

MINUTES OF THE JOINT ANNUAL STOCKHOLDERS' & REGULAR BOARD OF DIRECTORS' MEETING 2024 JULY 15, MONDAY, 1000H-1200H

The Joint Annual Stockholders' and Regular Board of Directors' Meetings of **WELLCARE HEALTH MAINTENANCE INC.** (the "Corporation") was held at the principal office of the Corporation and via videoconference, on the above date and time.

PRESENT:

DIRECTORS AND STOCKHOLDERS:

BY PROXY:

TRANSNATIONAL DIVERSIFIED CORPORATION ("TDC")

IN PERSON:

MS. JOSEPHINE J. FRANCISCO MR. CLARISSA M. MENDOZA MR. DAN C. FLORENTINO MS. MA. VERONICA S. LAO GUICO

MS. MARIA CRISTINA A. MONIS MR. FELIPE P. ARAULLO MR. BASIL L. ONG

CORPORATE SECRETARY:

MS. KARLA GRACE J. DELES-GELI

ASSISTANT CORPORATE SECRETARY:

MS. DIANNE A. LIM-ANCHETA

PRESENT BY INVITATION:

MR. J. ROBERTO C. DELGADO

MS. SOCORRO Z. NIRO MR. RASHID DELGADO

MR. ZAKI DELGADO

MR. RUELITO Q. SORIANO

MS. JENNIFER S. TABLANTE

MS. MARIE ANTONETTE G. NARVAS

MS. MELITHA F. GASAPOS-ANDRES

MS. KARLA ANGELICA P. DELGADO

MR. ROGELIO B. SOBREMONTE

MS. CECIL R. AGBANGLO

MS. NOMELLE R. RONDILLA

MS. LILIA C. SALVADOR

MR. VICTOR JOSE D. VILLAREAL

MR. JHUNBIE C. SERNA

 Founder and Group Chairman, Transnational Diversified Group ("TDG")

Group Chief Finance Officer, TDG

 Director, Transnational Medical & Diagnostic Center, Inc. ("TMDC")

- Group Chief Innovation Officer, TDG

- Group Chief Compliance Officer, TDG

- Group Deputy Chief Finance Officer, TDG

- Group Chief Learning Officer, TDG

- Group Chief Legal Counsel, TDG

- Director, TMDC

- Deputy President, TDG Maritime Business Unit

General Manager, WHM

Director, Botika TDG Inc. ("BTI")

- Clinic Administrator, TMDC

- Accounting Manager, TMDC

Medical Director, TMDC Iloilo

- Marketing Manager, TMDC

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I. CALL TO ORDER AND DETERMINATION OF QUORUM

The Chairman, Ms. Josephine J. Francisco, was nominated by the Directors present to act as Chairman of the meeting. The Secretary, Ms. Karla Grace J. Deles-Geli, recorded the minutes of the proceedings.

Each of the directors and stockholders present: a) confirmed his or her attendance and position; b) identified his or her current location and the device being used to participate in the meeting; c) confirmed that he or she has received the Notice of the Meeting and the Agenda; and d) confirmed that he or she can clearly see and hear the other attendees in the meeting. The stockholders, directors, and all other attendees likewise confirmed their consent to the recording and storage of the meeting.

The Corporate Secretary certified that there being present, in person, by proxy, or through remote communication, stockholders representing 100% of the total issued and outstanding shares of the Corporation and all the directors of the Corporation, a quorum was present for the transaction of business.

II. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The reading of the minutes was dispensed with and upon motion duly made and seconded, the Stockholders noted the Minutes of the Joint Annual Stockholders' and Regular Board of Directors' Meeting held on 2023 July 17 and the Board of Directors approved the Minutes of the Regular Directors' Meeting held on 2024 April 29.

III. MATTERS ARISING FROM THE MINUTES

The President, Ms. Clarissa M. Mendoza, advised that all matters arising from the minutes are covered by the Executive Report. Thereafter, the Chairman announced that a copy of the report can be accessed through the Corporate Secretary's online storage which shall form part of the minutes of the meeting. The Secretary duly noted the instructions.

IV. EXECUTIVE REPORT

The President, Ms. Clarissa M. Mendoza, rendered the reports with respect to Industry Updates (2023 HMO Performance, Comparison of the different HMOs, HMOs with Net Income, Q1 2024 HMO Industry Performance, and Application of PFRS 17 for HMOs), Operational Highlights (No. of Enrollees, Breakdown on Internal & External Clientele, Non-Renewal of External Accounts, Prospective Clients, HMO Utilization, Manpower Update, and Personnel Development), Breakthroughs & Highlights (WellCare Accredited Hospitals, New Development for Mobile Application, Customer Support - Cloud PABX, Virtual Consultation-Doctor Anywhere), and Issues & Red Flags (Proposed Minimum Capitalization for HMOs, Increase in Professional Fees & Rate), while the Financial Highlights were presented by the Treasurer, Ms. Maria Cristina A. Monis, copies of which were furnished to the stockholders and the directors through the Corporate Secretary's

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online storage and form part of the minutes of the meeting. Upon motion duly made and seconded, the stockholders unanimously approved the following resolution:

Resolution No. SH 2024-07-01

"RESOLVED, AS IT IS HEREBY RESOLVED, that the President's Report be as it is hereby NOTED and APPROVED."

