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AVENUES INSURANCE BROKERS INC.

ANNUAL CORPORATE GOVERNANCE REPORT OF

AVENUES INSURANCE BROKERS, INC.
NAME OF COMPANY

1. For the fiscal year ended 2023
2. Certificate Authority Number
 - Insurance Broker's License IB-34-2022-R
 - HMO Broker's License HMOB-13-2023-O
3. Province, Country or other jurisdiction of incorporation or organization (None)
4. Office Address: 2/F 8070 Alexander Suites Tanguile St., Estrella Avenue, Makati City 1203
5. Company's Telephone Number: (02) 8-832-9891
6. Company's official website (www.avenuesinsurance.com)
7. Former name, former address, and former fiscal year, if changed since last report (None)

2nd Flr. Alexander Suites 8070 Tanguile St. cor. Estrella Ave., San Antonio Village Makati 1203
(02) 8519-3693 / 7217-4583 to 84

ANNUAL CORPORATE GOVERNANCE REPORT			
EXPLANATION		COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
	1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Members of the Board and it's duties and responsibilities.
	2. Board has an appropriate mix of competence and expertise.	Compliant	1. Chairman of the board Mr. Alec N. Vega
	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.	Compliant	• Leading and overseeing the performance of the members of the board • Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions 2. Corporate Secretary Mr. Alexander N. Vega Jr. • Implementing the decisions of the board • Attending and take minutes of directors and member's

	Members of the Board and its duties and responsibilities.		
	3. Independent Director Mr. Allison N. Vega • Monitoring and reporting management's performance during the meeting • Check on the integrity of financial information and ensure financial controls and systems of risk management are in operation (Mr. Alec N. Vega, Mr. Alexander N. Vega Jr and Mr. Allison N. Vega are brothers and they are all engaged in shipping business industry) 4. President Mr. Ramon R. Ilustre Jr. • Provide general supervision of the property and business of the company over its employees • Prepares management report about financial and operational activities inside the company and present to the management.		

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant		
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Non-Compliant	Considering the company's size and 90% of the business is family owned, the company have no existing Manual on Corporate Governance. The same will apply and will be discussed and decided on by the management in consultation with the Board as needed arises.	
2. Company provides in its Board Charter or Manual on Corporate Governance an orientation program for first time directors.	Non-Compliant		
3. Company has relevant annual continuing training for all directors.	Non-Compliant		
Recommendation 1.4			

1. Board has a policy on board diversity.	Non-Compliant		Majority of the members of the board are engaged with the shipping industry and considering that they also own 90% of the business. Policy on board diversity will be made if the company will require or as needed arises.
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Recommendation 1.5

1. Board is assisted by a Corporate Secretary.	Compliant	1. Mr. Alexander N. Vega Jr. is the appointed Corporate Secretary of Avenues Insurance Brokers, Inc. and assist the Board in the performance of its duties and Responsibilities.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
		2. The company's compliance officer as of date is Ramon R. Ilustre, Jr. He also performs it duties and responsibilities with the assistance of the Board.	
3. Corporate Secretary is not a member of the Board of Directors.	Non-Compliant		1. Mr. Alexander N. Vega Jr is also a member of the Board of directors.
4. Corporate Secretary attends training/s on corporate governance.	Compliant		

Recommendation 1.6

1. Board is assisted by a Compliance Officer.	Compliant	Currently the Compliance Officer Mr. Ramon R. Ilustre Jr. He is also the President of the company and assisted by the board. He is responsible for ensuring that the company has internal controls that adequately measures and manages the key risks. Monitors and comply all relevant laws and regulations and internal procedures. He also manages the operational and financial activities of the company.	Compliance Officer (Mr. Ramon R. Ilustre Jr.) is also a member of the board.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant			
3. Compliance Officer is not a member of the board.	Non-Compliant		Compliance Officer Mr. Ramon Ilustre Jr. have not yet attend training on corporate governance. This may apply once training is available.	
4. Compliance Officer attends training/s on corporate governance annually	Non-Compliant			
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.	Compliant	Members of the board act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.		
Recommendation 2.2				
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Members of the board meets oversee the development of the Company's business, including its objectives and strategies. It is the		

