



15/F Burgundy Corporate Tower  
252 Sen. Gil Puyat Ave., Makati City 1200



30 May 2024

**Insurance Commission**  
1071 United Nations Avenue, Manila

**SUBJECT:** Submission of the 2023 Annual Corporate Governance Report

**Dear Insurance Commissioner,**

In compliance with Insurance Commission Circular Letter No. 202-72: Submission of the Annual Corporate Governance Report (ACGR) dated 30 May 2023. We respectfully submit two (2) copies of our fully accomplished and notarized ACGR covering January to December of 2023 operations.

Should you have any further questions or concerns, please feel free to contact the undersigned at [redacted] or [redacted]

We trust you find everything in order.

Very truly yours,

[redacted]  
**FRELIE ANN N. CANONASO**  
Compliance Associate

**ANNUAL CORPORATE GOVERNANCE REPORT OF**  
**LACSON & LACSON INSURANCE BROKERS, INC.**

1. For the fiscal year ended 2023
2. Certificate Authority Number Insurance Broker's License IB-04-2022-R-A  
Reinsurance Broker's License RB-01-2022-R
3. Metro Manila, Philippines  
Province, Country or other jurisdiction of incorporation or organization
4. 15/F Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City 1200  
Address of principal office Postal Code
5. (02) 8844-5778  
Company's telephone number, including area code
6. www.llibi.com  
Company's official website
7. N/A  
Former name, former address, and former fiscal year, if changed since last report.

**ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT / NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long-term success and sustainability of the corporation in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	<b>COMPLIANT</b>	Lacson and Lacson Insurance Brokers, Inc.'s ("LLIBI" or the "Company") Board is comprised of seven members, with collective working knowledge, experience, and expertise that is relevant to the company's industry/sector such as local and foreign insurance, health, and financial services sectors.  The Board has a diverse and balanced composition consisting of competent and highly qualified directors.  The Board may determine the criteria for the selection and nomination into the Board. Each Director remains qualified to fulfill their roles.  <a href="#">*Profile of Directors and Officers</a> (as of December 31, 2023) <a href="#">*Corporate Governance Manual</a> - Section I.4, III.A, and III.J	
2. Board has an appropriate mix of competence and expertise.	<b>COMPLIANT</b>		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	<b>COMPLIANT</b>		
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors	<b>COMPLIANT</b>	Four (4) out of seven (7) members of the Board are non-executive directors and are not directly involved in managing the business of the company.  <a href="#">*Profile of Directors and Officers</a> (as of December 31, 2023)	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter or Manual on Corporate Governance a policy on training of directors.	<b>COMPLIANT</b>	The Corporate Governance Manual provides for the orientation program for first-time directors, and annual continuing training for all directors.	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	<b>COMPLIANT</b>	The orientation program for first-time directors shall be for a minimum of eight hours and shall cover IC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct.	
3. Company has relevant annual continuing training for all directors.	<b>COMPLIANT</b>		

		<p>The annual continuing training program for all directors shall be for a minimum of four hours and shall cover developments in the business and regulatory environments, including emerging risks relevant to the company. It shall cover IC-mandated topics on Corporate Governance. A director shall be temporarily disqualified for failure to attend the special seminar on corporate governance, as provided under Section II.D.2.d of the Corporate Governance Manual</p> <p>In reference to the Profile of Directors and Officers (as of December 31, 2023), the cited training on corporate governance by was held in November 2023 for a duration of four (7) hours covering the following topics:</p> <ul style="list-style-type: none"> <li>• Revised Code of Corporate Governance</li> <li>• ASEAN Corporate Governance Scorecard</li> <li>• SEC-IC Annual Corporate Governance Report</li> <li>• Board Responsibilities; Board vs Mancom</li> <li>• Financial Reporting and Audit</li> <li>• Dealing with 3rd parties - suppliers, contractors, creditors, regulators, government</li> <li>• Illegal Activities of Corporations/ Directors/Officers;</li> <li>• Insider Trading</li> <li>• Protection of Minority Shareholders</li> <li>• Short Swing Transactions</li> <li>• Liabilities of Directors</li> <li>• Confidentiality</li> <li>• Conflict of Interest</li> <li>• Related Party Transactions</li> <li>• Case Studies</li> </ul> <p><a href="#">*Profile of Directors and Officers</a> (as of December 31, 2023)  <a href="#">*Corporate Governance Manual</a>- Sections VIII.A and VIII.B</p>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	<b>COMPLAINT</b>	<p>LLIBI is committed to improving the diversity on the Board and at senior management level in terms of gender, social and ethnic backgrounds, skills, competence and knowledge, and aspires to increase the number of female independent directors.</p> <p>The Board is composed of 1 female and 6 male members.</p>	

