

SECURITIES AND EXCHANGE COMMISSION

SEC FORM ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
Jun 3, 2015
2. Exact Name of Registrant as Specified in its Charter
FAR EASTERN UNIVERSITY, INC.
3. Address of principal office
Nicanor Reyes Street, Sampaloc, Manila
Postal Code
1015
4. SEC Identification Number
PW538
5. Industry Classification Code(SEC Use Only)
6. BIR Tax Identification No.
000-225-442
7. Issuer's telephone number, including area code
(632) 735-8686
8. Former name or former address, if changed from the last report
-

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Far Eastern University, Incorporated

FEU

PSE Disclosure Form ACGR-1 - Annual Corporate Governance Report
*Reference: Revised Code of Corporate Governance of the
Securities and Exchange Commission*

Description of the Disclosure

Updates to the Annual Corporate Governance Report of Far Eastern University, Inc. as of 29 May 2015.

Filed on behalf by:

Name	MA. CRISTINA TALAMPAS
Designation	ADMINISTRATIVE ASSISTANT



FAR EASTERN UNIVERSITY

May 29, 2015

The Philippine Stock Exchange
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
1254 Makati City

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

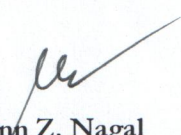
Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Subject: **Letter of Advisement on Updates to the Annual Corporate Governance Report as of May 29, 2015**

Gentlemen:

We submit herewith a copy of the updates to the Annual Corporate Governance Report (ACGR) of the Far Eastern University, Inc. as of May 29, 2015, which is filed with the Securities and Exchange Commission (SEC), in compliance with the SEC Memorandum Circular No. 1 series of 2014.

Very truly yours,


Glenn Z. Nagal
Chief Compliance Officer



FAR EASTERN UNIVERSITY

May 29, 2015

Securities and Exchange Commission
SEC Building
Mandaluyong City

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

Attention: **Atty. Justina F. Callangan**
Director, Corporate Governance and Finance Department

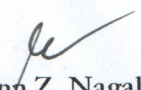
Subject: **Letter of Advisement on Updates to the Annual Corporate Governance Report as of May 29, 2015**

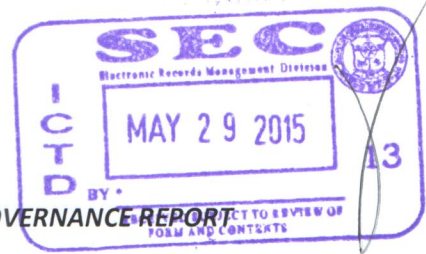
Gentlemen:

In compliance with SEC Memorandum Circular No. 1 series of 2014, we hereby advise the Securities and Exchange Commission (SEC) of updates to the Annual Corporate Governance Report (ACGR) of the Far Eastern University, Inc. as of May 29, 2015. Said updates and changes pertain to matters not required to be disclosed under Section 17 of the Securities Regulation Code and are shown in the Annex hereto.

We trust that the foregoing updates are sufficient. Should the SEC require clarification or any further information, we shall be ready to provide such information

Very truly yours,


Glenn Z. Nagal
Chief Compliance Officer



UPDATES TO FAR EASTERN UNIVERSITY, INC.'S ANNUAL CORPORATE GOVERNANCE REPORT
As of May 29, 2015

A. BOARD MATTERS

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Lourdes R. Montinola	NED	Arnualdo B. Macapagal	-	06/1989	08/2014	Annual	25
Aurelio R. Montinola, III	ED	Arnualdo B. Macapagal	-	06/1989	08/2014	Annual	25
Michael M. Alba	ED	Arnualdo B. Macapagal	-	10/2012	08/2014	Annual	2
Angelina P. Jose	ED	Arnualdo B. Macapagal	-	06/1990	08/2014	Annual	24
Paulino Y. Tan	NED	Arnualdo B. Macapagal	-	06/1991	08/2014	Annual	23
Antonio R. Montinola	NED	Arnualdo B. Macapagal	-	08/2012	08/2014	Annual	2
Sherisa P. Nuesa	ID	Arnualdo B. Macapagal	No Relationship	08/2010	08/2014 [ID: 2 Yrs]	Annual	4
Edilberto C. De Jesus	ID	Arnualdo B. Macapagal	No Relationship	08/2012	08/2014 [ID: 2 Yrs]	Annual	2
Robert F. Kuan	ID	Arnualdo B. Macapagal	No Relationship	09/2004	08/2014 [ID: 2 Yrs]	Annual	10

(c) How often does the Board review and approve the vision and mission?