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	Compliant	responsibility of the directors to monitor the implementation of strategies in order to sustain the Company's in the long run.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Chairperson of the Board is Mr. Alexander N. Vega Jr. • Implementing the decisions of the board • Attending and take minutes of directors and member's	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Non-Compliant		Considering the company's size and that 90% of the business is family-owned, the company does not have formal succession program as of now. Any hiring for key & staff positions will be discussed and decided on by the management in consultation with the Board as needed arises.
2. Board adopts a policy on the retirement for directors and key officers.	Non-Compliant		Considering that we have less than 10 staff & that 90% of the business is family owned, there is no formal policy on the retirement of key officers & employees. Any retirement benefits will be discussed and approved by the Board and Management.
Recommendation 2.5			
1. Board formulates and adopts a policy specifying the relationship between remuneration and performance of key officers and board members.	Non-Compliant		Although there's no written policy, it is premised that the remuneration and performance of key officers & staff are aligned with the long-term interests of the company.

2. Board aligns the remuneration of key officers and board members with long-term interests of the company	Compliant	There is no formal Board policy adopted although the Management is expected to ensure that the relationship between remuneration & performance is observed.	Although there's no written policy, it is premised that the remuneration and performance of key officers & staff are aligned with the long-term interests of the company.
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Non-Compliant	Directors participate in discussions or deliberations involving his/her own remuneration.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Non-Compliant	Considering the company is 90% family owned, there is no formal and transparent board nomination and election policy.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Non-Compliant	Considering the company 90% family owned, there is no policy on nomination and election and no existing Manual of Corporate Governance as well.	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Non-compliant	Considering that the company is 90% family owned, there is no Board nomination and election policy.	
4. Board nomination and election policy includes how the board shortlists candidates.	Non-Compliant	Considering that the company is 90% family owned, there is no Board nomination and election policy.	
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.	Non-Compliant	Considering that the company is 90% family owned, there is no Board nomination and election policy.	

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Non-Compliant	Considering that the company is 90% family owned, there is no such process at the moment although the Board is always concerned about the strategic direction of the company.
Recommendation 2.7		
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.	Non-Compliant	Considering the size of the company & the small number of clients, the Board has not yet assumed 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. As it is there are no such transactions.
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Non-Compliant	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Non-Compliant	
Recommendation 2.8		
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).	Non-Compliant	The Board approves selection in consultation with the President although we have a very simple organization and a staff of less than ten (10) doing multi-tasking functions.

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).	Compliant	Management Reports are submitted together with the yearly Financial Reports to the Board which are the basic tools for assessment.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	The company has an effective performance framework in place thru monthly reports (sales, collection reports and summary of sources income and expenses); annual planning & review of operations for the current year. With this, the company ensures and monitors the performance of employees and for the company as well.	
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.	Compliant		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Internal Control system is in place with the President in close coordination with the Accounting Staff & External Auditor. (Answer for	

Recommendation 2.12			
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.	Non-Compliant		Considering the size and nature of operations of the Company, there is still no enterprise risk management (ERM) framework in place.
	Non-Compliant		
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.	Non-Compliant		
Recommendation 2.11			
3. Board approves the Internal Audit Charter.	Non-Compliant		There is no Internal Audit Charter at present.
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	There is a separate Services Dept. which handles the requirements of all clients in close coordination with other concerned departments.	

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.			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilitys in carrying out its fiduciary duties.	2. Board Charter serves as a guide to the directors in the performance of their functions.	3. Board Charter is publicly available and posted on the company's website.	Non-Compliant
			Non-Compliant
			Non-Compliant
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Non-Compliant		Considering the size and nature of its business, the company does not have board committees. The President and the employees oversee the responsibilities related to its day-to-day operations.
Recommendation 3.2			
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.	Non-Compliant		Considering the company's size, the Board still has to establish an Audit Committee although it has agreed to the Appointment of an external auditor accredited with Insurance Commissioner.