		<p>It must also be noted that majority of the company's Management Committee are female.</p> <p><a href="#">*Profile of Directors and Officers</a> (as of December 31, 2023)</p> <p><a href="#">*Corporate Governance Manual</a> - Sections I.4 and III.C</p>	
<b>Recommendation 1.5</b>			
1. Board is assisted in its duties by a Corporate Secretary	<b>COMPLIANT</b>	<p>The Board is assisted by the Company's Corporate Secretary, Atty. Gay Christine C. Cortes-Lopez who is a litigating lawyer by profession, is knowledgeable in the rules of law, including the corporation code and governance, and Code of Ethics.</p> <p>The Corporate Secretary maintains the Company's official records and is a separate individual from the Compliance Officer and is not a member of the Board of Directors. The position of the Company's Corporate Secretary was held by Atty. Cortes-Lopez (re-appointed Dec. 13, 2023).</p> <p><a href="#">*Amended By-Laws</a> - Section II.1 and Section II.5</p> <p><a href="#">*Corporate Governance Manual</a> - Section IV.D</p>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	<b>COMPLIANT</b>		
3. Corporate Secretary is not a member of the Board of Directors.	<b>COMPLIANT</b>		
4. Corporate Secretary attends training/s on corporate governance.	<b>COMPLIANT</b>	<p>Atty. Ang attended the same training on corporate governance by ROAM, Inc. as the Directors.</p>	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	<b>COMPLIANT</b>	<p>The Company does not have appointed a Compliance Officer at the Board-level but is assisted by the Risk and Compliance Manager, who heads the Risk and Compliance Department, and directly reports to the COO / Chief Executive Officer (CEO).</p> <p>In March 2024, the Human Resources and Admin Manager acted to supervise the Compliance Department as the Compliance Manager departed from the company. The Human Resources and Admin Manager along with the Compliance Associate and Data Protection/Chief Operating Officer, assists in checking documents and collaborates with other department heads for compliance matters as the company is actively recruiting for the position of Compliance Manger</p> <p><a href="#">*Corporate Governance Manual</a>- Section II.A</p> <p><a href="#">*Board Charter</a> - Section I.3</p>	
2. Compliance Officer has a rank of Vice President or an equivalent position with adequate stature and authority in the corporation.	<b>COMPLIANT</b>		
3. Compliance Officer is not a member of the board.	<b>COMPLIANT</b>		

4. Compliance Officer attends training/s on corporate governance annually.	<b>COMPLIANT</b>	This is a required training for the Compliance Officer but, since the company is actively recruiting for a new Compliance Officer this is on pause until the company finds a new one.	
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**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	<b>COMPLIANT</b>	<p>All significant matters are discussed and approved by the Directors and/or Stockholders in regular or special meetings and in adherence to the Amended By-Laws. Said matters cover financial and non-financial aspect of the business.</p> <p>The Company also holds meetings among the Management Committee also attended by the three Executive Directors.</p> <p>*<a href="#">Corporate Governance Manual</a>– Annex A, items (2) and (3)  *<a href="#">Amended By-Laws</a>  *<a href="#">Board Charter</a> - Section II</p>	
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**Recommendation 2.2**

1. Board oversees the development, review and approval of the company's business objectives and strategy.	<b>COMPLIANT</b>	<p>Indicate the frequency of review of business objectives and strategy.</p> <p>*<a href="#">Board Charter</a> - Section II  *<a href="#">Corporate Governance Manual</a>- Section II.B</p>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy in order to sustain the company's long-term viability and strength.	<b>COMPLIANT</b>		

