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**Minutes of the Annual Stockholders' Meeting of  
CARITAS HEALTH SHIELD, INC.**

Held on 06 May 2022 at Caritas Corporate Center, 97 E. Rodriguez Sr. Ave., Quezon City

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**I. CALL TO ORDER**

The stockholders' meeting was called to order by the Chairman of the Board, Dr. Rene V. Reyes, at 10:10 a.m., and the minutes of the meeting was recorded by the Corporate Secretary.

**II. APPROVAL OF THE INTERIM GUIDELINES ON THE CONDUCT OF ANNUAL STOCKHOLDERS' MEETING BY REMOTE COMMUNICATION**

The *Interim Internal Rules re Videoconferencing* based on the SEC guidelines allowing on-line meetings, copies were sent to all stockholders of record, was approved for adoption in this meeting.

**III. REPORT ON ATTENDANCE & QUORUM**

The Corporate Secretary certified that out of the 300,000 outstanding shares of stock, **201,799 shares** (67%) are present either in person or by proxy and entitled to participate and vote in the meeting. Whereas the non-attendance of the remaining 98,201 shares are due to the following reasons:

a) Stockholder with unknown address	-	548 shares
b) Deceased stockholders	-	12,845 shares
c) Stockholders absent & w/o proxy	-	41,854 shares
d) Shares subject of an interpleader <sup>1</sup> case	-	42,954 shares
		=====
Total		98,201 shares

Accordingly, the Chairman declared the presence of a quorum.

**IV. REVIEW AND APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING**

After a review of the minutes of the Stockholders' Meeting of 06 March 2019 and 01 October 2021, the body, upon motion made and duly seconded, approved the same without any correction.

At this juncture, Mr. Jeffrey K. Yulde proposed to change the order of the agenda to consider first and to deliberate on the ratification of the proposed amendments to the Articles of Incorporation and By-Laws since these matters were already passed upon and duly ratified in a previous

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<sup>1</sup> N.B. The interpleader case involves 42,954 shares of G.M. Martinez pending with the Quezon City RTC in Case No. R-QZN-17-08220-CV, where an *Order* was issued that "x x x Caritas Health Shield is hereby directed to hold in abeyance the disposition of whatever dividends due on the subject shares, and the parties are directed to refrain from exercising whatever rights over the subject shares until the *Petition for Certiorari of the Court of Appeals* is resolved with finality."

Stockholders' Meeting (of 06 March 2019) but which became stale, and that their consideration for another ratification in this meeting is merely to comply with the Corporation Code. Upon motion made and seconded, and with no objection, the body proceeded to take up and consider ahead of the others items No. 9 and 10 in the Notice of Annual Stockholders' Meeting on Ratification of the (a) Proposed Amendments to the Articles of Incorporation and the (b) Proposed Amendments to the By-Laws, respectively.

## V. RATIFICATION OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION

The proposed Amendments to the Articles of Incorporation were taken up and considered *in seriatim* as follows:

**1. Change of Corporate Name.** Upon motion made and seconded, the body voted affirmatively, *sans* objection, to ratify the amendment to Article I of the Articles of Incorporation changing the corporate name of the corporation from "*Caritas Health Shield, Inc.*" to "***The Health Specialists, Inc.***"

It was noted that the name "*The Health Specialists, Inc.*", through the online portal of the Securities and Exchange Commission, has been reserved and accepted as the substitute corporate name of the corporation.

**2. Change of Business Address.** Upon motion made and seconded, the body voted affirmatively to ratify the amendments to Article III of the Articles of Incorporation changing the business address of the corporation from "*Suite 307 Grace Bldg., Ortigas Avenue, San Juan, Metro Manila*" to "***Caritas Corporate Centre, 97 E. Rodriguez Sr. Avenue, Quezon City***".

**3. Amendment of Article VII, Increase in the Authorized Capital Stock and Declassification of Preferred Shares and their Conversion into Common Shares.** Upon motion made and seconded, the body voted affirmatively to ratify the amendment to Article VII of the Articles of Incorporation as follows:

From:

"That the authorized capital stock of said corporation is THIRTY MILLION PESOS (P30,000,000.00), Philippine Currency, and said capital stock is classified and divided into the following:

"a) Common Shares – **TWO HUNDRED THOUSAND SHARES (200,000)**, of Common Stocks, at par value of **ONE HUNDRED PESOS (P100,000.00)** per share with plenary rights and privileges.