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Non-Compliant		Considering the company's size, the Board still has to establish an Audit Committee.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Non-compliant		Considering the company's size, the Board still has to establish an Audit Committee.
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Non-Compliant		Considering the company's size, the Board still has to establish an Audit Committee.
Recommendation 3.3			
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.	Non-Compliant		The Board has not yet established a Corporate Governance Committee.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Non-Compliant		The Board has not yet established a Corporate Governance Committee.
3. Chairman of the Corporate Governance Committee is an independent director.	Non-Compliant		The Board has not yet established a Corporate Governance Committee.
Recommendation 3.4			

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.	Non-Compliant		Considering the company's size and that 90% is family owned, the Board has not yet established a Board Risk Oversight Committee (BROC). However, it can consider doing so at the proper time or as needed arises.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Non-Compliant		Considering the company's size and that 90% is family owned, the Board has not yet established a Board Risk Oversight Committee (BROC). However, it can consider doing so at the proper time or as needed arises.
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Non-Compliant		Considering the company's size and that 90% is family owned, the Board has not yet established a Board Risk Oversight Committee (BROC). However, it can consider doing so at the proper time or as needed arises.
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-Compliant		Considering the company's size and that 90% is family owned, the Board has not yet established a Board Risk Oversight Committee (BROC). However, it can consider doing so at the proper time or as needed arises.
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Non-Compliant		Considering the size of its insurance portfolio and that 90% is family owned, the Board has not yet established a Related Party Transactions (RPT) Committee. However, it can consider doing so at the proper time or as needed arises.

Non-Compliant	2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman. Considering the size of its insurance portfolio and that 90% is family owned, the Board has not yet established a Related Party Transactions (RPT) Committee. However, it can consider doing so at the proper time or as needed arises.
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Recommendation 3.6	
Non-Compliant	1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.
Non-Compliant	2. Committee Charters provide standards for evaluating the performance of the Committees.
Non-Compliant	3. Committee Charters were fully disclosed on the company's website.
Considering the size of the company and its business portfolio, no internal committees have been established as of this time. However, these internal committees with respective Committee Charters can be established later depending on need & purpose.	

Principle 4: 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.

Recommendation 4.1	
Compliant	1. The Directors attend and actively participate 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.
As the need arises, the Directors can actively participate in Board Meetings via Zoom or other virtual meeting applications conducted in accordance with the rules & regulations of the Commission.	

Recommendation 4.2				
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	Materials can likewise be provided in advance for review of the Directors.	All questions & clarifications will be tackled & explained.	
	Compliant			
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant			
Recommendation 4.3				
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non-Compliant		Considering the company's size and 90% of the business is family owned, this mechanism is yet to be implemented.	
1. The directors notify the company's board before accepting a directorship in another company.	Non-Compliant		Considering the company's size and 90% of the business is family owned, this mechanism is yet to be implemented.	
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs.				
Recommendation 5.1				
1. The Board is composed of atleast twenty percent (20%) independent directors.	Non-Compliant		Since 90% of the business family owned, there is no Independent Director.	
1. The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Non-Compliant		Since 90% of the business family owned, there is no Independent Director.	
Recommendation 5.3				

1. The independent directors serve for a cumulative term of nine years	Non-Compliant	Considering the company's size and 90% of the business family owned, there is no independent Director.
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. 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 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.	Non-Compliant	Since 90% of the business family owned, there is no Independent Director.
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Non-Compliant	Since 90% of the business is family owned, there is no Independent Director.
Recommendation 5.4		
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	The Chairman of the Board is Alec N. Vega, while the President of the company is Ramon R. Ilustre Jr.