**Recommendation 2.3**

1. Board is headed by a competent and qualified Chairperson.	<b>COMPLIANT</b>	The Board is headed by Mr. Salvador L. Lacson as Chairperson and has been engaged in the business of insurance broking for more than 50 years.  * <a href="#">Profile of Directors and Officers</a> (as of December 31, 2023)	
<b>Recommendation 2.4</b>			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Section III.J	
2. Board adopts a policy on the retirement for directors and key officers.	<b>COMPLIANT</b>		
<b>Recommendation 2.5</b>			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	<b>COMPLIANT</b>	The Board from time sets director's remuneration. If appropriate  Directors' fee are paid on an annual basis  <a href="#">Corporate Governance Manual</a> - Section III.J	
2. Board aligns the remuneration of key officers and board members with long-terms interests of the company.	<b>COMPLIANT</b>		
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and run closed corporation. Company performance also influences the Directors' fees and impacts the annual merit increase of employees
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Section III.A, III.B, III.E, and III.J * <a href="#">Corporate Governance Manual</a> - Annex A, item (5)	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>		

3. Board nomination and election policy includes how the company accepts nominations from minority shareholders.	<b>COMPLIANT</b>		
4. Board nomination and election policy includes how the board reviews nominated candidates.	<b>COMPLIANT</b>		
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	<b>COMPLIANT</b>		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	<b>COMPLIANT</b>		
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and -run closed corporation. It does not transact with related parties as it neither has subsidiaries/affiliates nor exercises control in any other corporation. For transactions that are deemed unusual or infrequently occurring, the Board exercises transparency, objectivity, and fairness through discussions with the Management Committee.
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	<b>NON-COMPLIANT</b>		
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	<b>NON-COMPLIANT</b>		
<b>Recommendation 2.8</b>			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	<b>COMPLIANT</b>	<a href="#">*Amended By-Laws</a> - Article II.1 <a href="#">*Corporate Governance Manual</a> - Section IV.A	

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)</p>	<p><b>COMPLIANT</b></p>	<p>*<a href="#">Board Charter</a> - Section II  *<a href="#">Corporate Governance Manual</a> - Section II</p>	
<p><b>Recommendation 2.9</b></p>			
<p>1. Board establishes an effective performance management framework that ensures that Management, including the Chief Executive Officer performance is at par with the standards set by the Board and Senior Management.</p>	<p><b>NON-COMPLIANT</b></p>		<p>LLIBI is a family owned and run closed corporation. Majority of its shares are owned and controlled by the Lacson Family.</p>
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p><b>COMPLIANT</b></p>	<p>The company implements an annual performance review led by the Human Resources and Administration Department.</p> <p>*<a href="#">Code of Business Conduct and Ethics</a> - Section II.A</p>	
<p><b>Recommendation 2.10</b></p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p><b>NON-COMPLIANT</b></p>		<p>LLIBI is a family owned and run closed corporation. Due to the size and nature of the company, an external auditor is sufficient in place of an internal audit.</p> <p>However, Section II.B of the Corporate Governance Manual provides for the approval and review of compliance with policies and procedures for the management and control of risk, including capital management, and the internal control and management information systems that provide reasonable assurance as to the reliability of the Corporation's financial information and the safeguarding of its assets.</p>

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	<b>COMPLIANT</b>	* <a href="#">Code of Business Conduct and Ethics</a> - Sections IV and VI * <a href="#">Corporate Governance Manual</a> - Section III.G and VII	
3. Board approves the Internal Audit Charter	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Due to the size and nature of the company, an external auditor is sufficient in place of an internal audit.

**Recommendation 2.11**

1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation and the size and nature of the company does not necessitate an ERM framework. Decisions in relation to such key risks are discussed at the Board level.  While there is no formal and separately defined ERM framework, Section II.B of the Corporate Governance Manual provides for risk management as part of the responsibilities of the Board.
2. The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	<b>NON-COMPLIANT</b>		

**Recommendation 2.12**

1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	<b>COMPLIANT</b>	* <a href="#">Board Charter</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	<b>COMPLIANT</b>		
3. Board Charter is publicly available and posted on the company's website.	<b>COMPLIANT</b>		