"b) Preferred Stocks – **ONE HUNDRED THOUSAND SHARES (100,000)**, of Preferred Stocks at par value of **ONE HUNDRED PESOS (P100.00)** per share with the following rights, privileges, and limitations:

"1. They shall be entitled to an annual dividend of ten (10%) percent when so declared by the Board of Directors, payable out of the net profits, before any dividend is declared upon the common stock of this company. Should the net profit in any year be insufficient to pay such preferred dividend, either in whole or in part, the unpaid portion thereof shall not be charged against future net profits of the company. This dividend shall accrue when subscription is fully paid, otherwise only such fraction of dividend shall accrue as it bears to the amount paid under the subscription.

"2. Where the net profit in any year be more than sufficient to cover the dividends declared for both the preferred and common stock, the preferred stock shall be entitled to a dividend equal to that of a common stock.

“3. In the event of liquidation, dissolution or winding up the company, whether voluntary or involuntary, they shall be entitled to receive out of the remaining assets of the company available for distribution, after all claims of creditors have been satisfied, the amount equal to the par value of the preferred shares before any distribution may be made to the holders of common stock. Thereafter, no further distribution shall be made and the assets remaining shall be distributed to the holders of common stock.

“4. They shall not be entitled to vote at stockholders’ meeting for the election of directors or on any corporate matters, except on such matters as are expressly provided by the Corporation Code.

“5. Unless, otherwise, authorized by the Board of Directors, the holder of preferred stock has no pre-emptive right to subscribe or purchase any kind of stock each time the company offers for sale its common or preferred stock.”

To:

***“That the authorized capital stock of the Corporation is SIX HUNDRED THIRTY MILLION PESOS (₱630,000,000.00), Philippine currency, divided into SIX MILLION THREE HUNDRED THOUSAND (6,300,000) COMMON SHARES with a par value of ONE HUNDRED PESOS (₱100.00) per share.”***

## **VI. RATIFICATION OF THE PROPOSED AMENDMENTS TO THE BY-LAWS**

The proposed amendments to the By-Laws were read, taken up, and considered by the body, the salient features of which relate to the (a) procedure for election of independent directors; (b) disqualification of directors; (c) confidentiality rule; and (d) establishment of an Executive Committee.

Upon motion made and seconded, the body voted affirmatively, and without objection, to ratify the amendments to the By-Laws *in toto*. (Attached is a copy of the ratified Amendments to the By-Laws as presented and discussed during the meeting.)

## **VII. MANAGEMENT/PRESIDENT’S REPORTS:**

1. **Sales Report.** The Chief Sales and Marketing Officer, Ms. Rafe M. Diaz, presented the production report.

Ms. Elizabeth C. Umali (independent director) expressed concern over the declining drift in sales. While acknowledging the challenges posed by the COVID-19 pandemic, she stressed the need for the immediate formulation of a plan and new strategies to substantially increase production output and improve revenue collections of multi-year products. Ms. Gilda C. Lucena (independent director) agreed and suggested a review of the “carrots and sticks” policies. She said that sales goals must be effectively instilled on the minds of the sales force, and in order to motivate them to work harder, it is not enough to merely offer perks and incentives but also to clearly impart that they will stand to lose should they fail meet their goals.

2. **Financial Report.** Ms. Maria Carla P. Legarda, *Senior Manager - Accounting Services*, presented the unaudited financial statements for the year ended 31 December 2021, explaining that the external audit conducted by Reyes Tacandong & Co. is still pending completion.

3. **Treasurer's Report.** On behalf of the Treasurer, Mr. Arnel S. Roxas, *AVP – Investment Management*, presented the trust fund portfolio report.

#### **VIII. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS**

Upon motion made and seconded, the body ratified all the resolutions and confirmed all the acts of the Board of Directors and the Executive Committee, from 06 March 2019 (the period since the last stockholders' meeting) to date.

#### **IX. ELECTION OF THE MEMBERS OF THE BOARD FOR THE ENSUING YEAR**

The Chairperson opened the floor for nomination and election of the 15-member Board of Directors to serve for the ensuing year until their successors have been duly elected and qualified.

The following were nominated to the 15-member the Board of Directors:

1. Rene V. Reyes
2. Mariano T. Katipunan, Jr.
3. Ana Maria K. Escalona
4. Ronnie U. Collado
5. Jay D. Crisostomo
6. Edgar C. De Asis
7. Rafe M. Diaz
8. Jeffrey K Yulde
9. Lourdes Ann D. Co
10. Elizabeth C. Umali
11. Gilda C. Lucena
12. Domingo M. Navarro
13. Cresencio R. Abes
14. Juanito G. Arcilla
15. Elvira C. Chua

There being no further nominations and, upon motion made and duly seconded, and without any objection, the Presiding Officer declared the nomination closed. There being only 15 nominees, the Corporate Secretary was instructed to distribute equally the available qualified votes to the said nominees who were therefore deemed elected as members of the Board of Directors for the ensuing year until their successors would have been duly elected and qualified.