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	The responsibilities of the Chairman of the board: • Leading and overseeing the performance of the members of the board • Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions The responsibilities of the President: • Provide general supervision of the property and business of the company over its employees • Prepares management report about financial and operational activities inside the company and present to the management.	
Recommendation 5.5			
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.	Non-Compliant		The company's Chairman is not an independent director. The company will appoint lead director as needed arises.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation should abstain from taking part in the deliberations for the same.	Compliant	Even if the company 90% family owned, none of the directors take part in any deliberations on any day-to-day transactions.	
Recommendation 5.7			

Recommendation 6.1					
1. The Board conducts an annual assessment of its performance as a whole,					
2. The performance of the Chairman is assessed annually by the Board,					
3. The performance of the individual member of the Board is assessed annually by the Board.					
4. The performance of each committee is assessed annually by the Board.					
5. Every three years, the assessments are supported by an external facilitator.					
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.					
Non-Compliant		Since 90% of the business is family owned, there is annual self-assessment of Board performance.			
Non-Compliant		The company does not have external facilitator conducting self assessments for now.			
Non-Compliant		Since 90% of the business is family owned, there is annual self-assessment of Board performance.			
Non-Compliant		The company does not have non-executive directors.			
Non-Compliant		Considering the company's size and 90% of the business is family owned, the company does not have a lead independent director.			
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.					

2. The system allows for a feedback mechanism from the shareholders.	Non-Compliant	Considering the company's size and 90% of the business is family owned, this mechanism has not yet practiced. This will apply if the company will require.
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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.	Non-Compliant	No formal Code of Business Conduct and Ethics but the company has a compilation of internal memos on office procedures & regulations.
2. The Code is properly disseminated to the Board, senior management and employees.	Non-Compliant	
3. The Code is disclosed and made available to the public through the company website.	Non-Compliant	

Recommendation 7.2

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Non-Compliant	In place instead of a Code of Business Conduct and Ethics, we have a Handbook of Company Rules & Regulations which has been updated periodically or as the need arises. The Board & Management use this as a guide & for the staff to observe & adhere to.
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2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	It is not only the Board but in joint effort with staff in position of authority to ensure the proper & efficient implementation of compliance with company internal policies.	
Disclosure and Transparency Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
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.	Compliant	The company's board is fully appraised of the company's financial condition, results and business operations.	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Non-Compliant		Considering the company is 90% family owned, there seems to be no need for this but any such disclosures can be made as the need arises.

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.	Non-Compliant	Considering the company is 90% family owned, there seems to be no need for this but any such disclosures can be made as the need arises.
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Recommendation 8.4

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,	Non-Compliant	Considering the company is 90% family owned, there seems to be no need for this but any such disclosures can be made as the need arises.
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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,	Non-Compliant	Considering the company is 90% family owned, there seems to be no need for this but any such disclosures can be made as the need arises.
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3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Non-Compliant	Considering the company is 90% family owned, there seems to be no need for this but any such disclosures can be made as the need arises.
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Recommendation 8.5

Recommendation 8.7			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions.	Non-Compliant		Considering company size as reflected in its insurance portfolio & that 90% of business is family owned, there are no policies governing Related Party Transactions at this time.
	Non-Compliant		
2. Company discloses material or significant RPTs in its Annual Company Report or Annual Corporate Governance Report, reviewed and approved by the Board, and submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting during the year.	Compliant		None so far except for renewals on existing accounts/clients through the years.
Recommendation 9.1			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant		Considering the company 90% family owned, company's corporate governance policies, programs and procedures are not stated since there's no existing Manual on Corporate Governance.
2. Company's MCG is posted on its company website.	Compliant		
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.	Non-Compliant		Considering the company's size and the nature of business/operations, the company does not have an Audit Committee.