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p><b>NON-COMPLIANT</b></p>		<p>LLIBI is a family owned and run closed corporation. Current Board composition is relatively small to form committees as described in CL 2020-71. The functions of the mentioned committees are carried out by the Board as a whole.</p> <p>The Board may seek assistance or delegate authority and certain tasks to the Management.</p>
<p><b>Recommendation 3.2</b></p>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p><b>NON-COMPLIANT</b></p>		<p>LLIBI is a family-owned and -run closed corporation. The functions of the mentioned committees are carried out by the Board as a whole. Any decision with regards to the appointment and/or removal of the company's external auditor is approved at the Board level.</p>
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p><b>NON-COMPLIANT</b></p>		<p>The Board may seek assistance or delegate authority and certain tasks to the Management.</p>
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p><b>NON-COMPLIANT</b></p>		
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p><b>NON-COMPLIANT</b></p>		
<p><b>Recommendation 3.3</b></p>			
<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p><b>NON-COMPLIANT</b></p>		<p>LLIBI is a family-owned and -run closed corporation and Board composition is relatively small to form a Corporate Governance Committee. The Board can perform the functions assigned to this Committee and may also seek assistance or delegate authority and certain tasks to the Management</p>
<p>2. Corporate Governance Committee is composed of at</p>	<p><b>NON-COMPLIANT</b></p>		

least three members, majority of whom should be independent directors.			Section II of the Board Charter provides for monitoring the performance of individual directors, its committees, and senior management, among the responsibilities of the Board. The Compliance Officer shall also assist the Board. In addition, Directors have attended a training on corporate governance as described in Recommendation 1.3 above
3. Chairman of the Corporate Governance Committee is an independent director.	<b>NON-COMPLIANT</b>		
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and -run closed corporation and Board composition is relatively small to form a Board Risk Oversight Committee. The Board can perform the functions assigned to this Committee and may also seek assistance or delegate authority and certain tasks to the Management.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	<b>NON-COMPLIANT</b>		
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	<b>NON-COMPLIANT</b>		
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	<b>NON-COMPLIANT</b>		
<b>Recommendation 3.5</b>			
1. The Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and -run closed corporation with a relatively small Board composition and does not have affiliates and subsidiaries to necessitate the formation of a Board Committee dedicated to the management of Related Party Transactions (RPT), considering its size, risk profile, and complexity of operations.  The Board can perform the functions assigned to this Committee and may also seek assistance or delegate
2. RPT Committee is composed of at least three non-executive directors, majority of whom should be independent, including the Chairman.	<b>NON-COMPLIANT</b>		

			authority and certain tasks to the Management.
<b>Recommendation 3.6</b>			
1. All established committees have a Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and -run closed corporation and Board composition is relatively small to form Committees within the Board.
2. Committee Charters provide standards for evaluating the performance of the Committees.	<b>NON-COMPLIANT</b>		
3. Committee Charters were fully disclosed on the company's website.	<b>NON-COMPLIANT</b>		
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
<b>Recommendation 4.1</b>			
1. The Directors attends and actively participates in all meetings of the Board, Committees and shareholders in person or through tele/videoconferencing conducted in accordance with the rules and regulations of the Commission.	<b>COMPLIANT</b>	Directors shall actively participate in meetings, and they are given a chance to ask questions and clarify or seek explanations.  Failure to observe/discharge their duties and responsibilities is a ground for disqualification of a Director, as provided under Section II.D.2.c of the Corporate Governance Manual	
2. The directors review meeting materials for all Board and Committee meetings.	<b>COMPLIANT</b>	Majority of the board members attended the annual stockholders' meeting in May 2023 conducted in person at the head office of the Company.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Sections II.B.5 and X.B * <a href="#">Corporate Governance Manual</a> - Annex A, Section A	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve as directors to a maximum of five Insurance Commission Regulated Entities (ICREs) and publicly listed companies to ensure that they have sufficient time to fully	<b>COMPLIANT</b>	The company has no non-executive director who concurrently serves as a director in any ICRE nor publicly listed company (PLC).  Section III.A.5 of the Corporate Governance Manual requires the disclosure of any present directorship position with other companies. For non-executive	