The Board reviews the University's vision and mission statements at least on an annual basis, and approve any changes therein as necessary.

¹ Reckoned from the election immediately following January 2, 2012.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Lourdes R. Montinola	FERN Realty Corporation Far Eastern College – Silang, Inc.	Executive (Chairman) Non-Executive (Chairman)
Aurelio R. Montinola, III	East Asia Computer Center, Inc. FEU High School, Inc.	Executive (Chairman) Non-Executive (Chairman)
Michael M. Alba	Far Eastern College – Silang, Inc. FEU High School, Inc. FEU – Alabang, Inc.	Executive (President) Executive (President) Non-Executive
Angelina P. Jose	FERN Realty Corporation Far Eastern College – Silang, Inc. FEU – Alabang, Inc.	Non-Executive Executive (Secretary) Non-Executive
Paulino Y. Tan	FERN Realty Corporation Far Eastern College – Silang East Asia Computer Center, Inc. FEU – Alabang, Inc. FEU High School, Inc.	Non-Executive Non-Executive Non-Executive (Chairman) Non-Executive Non-Executive
Antonio R. Montinola	FERN Realty Corporation Far Eastern College – Silang, Inc. Juliana Management Co., Inc.	Executive (President) Executive (Vice Chair) Executive (President)
Sherisa P. Nuesa	FERN Realty Corporation East Asia Computer Center, Inc.	Non-Executive Non-Executive
Robert F. Kuan	Far Eastern College – Silang, Inc.	Independent

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Lourdes R. Montinola	Seyrel Investments and Realty Corporation Desrey, Inc.	President President
Aurelio R. Montinola, III	Seyrel Investments and Realty Corporation Desrey, Inc.	Chairman Chairman
Antonio R. Montinola	Seyrel Investments and Realty Corporation Desrey, Inc.	1 st Vice President 1 st Vice President

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

The Chairperson, Dr. Lourdes R. Montinola, is the mother of Mr. Aurelio R. Montinola, III and Mr. Antonio R. Montinola, all of whom are member of the Board of Trustees. Likewise, Dr. Montinola is the mother of Atty. Gianna R. Montinola, Vice President for Corporate Affairs, and Mr. Juan Miguel R. Montinola, Chief Finance Officer.

- (iv) **Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:**

No limit has been set for the number of board seats in other companies for an individual Trustee or CEO; however, qualitative factors are assessed and taken into consideration in allowing whether a Trustee or the CEO may hold board seat in other company. The limit of five (5) board seats in other publicly-listed companies is not imposed; however, certain guidelines are imposed in order to ensure that individual Trustee and the CEO, who hold board seats in other companies, diligently and efficiently perform their duties and responsibilities with the University.

Applying its guidelines, the University adheres to the above rule as none of the Trustees and the CEO holds more than five (5) board seats in other companies.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Board has adopted a qualitative guideline on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number takes into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer ("CEO") and other executive trustees may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive Trustees who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the trustees to diligently and efficiently perform their duties and responsibilities to the board they serve should not be compromised.	Not applicable
Non-Executive Director		Not applicable
CEO		Not applicable

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Lourdes R. Montinola	7,962	6,121,336 / Through Seyrel Investment & Realty Corporation, Desrey, Inc. and ZARE, Inc.	37.19906%
Aurelio R. Montinola, III	313,812	45,727 / Through DERRC, Inc.	2.18206%
Michael M. Alba	1		0.00001%
Angelina P. Jose	531,873		3.22797%
Paulino Y. Tan	1		0.00001%
Antonio R. Montinola	72,412		0.43947%
Sherisa P. Nuesa	81	1,440 / Through PCD Nominee Corporation (Filipino)	0.00923%
Robert F. Kuan	1		0.00001%
Edilberto C. de Jesus	227		0.00138%
TOTAL	926,370	6,168,503	43.0592%

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Under the University's **Amended Revised Manual on Corporate Governance**, the membership of the Board may be a combination of Executive and Non-Executive Trustees (which include Independent Trustees) in order that no Trustee or small group of Trustees can dominate the decision-making process³.

In line with the foregoing provision, the President, who also serves as the Chief Operating Officer (COO), is also a member of the Board of Trustees. With this measure, checks and balances are ensured as there are two different and distinct executive officers, who are independent of each other, that participate in the functions of the Board of Trustees.