#### **X. APPOINTMENT OF EXTERNAL AUDITOR**

Upon recommendation of management and on motion duly made and seconded, the body approved the engagement of the services of the auditing firm of Messrs. **REYES TACANDONG & CO.** to conduct and prepare the external audit of the corporation's Financial Statements as of and for the year ended 31 December 2022.

## **XI. ADJOURNMENT**

There being no other further business to transact, the meeting was adjourned at 11:50 a.m.

Certified Correct:

**CHARLES B. ESCOLIN**  
*Corporate Secretary*

\* Approved during the company's Annual Stockholders' Meeting  
last 01 March 2023

**PROPOSED AMENDMENTS TO THE BY - LAWS OF  
CARITAS HEALTH SHIELD, INC.**

**A. Amendment of the day, date, and venue of the Regular Stockholder's Meeting in Article II, Section 1**

From : "Regular Meeting - The regular meeting of stockholders for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held at the principal office on the First Saturday of March of each year. If a legal holiday, then on the day following."

To : "Regular Meeting - The regular meeting of stockholders for the purpose of electing directors and for the transaction of such business as may properly come before the meeting, shall be held at the principal office or any place designated by the Board of Directors in the city or municipality where the principal office of the Corporation is located on the First Friday of May of each year. If such date is a legal holiday, then the meeting shall be held on the next succeeding business day."

**B. Addition of officer who may call for a special stockholders meeting in Article II, Section 2**

From : "Special Meeting - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) by the President."

To : "Special Meeting - The special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, b) the Chairman, or (c) by the President."

**C. Change of period to submit proxies in Article II, Section 7, Paragraph 2**

From : "All proxies must be in the hands of the Secretary before the time set for the meeting."

To : "All proxies must be in the hands of the Secretary at least three (3) business days before the time set for the meeting. The Secretary may conduct a verification of such proxies prior to the stockholders' meeting. If the name of the proxy is left in blank, the person to whom it is given or the Corporation receiving the proxy is at liberty to fill in any name they choose."

**D. Change of period for the closing of transfer Books for fixing of record date in Article II, Section 8**

From : "... such books shall be closed for at least ten (10) working days immediately preceding such meeting."

To: "... such books shall be closed for at least fourteen (14) working days immediately preceding such meeting."

**E. Addition of qualifying premise in Article III, Section 1 and removal of redundant clauses in succeeding enumeration**

From : "Without prejudice to such general powers and such other powers as may be granted by law, the Board of Directors shall have the following express powers:"

To : "Without prejudice to such general powers and such other powers as may be granted by law, including but not limited to any matter under the law that must also be subject to the approval of the stockholders, the Board of Directors shall have the following express power:"

Removal of the clause: "subject to such stockholders' approval as may be required by law" found in Article III Section 1 (c), (d), and the clause: "provided such matter does not require the approval or consent of the stockholders under any existing law, rules or regulations" found in Article III Section 1 (k) to avoid redundancy.

**F. Addition of procedure for election of independent directors in Article III, Section 2**

"Should Philippine law require the election of independent directors into the Board of Directors, the election of such independent directors shall be conducted separately from the election of regular directors during the same stockholders meeting. Unless otherwise determined by the Board, the stockholders shall first elect the required number of independent directors who shall be qualified to act as such in accordance with Philippine law. However, a failure to fill the required number of seats for independent directors shall not prevent the subsequent election of the regular directors. After the election of independent directors, the stockholders shall elect the regular directors to fill the remaining available seats in the Board of Directors.

The seats required to be filled by independent directors shall not be filled by unqualified directors. In case of failure of election for independent director/s, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy/ies."

**G. Addition of provision on grounds for disqualification of Directors in Article III, Section 3**

"Section 3. Disqualifications of Directors. - The following instances shall disqualify a stockholder from being eligible to be elected as a member of the Board of Directors:

- a) If a stockholder is a director, officer, stockholder holding at least ten percent (10%) of the issued and outstanding capital stock in, or is a professional adviser of, any organization, corporation or entity that indirectly or directly competes with the primary purpose and core business of the Corporation, including but not limited to, health maintenance organizations, provided that, hospitals, medical clinics or diagnostic centers shall not be deemed as competitors of the Corporation, and medical consultants shall not be deemed as professional advisers; or

- b) If a stockholder has committed any acts inimical to the business interests and operations of the Corporation, including but not limited to, (i) working or colluding to diminish the reputation of the Corporation; (ii) working or colluding to adversely affect the business operations of the Corporation; or (iii) maliciously initiating any legal action against the Corporation or its directors, officers or employees, without legal basis.