<p>prepare for meetings, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>		<p>directors, they shall not concurrently serve as directors in more than five (5) ICRE and PLC.</p> <p>*<a href="#">Corporate Governance Manual</a> - Sections II.B.11 and III.J.3</p> <p>*<a href="#">Profile of Directors and Officers</a> (as of December 31, 2023)</p>	
<p><b>Recommendation 4.3</b></p>			
<p>1. The directors notify the company's board where he/she is an incumbent director before accepting a directorship in another company.</p>	<p><b>COMPLIANT</b></p>	<p>Section III.A.5 of the Corporate Governance Manual requires each Director to disclose to the Board any present directorship position with other companies. The company as well planning to update Directors Biodata at least twice a year</p>	
<p><b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs.</p>			
<p><b>Recommendation 5.1</b></p>			
<p>1. The Board is composed of at least twenty percent (20%) independent directors.</p>	<p><b>COMPLIANT</b></p>	<p>*<a href="#">Board Charter</a> - Section I.1.</p> <p>*<a href="#">Profile of Directors and Officers</a> (as of December 31, 2023)</p>	
<p><b>Recommendation 5.2</b></p>			
<p>1. The independent directors possess all the necessary qualifications and none of the disqualifications to hold the position.</p>	<p><b>COMPLIANT</b></p>	<p>*<a href="#">Corporate Governance Manual</a> - Section III.B</p> <p>*<a href="#">Profile of Directors and Officers</a> (as of December 31, 2022)</p>	
<p><b>Recommendation 5.3</b></p>			
<p>1. The independent directors serve for a maximum cumulative term of nine years.</p> <p>As far as Insurance Companies are concerned, the foregoing term limit shall be reckoned from 02 January 2015 while the reckoning date for the Pre-Need Companies and Health Maintenance Organizations shall be from 21 September 2016.</p> <p>For other covered entities, all previous terms served by existing Independent Directors prior to the effectivity of this Circular shall not be included in the application of</p>	<p><b>COMPLIANT</b></p>	<p>Since the promulgation of this requirement, no Independent Director has served more than the maximum term of 9 years.</p>	

the term limit prescribed in this item.			
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	<b>COMPLIANT</b>	Independent directors can serve as such for nine (9) consecutive years. After completion of the nine-year service period, an independent director shall be ineligible for election as such in the same company unless the concerned director has secured the appropriate clearance from the Insurance Commission.  <a href="#">*Corporate Governance Manual</a> - Section III.F	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board submits to the Insurance Commission a formal written justification and seek shareholders' approval during the annual shareholders' meeting.	<b>COMPLIANT</b>	<a href="#">*Corporate Governance Manual</a> - Section III.F	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate Individuals.	<b>NON-COMPLIANT</b>		LLIBI is a family-owned and -run closed corporation. Due to the size and nature of the company, the positions of Chairman of the Board and CEO are held by the same individual.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	<b>NON-COMPLIANT</b>		
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director or where the roles of Chairman and CEO are being held by one person, the Board should designate a lead director among the independent directors.	<b>NON-COMPLIANT</b>		Due to the size and nature of the company and the relatively small composition of the Board, the positions of Chairman of the Board and Chief and CEO are held by the same individual, while the Chief Operating Officer also holds the position of Managing Director.
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	<b>COMPLIANT</b>	No transaction within the covered year involved a material interest of a director.  <a href="#">*Corporate Governance Manual</a> - Sections III.G and VII.1	
<b>Recommendation 5.7</b>			

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Due to the size and nature of the composition, its controls are on the Management level which has direct access to the Chief Executive Officer (CEO) and Chief Operating Officer (COO).
2. The meetings are chaired by the lead independent director.	<b>NON-COMPLIANT</b>		Due to the size and nature of the company, the meetings are presided by either the CEO or the COO.

**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. The Board conducts an annual assessment of its performance as a whole.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Majority of its shares are owned and controlled by the Lacson Family.  However, Section II.5 of the Board Charter provides for the monitoring the performance of individual Directors.
2. The performance of the Chairman is assessed annually by the Board.	<b>NON-COMPLIANT</b>		
3. The performance of the individual member of the Board is assessed annually by the Board.	<b>NON-COMPLIANT</b>		
4. The performance of each committee is assessed annually by the Board.	<b>NON-COMPLIANT</b>		
5. Every three years, the assessments are supported by an external facilitator.	<b>NON-COMPLIANT</b>		

**Recommendation 6.2**

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Majority of its shares are owned and controlled by the Lacson Family.
2. The system allows for a feedback mechanism from the shareholders.	<b>NON-COMPLIANT</b>		

**Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

**Recommendation 7.1**

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	<b>COMPLIANT</b>	* <a href="#">Code of Business Conduct and Ethics</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	<b>COMPLIANT</b>	The Code of Business Conduct and Ethics is included in the orientation program for new hires. Employees are updated for any changes in the policy.	
3. The Code is disclosed and made available to the public through the company website.	<b>COMPLIANT</b>	Company website is accessible at <a href="https://llibi.com/about-us/">https://llibi.com/about-us/</a>  * <a href="#">Code of Business Conduct and Ethics</a>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	<b>COMPLIANT</b>	All directors, officers, and employees of LLIBI are required to comply with the Code. There have been no cases of noncompliance as of this report.  * <a href="#">Code of Business Conduct and Ethics</a> - Section VI * <a href="#">Corporate Governance Manual</a> - Section VI	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	<b>COMPLIANT</b>		
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Section X	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications and assess any	<b>COMPLIANT</b>	* <a href="#">Profile of Directors and Officers</a> (as of December 31, 2023) * <a href="#">Corporate Governance Manual</a> - Section X	

potential conflicts of interest that might affect their judgment.			
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Section III.J and VII * <a href="#">Profile of Directors and Officers</a> (as of December 31, 2023)	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Majority of the shares of the corporation are owned and controlled by the Lacson Family.
2. Company provides a clear disclosure of its policies and procedure for setting Executive remuneration, including the level and mix of the same in the Annual Corporate Governance Report consistent with ASEAN Corporate Governance Scorecard (ACGS) and the Revised Corporation Code.	<b>NON-COMPLIANT</b>		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	<b>NON-COMPLIANT</b>		LLIBI does not disclose the remuneration of its Board of Directors on the basis of confidentiality.
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation and does not have affiliates and subsidiaries that will necessitate a related party transaction policy.
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report,	<b>NON-COMPLIANT</b>		While there is no formal policy regarding related party transactions, the following principles guide the

reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.			company in conducting business with fairness and objectivity: <ul style="list-style-type: none"> <li>• Code of Business Conduct and Ethics - Sections III and IV.A, and</li> <li>• LLIBI Corporate Governance Manual - Section II.B, VI, VII</li> </ul>
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**Recommendation 8.6**

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	<b>COMPLIANT</b>	The Manual on Corporate Governance is accessible at <a href="https://llibi.com/about-us/">https://llibi.com/about-us/</a>	
2. Company's MCG is posted on its company website.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a>	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality

**Recommendation 9.1**

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	<b>NON-COMPLIANT</b>		Board composition is relatively small to form an Audit Committee. Any decision with regard to the appointment and/or removal of the company's external auditor is approved at the Board level. Majority of the Company's shares are owned and controlled by the Lacson Family, who are involved in the appointment, reappointment, and removal, and setting of fees of the external auditors.
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	<b>NON-COMPLIANT</b>		
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	<b>COMPLIANT</b>	The company did not remove nor change its external auditor for the year 2022.	Consistent with Section X.2 of the Corporate Governance Manual, changes to the external auditor shall be disclosed.

**Recommendation 9.2**

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	<b>NON-COMPLIANT</b>		<p>Board composition is relatively small to form an Audit Committee. Any decision with regard to the appointment and/or removal of the company's external auditor is approved at the Board level.</p> <p>However, Item 7 of Annex A of the Corporate Governance Manual provides for the right of stockholders to ask questions to the board, including questions relating to the annual external audit, among others.</p>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<b>NON-COMPLIANT</b>		
<b>Recommendation 9.3</b>			
<p>1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.</p>	<b>COMPLIANT</b>		
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<b>COMPLIANT</b>	<p>There are no non-audit services performed by the external auditor.</p> <p>Any conflict of interest situations shall be governed by the Code of Business Conduct and Ethics.</p> <p><a href="#">*Code of Business Conduct and Ethics</a> - Section IV</p>	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of</p>	<b>COMPLIANT</b>	<p><a href="#">*2023 EESG</a></p>	

economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.			
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues	<b>COMPLIANT</b>	<p>The Company's initiatives focused on social issues such as fair employment, training and development, and the mental health of the employees.</p> <p><u><a href="#">*2023 EESG</a></u></p> <p>In August 2023, the company initiated several environmentally friendly activities, including a tree planting activities and the launch of "Going Green" campaign in the office. This campaign encouraged employees to bring their own cutlery, promoted proper segregation in All offices, and introduced "Zero Waste Tuesdays"</p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. The company should have a website to ensure a comprehensive, cost efficient, transparent, and timely manner of disseminating relevant information to the public.	<b>COMPLIANT</b>	<p>The official website of the company is <a href="https://lilibi.com/">https://lilibi.com/</a></p> <p>We also maintain a LinkedIn page at <a href="https://www.linkedin.com/company/lacson-and-lacson-insurance-brokers-inc">https://www.linkedin.com/company/lacson-and-lacson-insurance-brokers-inc</a></p>	
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**Internal Control System and Risk Management Framework**