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.	Non-Compliant		Considering the company's size and the nature of business/operations, the company does not have an Audit Committee.
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.	Non-Compliant		From Year 2017 up to present, the external auditor of the company has not been removed &/or replaced. Besides, as a matter of policy, External Auditors need Insurance Commission accreditation.
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; exercising effective oversight to review and monitor the external auditor's independence and objectivity; and ii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Non-Compliant		Considering the company's size and the nature of business/operations, the company does not have an Audit Committee Charter. The President and in close coordination with the Accounting staff, they perform and exercise as mentioned in this recommendation.
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Non-Compliant		Considering the company's size and the nature of business/operations, the company does not have an Audit Committee Charter. The President and in close coordination with the Accounting staff, they review and monitor the External Auditor on their suitability and effectiveness.
Recommendation 9.3			

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.	Compliant	There were no non-audit services performed by the external auditor & if at all, these will be properly disclosed.	
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.	Non-Compliant	Considering the company's size and 90% of the business is family owned, the company does not have audit committee but confirm that no non-audit services are performed by the External Auditors.	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (ESG) issues of its business, which underpin sustainability.	Non-Compliant	The board does a clear & focused policy on the disclosure of non-financial information particularly on ESG issues of the business but sustainability is always a key issue especially for employees whose jobs depend on the survival of the company amidst adversities.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant	This standard/framework can be considered in the future.	

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.	Non-Compliant		The company have a website (www.avenuesinsurance.com), basic information of the company are posted such as the vision, mission, list of providers and client, and also the other corporate documents. Disseminating relevant information to the public, they have other option to contact us give them the information what they want about our products and services provided.
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.	Compliant	The company has its own internal system network which covers all aspects of our operations in aid of marketing/servicing, accounting records & bookkeeping. This internal system also tracks down renewals; provides sales tools & analysis; does invoicing (debit/credit) functions. We do monthly reporting on sales & where it is coming from, income & expenses, receivables/payables and collections.	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	The company conducts a review and monitors the enterprise risk management framework improve the effectiveness and adequacy including operational and financial transactions. (2. Key risks the company is currently facing.) • The effect of Covid-19 Pandemic The risks that the Company currently facing now is the threat and effect of Covid-19 pandemic. Way back March 2020, there was a series of crippling lockdowns mandated by our government to curb the spread of the virus. These lockdowns can definitely affect mobility, sales and other business activities. If our clients are affected, it will also have repercussions on us. • Other Competitors Since the other competitors are always present, the prices and coverages may differ with the products and services offered. This may lead to other customers/clients chooses and transfer to other company. (3. How does the company manages the key risks) • The first 2-3 months of lockdown was the most difficult part but we found a way to do virtual meetings, followed up renewals since a lot of our clients in the logistics business were still operating. Some of our clients were hit hard by the pandemic but we simply have to move on & look for alternative business. We also have to go for the new normal adjustments: Work from Home; skeletal workforce; zoom meetings; teleconsult; extreme patience in follow up & continue to provide services to our clientele amidst adversities. • Implement and set new guidelines, and approached partners for competitive coverages with a good price.
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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.	Compliant	The company still has to put in place an independent in-house internal audit function. As it is our internal Accounting System is very efficient. Aside from that, it strengthens our internal control and processes.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		Considering the company's size and nature of business, the company still have to appoint Chief Audit Executive (CAE). There is exists right now a close coordination between our Finance Staff & External Auditor to address all finance & accounting matters on a monthly basis.
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.	Non-Compliant		Considering the company's size and nature of business, the company doesn't have or appoint Chief Audit Executive (CAE). The Internal Audit (Accounting Dept) and the President oversees and responsible for the internal audit activity of the organization.
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.	Non-Compliant		Considering the company's size and nature of business, the company still has to consider hiring one as the need arises.
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The company doesn't have a separate risk management function.
Recommendation 12.5			

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).	Non-Compliant		The company still has to appoint a Chief Risk Officer (CRO) when the proper time comes.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		The company has not yet appointed Chief Risk Officer (CRO) considering the company's size. Company's risk management oversees by the President and the company in coordination with the Board and the Management

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Non-Compliant		There is no Manual on Corporate Governance but basic shareholder rights can be disclosed by the Board.
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Non-Compliant		There is no disclosure of this nature in our website.