V. 2023 AUDITED FINANCIAL STATEMENTS

The Treasurer, Ms. Maria Cristina A. Monis, presented to the Stockholders the 2023 Audited Financial Statements of the Corporation, a copy of which is hereto attached to form an integral part of the minutes. Upon motion duly made and seconded, the stockholders unanimously approved the resolution below:

Resolution No. SH 2024-07-02

"RESOLVED, that the Corporation's Audited Financial Statements for the year 2023, be as the same are hereby APPROVED."

VI. CONFIRMATION OF BOARD RESOLUTIONS AND ACTS IN 2023 UNTIL 2024 JULY 14

The various resolutions, acts, and decisions made by the Corporation for the year 2023 until 2024 July 14, which were necessary and incidental to the furtherance of its purpose and to the management of the Corporation, were presented to the stockholders for their approval and confirmation. Upon motion duly made and seconded, the stockholders unanimously approved the resolution below:

Resolution No. SH 2024-07-03

"RESOLVED, AS IT IS HEREBY RESOLVED, that all resolutions as approved by the Board of Directors and all Corporate acts/decisions done in 2023 until 2024 July 14 which were necessary for and incidental to the management of the Corporation, be, as the same are hereby APPROVED, RATIFIED, and CONFIRMED; and

"RESOLVED, FINALLY, that all other acts and proceedings, made by them through other Corporate Officers and/or by the Board of Directors, be as they are hereby APPROVED, RATIFIED, and CONFIRMED."

VII. ELECTION OF MEMBERS OF THE BOARD

Thereafter, the Chairman opened the floor for nominations, and with only seven (7) nominees to the nine (9) Board seats, all the nominees were elected as directors to serve for one (1) year or until their successors are elected and qualified. Upon motion duly made and seconded, the stockholders unanimously passed the resolution below:



Resolution No. SH 2024-07-04

"**RESOLVED**, that the following be elected as members of the Board of Directors for a term of one (1) year or until their successors are duly elected and qualified:

MS. JOSEPHINE J. FRANCISCO

MR. CLARISSA M. MENDOZA

MR. DAN C. FLORENTINO

MS. MA. VERONICA S. LAO GUICO

MS. MARIA CRISTINA A. MONIS

MR. FELIPE P. ARAULLO

MR. BASIL L. ONG

SO RESOLVED."

VIII. APPOINTMENT OF EXTERNAL AUDITORS

Upon motion duly made and seconded, the Stockholders approved the resolution below:

Resolution No. SH 2024-07-05

"RESOLVED, that SYCIP GORRES VELAYO & CO. be retained as the Corporation's auditor for the ensuing year."

IX. OTHER MATTERS - DECLARATION OF DIVIDENDS

Upon motion duly made and seconded, the Board and Stockholders' approved the resolution below:

Resolution No. SH 2024-07-06

"RESOLVED, that the Corporation hereby declares Cash Dividends in the amount of PESOS: TWENTY MILLION AND 00/100 (P20,000,000.00) representing 32% of Total Stockholders' Equity and 70% of the Corporation's unappropriated Retained Earnings as of 2023 December 31 and that the same be distributed to its Stockholders of record as of the date of this meeting in accordance with their respective shareholdings."

X. DISCUSSION

On Operational Highlights, Mr. Felipe R. Araullo noted the big jump of TCM enrollees from 362 actual in 2023 to 1,410 as of June 2024 which Ms. Cecil R. Agbanglo ascribe to the enrollment of cruise crew vessels. Mr. Zaki Delgado also observed the increase in external clients from 277 in 2022 to 5,905 in 2023 and then 6,928 for 2024 June actual which Ms. Agbanglo attribute to the referrals from MarCoPay, Inc. ("MCP").



Ms. Clarissa M. Mendoza reported that external clients, SDV Maritime Corp. and Fair Shipping Corp. did not renew their contracts. Upon inquiry of the reasons for non-renewal from Mr. Dan C. Florentino, Ms. Mendoza explained that this is due to WHM's higher premium compared to other HMO providers and customer service issues. Ms. Agbanglo elaborated the customer service issue which refer to complaints on turnaround time for answering calls which she said that they are now addressing by improving their response time, daily monitoring of customer feedback, and market team meeting with customers, among others.