The representatives, nominees, spouse and relatives within the fourth degree of consanguinity or affinity of a disqualified stockholder, whether legitimate or illegitimate are also disqualified from being elected as members of the Board of Directors.”

*As a result of the addition of this Section Article III Sections 3, 4,5,6,7, and 8, are now Sections 4,5,6,7,8, and 9, respectively.*

**H. Addition of qualification for Directors in Article III, Section 4**

From : “A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office”

To : “A director so elected to fill a vacancy shall be elected only for the unexpired term of their predecessor in office and must be qualified under Philippine Law to act as a director, whether independent or regular.”

**I. Addition providing for notice via electronic mail for meetings of the Board of Directors in Article III, Section 6**

From : “... to each director personally, or by telephone, teletex, telegram, or by written or oral message.”

To : “... to each director personally, or by telephone, electronic mail, telex, telegram, or by written or oral message.”

**J. Addition of Section 10 in Article III providing for rules on confidentiality for members of the Board of Directors**

“Section 10. Confidentiality - The members of the Board of Directors shall exert all reasonable efforts not to disclose such matters as may be determined by the Board of Directors to be confidential information, including but not limited to proprietary information, non-public financial information, customer information, or other non-public information, to third parties unless required by law or regulatory authorities. A Director that shall divulge such confidential information may be subject to disciplinary action by the Board of Directors.”

**K. Addition of Article IV, providing for an Executive Committee and creation of other committees by the Board of Directors**

“ARTICLE IV  
COMMITTEES



Section 1. Constitution of an Executive Committee - The Board of Directors shall have the power to constitute an Executive Committee ("Excom") which shall be composed of five (5) members, of which at least three (3) members shall be members of the Board.

Section 2. Powers of the Excom - The Excom shall act on such specific matters within the competence of the Board as may be delegated to it in the By-laws or by the Board, except with respect to (1) approval of any action for which stockholders' approval is also required; (2) the filling of vacancies in the board; (3) the amendment or repeal of by-laws or the adoption of new by-laws; (4) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable; and (5) a distribution of cash dividends to the stockholders.

Section 3. Quorum of the Excom - A majority of the Excom must be present to constitute a quorum at which at least two (2) members of the Board of Directors must be present. The Excom shall act only if a quorum is present in person or through teleconferencing or videoconferencing in accordance with the SEC rules. The affirmative vote of the majority of the members of the Excom present in an Excom meeting shall be always required for any decision or approval of the Excom.

Section 3. Conduct of Excom Meeting - Upon prior notice, the Excom meeting shall be held upon a consent of majority of Directors who are Excom members.

Section 4. Other Committees - The Board shall have the power to create other committees depending on the needs of the Corporation. Each such committee shall have such powers as may be delegated to it by the Board."

*As a result of the addition of this Article, Articles IV, V, VI, VII and VIII, are now Articles V, VI, VII, VIII, and IX, respectively.*

**L. Addition of clause granting the Board of Directors the power to assign additional duties, functions, and powers to the Treasurer in Article V, Section 6(f)**

From : "To exercise such powers and perform such duties and functions as may be assigned to him by the President."

"To : To exercise such powers and perform such duties and functions as may be assigned to him by the President or by the Board of Directors."

**M. Change of Pronouns in Article I, Sections 2 and 3; Article II, Sections 4, 6, and 7; Article III, Section 4, 5, 8 and 9; and Article V, Sections 3(d), 3(l), 3 (last paragraph), 5(c), 5(f), 5(g), and 6(c):**

From : "His"  
To : "Their"

## **N. Various Grammatical Changes**

### **1.1 Change in capitalization in Article II, Section 3, Article III, Section 1(d), 1(e), and 1(i), and Article VI, Section 1**

From : "corporation"

To : "Corporation"

### **1.2 Grammatical correction in Article II, Section 6**

From : "Meeting of the stockholders shall be presided over by the Chairman of by the Board..."

To : "Meeting of the stockholders shall be presided over by the Chairman of the Board..."

### **1.3 Grammatical correction in Article II, Section 7**

From : "At all meetings of stockholders, a stockholders may vote..."

To : "At all meetings of stockholders, stockholders may vote..."

### **1.4 Grammatical correction in Article II, Section 8**

From : "... except in instance where applicable rules and regulations provide otherwise."

To : "... except in instances where applicable rules and regulations provide otherwise."

Due to the above amendments, there was also an adjustment to the numbering of the affected Articles and/or Sections as indicated above.