Recommendation 13.2

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Non-Compliant		Considering the company size and that 90% of the business is family owned, there are no Annual Shareholders' Meetings.
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Recommendation 13.3

1. Board encourages active shareholder participation by making the result of the Annual or Special Shareholders' Meeting votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Non-Compliant	Considering the company size and that 90% of the business is family owned, there are no Annual Shareholders' Meetings.
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Non-Compliant	Considering the company size and that 90% of the business is family owned, there are no Annual Shareholders' Meetings.

Recommendation 13.4

1. Board has an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner	Non-Compliant	Considering the company size and that 90% of the business is family owned, there are no intra-corporate disputes through the years.
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Non-Compliant	There is no Manual on Corporate Governance at present.

Duties to Stakeholders

Principle 14: 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.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	The Board promotes cooperation in all aspects as far as growth & sustainability of the company is concerned.
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant Since the company has no written policies and programs on this recommendation, the company promotes cooperation to its stakeholders. This can be done through meeting with all the members of the Board.	Recommendation 14.3 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.
Considering that 90% of the business is family owned, redress or any violation issues if at all, are resolved internally.	Non-compliant	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 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.
The Board through the President are provided with adequate information on company goals through Annual Planning Sessions, Monthly, Quarterly & Semi-Annual reviews. Sales/Production & Collection Reports are disseminated on a monthly basis. On matters of governance, rules & regulations, there is a Handbook circulated for Employees' reference & guidance.	Compliant	Recommendation 15.2 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. Compliant The Board will never condone corrupt practices perpetrated by any employee.

2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	The Board supports ongoing meetings, round table discussions & individual training sessions if required as a way of imbedding company's culture in its employees.
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Recommendation 15.3

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	Compliant	Even without a written policy for whistleblowing, the Board will listen to an employee's concerns about illegal or unethical practices specially if these are detrimental to the company's operations & reputation.
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.	Compliant	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Any such incident will be undergoing Board review & assessment within a certain framework.

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

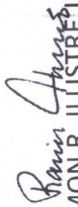
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Non-Compliant		When there is an opportunity to help out the less fortunate, we will do so in our own small way as we have been doing so in the past.
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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 CITY OF MANILA on the 27 of AUG 2024.


ALEC N. VEGA
CHAIRMAN OF THE BOARD
Signature over printed name


RAMON R. ILUSTRE JR.
PRESIDENT/CEO
Signature over printed name


ALEXANDER N. VEGA JR.
CORPORATE SECRETARY
Signature over printed name


RAMON R. ILUSTRE JR.
**CORPORATE GOVERNANCE
COMPLIANCE OFFICER**
Signature over printed name


ALISON N. VEGA
INDEPENDENT DIRECTOR
Signature over printed name

INDEPENDENT DIRECTOR
Signature over printed name

SUBSCRIBED AND SWORN to before me this AUG 27 day of 2024,
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 as follows:

NAME	ID NO.	DATE/PLACE ISSUED
1. Ramon R. Ilustre Jr.	NII 75038922	
2. Alec N. Vega	N19 75000142	
3. Alexander N. Vega Jr.	N04 86030751	
4. Alison N. Vega	N19 81015170	


ATTY. GARY NOTARY PUBLIC
NOTARY PUBLIC, CITY OF MANILA
ROLL NO. 60777, 168, LIFETIME NO. 14599-02-02/2018, P.SIG CITY
PTR NO. 1527787-01/02/2024, MANILA
COMMISSION NO. 2023-018-01/01/2023 UNTIL DEC 31, 2024 MANILA
MCLE NO. VII-0051238-10/20/2018 VALID UNTIL APRIL 14, 2025 PC
OFFICE: BURGUNDY TRANSPACIFIC PLACE TAFT AVE. MALATE, NLA.

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