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

**Recommendation 12.1**

1. Company has an adequate and effective internal control system in the conduct of its business.	<b>COMPLIANT</b>	<p>The Company's internal control system relies on the implementation and determination of the efficiency and sufficiency of the company policies on employee conduct, compliance policies, and data management.</p> <p>The Management Committee shall immediately report and escalate as needed, and coordinate to issue recommendations and address any noted weakness or discrepancy.</p>	
2. Company has an adequate and effective enterprise risk	<b>NON-COMPLIANT</b>		Due to the size and nature of the company, no formal enterprise risk management framework is in place.

management framework in the conduct of its business.			
<b>Recommendation 12.2</b>			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	<b>NON-COMPLIANT</b>		<p>Due to the size and nature of the company, there is no independent internal audit function in place.</p> <p>The Company has approved engaging an independent third party service provider for the outsourced conduct of the internal audit function.</p>
<b>Recommendation 12.3</b>			
1. The company has a qualified Chief Audit Executive (CAE) appointed by the Board.	<b>NON-COMPLIANT</b>		Due to the size and nature of the company, there is no appointed Chief Audit Executive. All audit related matters are discussed and approved at the Board level.
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	<b>NON-COMPLIANT</b>		
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	<b>NON-COMPLIANT</b>		The COO/Managing Director approved the conduct of the outsourced internal audit activity who is responsible to manage the activity, and is assisted by a member of the Management Committee.
<b>Recommendation 12.4</b>			
1. The company has a separate risk management function to identify, assess and monitor key risk exposures.	<b>COMPLIANT</b>	Risk exposures are managed by the Risk and Compliance Department. They can directly communicate significant risk exposures to the Board when warranted to control issues and develop risk mitigation plan.	
<b>Recommendation 12.5</b>			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	<b>NON-COMPLIANT</b>		<p>Due to the size and nature of the company, there is no appointed Chief Risk Officer.</p> <p>The Risk and Compliance Department handles such matters and directly reports material exposures to the</p>

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	<b>NON-COMPLIANT</b>		Board which, as a group, manage risks. The Department also suggests policies and provide guidance to manage or control exposures .
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Annex A	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	<b>COMPLIANT</b>	<a href="https://www.llibi.com/">https://www.llibi.com/</a>	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 21 days before the meeting.	<b>COMPLIANT</b>	Notice of the time and place of stockholders' meeting shall be delivered at least ten (10) days before the date set of such meeting, and includes the order of business.  * <a href="#">Amended By-Laws</a> - Article III.3 * <a href="#">Corporate Governance Manual</a> - Annex A, Section A	
<b>Recommendation 13.3</b>			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	<b>NON-COMPLIANT</b>		LLIBI is a family owned and run closed corporation. Majority of its shares are owned and controlled by the Lacson family. Material information in the minutes of the meeting is promptly communicated to shareholders, and the minutes are maintained by the Corporate Secretary.
2. Minutes of the Annual and Special Shareholders' Meetings are available on the company website within five business days from the end of the meeting.	<b>NON-COMPLIANT</b>		Pursuant to Annex A of the Corporate Governance Manual, a stockholder has a right to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.  In the 2023 stockholders' meeting, stockholders asked questions and the

			Directors provided sufficient responses.
<b>Recommendation 13.4</b>			
1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	<b>COMPLIANT</b>	Dispute Resolution System Step 1. Prevention Step 2. Negotiation Step 3. Third Party Assistance Step 4. Third Party Decision through Arbitration	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	<b>COMPLIANT</b>	* <a href="#">Corporate Governance Manual</a> - Section IX	
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	<b>COMPLIANT</b>	The Company holds quarterly Management Committee meetings and an annual meeting with stockholders to discuss relevant concerns. It is the Company's priority to maintain good relations with all stakeholders through an open feedback system, faithful compliance to regulations and, ethical conduct of duties and obligations. The major stakeholders include shareholders, employees, clients, partner providers, regulators, and others such as suppliers.  * <a href="#">Corporate Governance Manual</a> - Annex A * <a href="#">Code of Business Conduct and Ethics</a> - Section III	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	<b>COMPLIANT</b>	* <a href="#">Code of Business Conduct and Ethics</a>	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	<b>COMPLIANT</b>	Regular meetings and open communication are maintained among employees, clients, and other stakeholders. They are informed of the different communication channels wherein they can complain or raise concerns.  * <a href="#">Code of Business Conduct and Ethics</a> - Sections VI and VII	

