in the statements of revenues, expenses and fund balance.

	Official Receipt No.	Date of payment	Amount
Business permit	1262453	January 16, 2018	₱22,162
Community tax certificate	05820088 and 00178180	January 16, 2018	2,005
Barangay clearance	1399487-5	January 10, 2018	2,700
Others	Various	Various	65,866
			₱92,733

c. Withholding Taxes

	Paid	Accrued	Total
Expanded withholding taxes	₱3,675,883	₱1,291,575	₱4,967,458
Withholding taxes on compensation and benefits	4,275,470	677,112	4,952,582
	₱7,951,353	₱1,968,687	₱9,920,040

d. Tax Assessments

The Foundation has no tax assessments as of December 31, 2018.

e. Tax Cases

The Foundation has no outstanding tax cases in any other court bodies outside of the BIR as of December 31, 2018.

2018 ZUELLIG FAMILY FOUNDATION ANNUAL AND SUSTAINABILITY REPORT

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Duly certified as development agency by the
Department of Social Welfare and Development (DSWD)

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This report has been prepared in accordance with the GRI Standards:
Core option

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