Mr. Z. Delgado shared that client Island Overseas Transport Corporation ("IOTC") expressed intention not to renew their contract. He asked the number of IOTC's enrollees which Ms. Agbanglo said is around 1,000. She said that IOTC is not included in the report on non-renewals since the report is only up to June while the contract of IOTC ends July 30 and they have not received any confirmation of their intention not to renew.

Ms. Socorro Z. Niro asked if, other than those referred by MCP, there are other external clients who raised complains. Ms. Agbanglo explained that their customer survey only started last April and based on this they only received complaints from two (2) clients. They are also asking MCP to share the complaints raised to them directly. Mr. Z. Delgado said that the general sentiment is that there are a lot of complaints from MIMA-referred clients which remain unresolved. Mr. Z. Delgado suggested to present the issues raised by the customers, the actions taken by WHM, and the resolution timeline. He added that MCP was able to refer new clients with around 4,000 end-users, but WHM needs to have an analysis of what it entails to support this volume. For him, WHM is basically a customer-service ops business and must be able to efficiently handle calls and complaints.

Mr. Araullo asked how long these 2 companies have been clients of WHM which Ms. Agbanglo said is just one (1) year. Ms. Niro asked for data on the total collection and utilization for these clients within said 1 year period to be able to assess if the complaints are valid and evaluate WHM's overall stand on these issues and concerns. For all new accounts, she proposed to have data on how WHM is servicing them and how much does it cost WHM to service them. She added that a similar data for internal accounts would also be ideal to assess WHM's performance in terms of addressing customer complaints issues. Ms. Niro further suggested to include as part of customer engagement, a quarterly performance review.

Mr. Ruel Q. Soriano asked if WHM is benchmarking its response time with other competitors. Ms. Agbanglo said there is none, but they can check public information on this so that they can be guided.

Ms. Niro asked if SDV Maritime and Fair Shipping pay premiums on time which Ms. Agbanglo said that they pay one (1) year in advance. Ms. Niro said it would be understandable why they have high expectations, hence, WHM should really hand hold them.

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Ms. Mendoza explained that the customer service issues concern the new PABX system. Before they were able to easily monitor the calls but when they started using the PABX system there were issues in the system itself that prevented WHM from knowing said issues.

On the WellCare Accredited Hospitals' report, Ms. Narvas said that one of the key concerns of customers is the low network of accredited hospitals specially in the provinces where they have many seafarers and dependents. She shared MCP's recommendation of exploring a tie-up with AMAPHIL (Advanced Medical Access Philippines Inc.) in terms of connecting with hospitals and clinics for expansion of WHM's network which was noted by Ms. Agbanglo.

Ms. Mendoza reported on the company's Virtual Consultation platform using the Doctor Anywhere app for the customers' healthcare needs. Ms. Narvas shared MCP's positive feedback on this app saying that the customers had good experience and did not encounter any issue. She added that even internal TDG customers are happy with the Doctor Anywhere service. Ms. Mendoza likewise shared that in the last seafarers' dialogue the seafarer dependents also expressed satisfaction with the use of this app. She said that the App can address customer concerns during late hours because it operates 24/7.

Mr. Basil L. Ong asked if WHM has a basic customer evaluation sheet which Ms. Agbanglo confirmed WHM has. Mr. Soriano asked how many of the customers respond to the customer feedback from which Ms. Agbanglo said is only around 20% of the daily customers so WHM cannot really gauge if the rest of 80% is happy with the service or not. Mr. Ong asked for a tabulation and evaluation of the customer feedback results for presentation to the board every meeting so that the board would be able to understand better the issues and complaints which was concurred to by Mr. Z. Delgado who added to include key metrics on the response time, time stamps, responsible personnel, etc. including a comparison on the successful cases vis-a-vis those that have not been resolved which should be continuously monitored. Ms. Narvas said that ECPI and TESI will assist WHM come up with the metrics for the customer feedback once the PABX system is up and running around the 1st week of September because there has to be rework on the system when it was launched initially in January.

Mr. Rashid Delgado said that the company should have an external market mindset in dealing with customers because this market will not stick around if they don't get the service they expect. He said that the customer issues should be presented at the first instance and dealt with head on, and not at the last slide.