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p><b>COMPLIANT</b></p>	<p>Regular meetings and open communication are maintained among employees up to the Management Committee. They are informed of the different communication channels wherein they can complain or raise concerns. The Company arranges for technical trainings for employees to complement their work functions and professional development, as well as soft skills training to foster good work relationships and towards caring for their mental well-being.</p> <p>In March 2024, all employees, including those from the Company's branch offices, gathered in a town hall meeting attended by the Board of Directors to announce of company's accomplishment and salary increase as well as to recognize the outstanding performance of employees.</p> <p><a href="#">*Code of Business Conduct and Ethics</a> - Section II  <a href="#">*2023 EESG</a></p>	
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**Recommendation 15.2**

<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p><b>COMPLIANT</b></p>	<p><a href="#">*Code of Business Conduct and Ethics</a> - Section V</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p><b>COMPLIANT</b></p>	<p>The Code of Business Conduct and Ethics is included in the orientation program for newly-hired employees, who are also given a copy of the same. A copy is disseminated to all employees, regardless of employment status. With the support of their managers, employees have also attended training on anti-money laundering.</p>	

**Recommendation 15.3**

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.</p>	<p><b>COMPLIANT</b></p>	<p>The Company absolutely prohibits retaliation of any kind for good faith reports of illegal or unethical behavior.</p> <p><a href="#">*Code of Business Conduct and Ethics</a> - Section VII</p>	
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2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	<b>COMPLIANT</b>		
3. Board supervises and ensures the enforcement of the whistleblowing framework.	<b>COMPLIANT</b>	There is no reported incident of whistleblowing that requires Board supervision.	

**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	<b>COMPLIANT</b>	<a href="#">*2023 EESG</a>	
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**CERTIFICATION**

The undersigned certify that the responses and explanations set forth in the above Company's Annual Corporate Governance Report are true, complete and correct of our own personal knowledge and/or based on authentic records

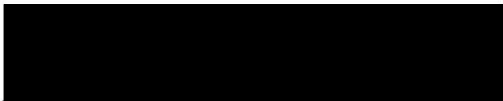
Signed in the City of Makati on \_\_\_\_\_




Salvador L. Lacson  
**CHAIRMAN OF THE BOARD/ PRESIDENT/ CEO**  
Signature over printed name



Nicolas Benigno Y. Lacson  
**CORPORATE GOVERNANCE COMPLIANCE OFFICER**  
Signature over printed name



Gay Christine Cortes-Lopez  
**CORPORATE SECRETARY**  
Signature over printed name





Brian Michael I. Cabral  
**INDEPENDENT DIRECTOR**  
Signature over printed name



Jose Maria C. Bunag  
**INDEPENDENT DIRECTOR**  
Signature over printed name

**MAY 30 2024**

**SUBSCRIBED AND SWORN** to before me this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by the following who are all personally known to me (or whom I have identified through competent evidence of identity) and who exhibited to me their respective identification document as follows:

- | NAME                                | ID NO.   | DATE/PLACE ISSUED  |
|-------------------------------------|--|--|
| 1. Salvador L. Lacson               |  |  |
| 2. Nicolas Benigno Y. Lacson        |  |  |
| 3. Brian Michael I. Cabral          |  |  |
| 4. Atty. Gay Christine Cortes-Lopez |  |  |

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Series of 2024.

**NOTARY PUBLIC**  
Atty. Genoveva Public  
Notary Public City of Makati  
Until December 31, 2024  
IBP No. 05721- Lifetime Member  
MCLE Compliance No. VII-0022734  
valid until April 1st, 2025  
Appointment No. M-39 (2023-2024)  
PTR No. 10073909 Jan. 2, 2024 / Makati  
Makati City Roll No. 40091  
101 Urban Ave. Campos Rueda Bldg.  
Argy. Pio Del Pilar, Makati City