On Financial Highlights, Mr. J. Delgado noted that the industry has been losing around \$\mathbb{P}4\$ Billion a year, but the presentation shows projected profits for WHM. Ms. Maria Cristina A. Monis ascribe this to lower utilization of about 60% compared to market competitors. Ms. Niro added that WHM was initially set up as a benefit to internal TDG employees before it expanded to include the seafarer dependents and eventually the external market. This means there was control on the utilization. Moreover, TDG and TMDC have implemented many employee health-related programs like the APE, etc. to keep the employees healthy so this may have

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contributed to lower utilization than competition. She also said that the competitors also cover the entire market where they do not have any control on the lifestyle, food and health habits, etc. This should be one of the considerations of WHM as they scale since they won't have any more influence and control over the customer lifestyle which would in turn influence the utilization rate. Ms. Mendoza added that one of the reasons why WHM is not experiencing similar losses is because it has no individual clients where the tendency is to make the most of the premium payments. On the contrary, the mindset is different if the companies pay for premiums, the employees are more hesitant in using their benefits. Mr. J. Delgado noted these insights and reminded everyone to just learn from the experience of the collapse of the pre-need industry and avoid getting into the same problems. Mr. Soriano highlighted the report that in the 1st quarter of the year the industry has recovered because the players have increased premium already.

Mr. Z. Delgado suggested for a reserve fund to address contingencies which was noted by Ms. Niro who instructed for a separate restricted/reserve fund in the balance sheet specially because of the major difference between the premium and the maximum benefit limit. This instruction was noted by Ms. Monis which they will monitor on a per fund and per client analysis.

Mr. Soriano asked if there is a plan to allocate a portion of the retained earnings to address the Insurance Commission's ("IC") move to increase the paid-up capitalization requirement of HMOs. Ms. Monis said they are proposing to declare dividends which will be reinvested to address the IC requirement. In addition, Ms. Niro suggested to commence the proposed restricted/reserve fund already pending approval of the IC regulation on said increase in capitalization.

XI. RATIFICATION AND CONFIRMATION OF BOARD RESOLUTIONS

The various resolutions, corporate acts, and decisions made by the Corporation for the months immediately preceding the present board meeting, which are necessary and incidental to the furtherance of its purpose and to the management of the Corporation, were presented to the Board for their approval and confirmation:

Resolution No. 2024-07-01

"RESOLVED, that the Board of Directors of the Corporation hereby authorizes the Corporation to apply as a Health Maintenance Organization ("HMO") and provider of other related medical services with ASOCIACION BENEVOLA DE CEBU INC. doing business as Chong Hua Hospital and Chong Hua Hospital Mandaue located at Fuente Osmeña, Cebu City, Cebu;

"RESOLVED, FURTHER, that the Corporation's President, DR. CLARISSA M. MENDOZA, be designated as the authorized signatory, for and in behalf of the Corporation, to sign, make, execute, and deliver all necessary documents and papers to carry out the above purpose; and

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"RESOLVED, FINALLY, that all previous resolutions inconsistent herewith are deemed revoked, cancelled and made void."

Resolution No. 2024-07-02

"RESOLVED, that the Board of Directors of the Corporation hereby authorizes the Corporation to apply as a Health Maintenance Organization ("HMO") and provider of other related medical services with MERCADO GENERAL HOSPITAL STA. ROSA INC. doing business under the name and style of Healthway Qualimed Hospital Santa Rosa, located at Nuvali North, Barangay Sto. Domingo, Sta. Rosa City, Laguna;

"RESOLVED, FURTHER, that the Corporation's President, DR. CLARISSA M. MENDOZA, be designated as the authorized signatory, for and in behalf of the Corporation, to sign, make, execute, and deliver all necessary documents and papers to carry out the above purpose; and

"RESOLVED, FINALLY, that all previous resolutions inconsistent herewith are deemed revoked, cancelled and made void."

Resolution No. 2024-07-03

"RESOLVED, that the Board of Directors of the Corporation hereby authorizes the Corporation to apply for the renewal of accreditation as a Health Maintenance Organization ("HMO") and provider of other related medical services with THE DOCTORS' HOSPITAL, INC., located at B.S. Aquino Drive, Bacolod City;

"RESOLVED, FURTHER, that the Corporation's President, DR. CLARISSA M. MENDOZA, be designated as the authorized signatory, for and in behalf of the Corporation, to sign, make, execute, and deliver all necessary documents and papers to carry out the above purpose; and

"RESOLVED, FINALLY, that all previous resolutions inconsistent herewith are deemed revoked, cancelled and made void."

XII. ADJOURNMENT

There being no other business to transact, the meeting was adjourned.

[Signature page follows]



ATTESTED BY:

JOSEPHINE J. FRANCISCO

KARLA GRACE J. DELES-GELI

Corporate Secretary

DIANNE A. LIM-ANCHETAAssistant Corporate Secretary

MINUTES READ AND APPROVED BY:

meri

C. FLORENTINO

MARIA CRISTINA A. MONIS

CLARISSA M. MENDOZA

BASIL L. ONG

FELIPE P. ARAULLO