Identify the Chair and CEO:

Chairman of the Board	Aurelio R. Montinola, III
Chief Executive Officer	Aurelio R. Montinola, III
President/Chief Operating Officer	Michael M. Alba

³ See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE; (A) *Composition of the Board*

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer	President/COO
Role	The head of the Board of Trustees	Chief Executive Officer	Chief Operating Officer
Accountabilities	<ul style="list-style-type: none">• Preside at all meetings of the stockholders and trustees;• Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chairman may deem necessary;• Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, COO, Management and the trustees; and• Maintain qualitative and timely lines of communication and information between the Board and Management	<ul style="list-style-type: none">• See to it that all resolutions of the Board are duly carried out• Exercise general supervision over the corporate affairs of the University• Direct and administer the financial and administrative affair of the University	Direct and administer the academic affairs of the University
Deliverables	Attainment of corporate goals set	Execute and implement company policies set by the Board	Ensure effective and efficient operations in line with the corporate goals and objectives of the University

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

As set forth in the University's **Amended Revised Manual on Corporate Governance**, the Board's Nomination Committee reviews and evaluates the qualifications of all persons nominated by the Board and of other appointments that require Board approval⁴.

Prospective candidates for key management positions undergo relevant trainings including executive-level seminars, practical applications through close supervision and participative leadership in preparation for their assumption of their respective duties responsibilities in the University.

Based on circumstances or as the need arises, candidates for the position of the President and other key management officers may also be sourced from outside the organization.

⁴ See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (I) Board Committees (b.)

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. As embodied in the University's **Amended Revised Manual on Corporate Governance**⁵, the following additional qualifications are required other than the qualifications provided under the Corporation Code, Securities Regulation Code and other relevant laws:

1. College education or equivalent academic degree;
2. Practical understanding of the business of the corporation;
3. Membership in good standing in relevant industry, business or professional organizations; and
4. Previous business experience

Item nos. 1, 3 and 4 above promotes diversity or different trainings and experiences of the members of the Board involving educational or academic training, professional and business affiliations and work experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The University ensures that at least one Non-Executive Trustees has an experience in the education sector or industry. For the current year, the University has as its trustees Robert F. Kuan and Paulino Y. Tan who was currently a member of the Board and a President, respectively, of other educational institutions. Further, Edilberto C. De Jesus was also a former President of the University and a former Secretary of the country's Department of Education.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	1) Sets corporate goals, both short-term and long-term;	1) Sets corporate goals, both short term and long term;	1) Sets corporate goals, both short term and long term;
Accountabilities	2) Formulates policies for the attainment of corporate set goals;	2) Formulates policies for the attainment of corporate set goals	2) Formulates policies for the attainment of corporate set goals;
Deliverables	3) Executes and implements policies and procedures for the attainment of corporate goals		3) Protects the interest of minority stockholders

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence – a state of being free from any business relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out responsibilities.

⁵ See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (D) *Qualification of Trustees*

To this effect, all Independent Trustees are barred from entering into any transaction with the University or its affiliates that could impair their independence. Further, one of the specific duties and responsibilities of a Trustee which is expressly stated in the University's **Amended Revised Manual on Corporate Governance** is that a Trustee should conduct fair business transactions with the corporation (the University), and ensure that his/her personal interest does not conflict with the interests of the corporation (the University). Moreover, a Trustee who has a continuing material conflict of interest should seriously consider resigning from his/her position in the Board⁶.

Does the company have a term limit of five consecutive years for independent directors?

Effective January 2, 2012, the University adheres to the five (5) consecutive years term limit for its Independent Trustees in accordance with SEC Memorandum Circular No. 9 Series of 2011.

If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

As stated in the immediately preceding item, the University observes the requirement of SEC Memorandum Circular No. 9 Series of 2011. Accordingly, an Independent Trustee may be re-elected and serve for another five (5) consecutive years in the University's Board after the two-year "cooling off" period.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
None	Not applicable	Not applicable	Not applicable

(b) Voting Result of the last Annual General Meeting

Name of Trustee	Votes Received
Lourdes R. Montinola	1,475,849
Aurelio R. Montinola, III	1,475,849
Michael M. Alba	1,475,849
Angelina P. Jose	1,475,849
Paulino Y. Tan	1,475,849
Antonio R. Montinola	1,475,849
Sherisa P. Nuesa	1,475,849
Edilberto C. de Jesus	1,475,848
Robert F. Kuan	1,475,848

⁶ See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (G) *Specific Duties and Responsibilities of a Trustee*

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

Newly elected Trustees are required to attend a seminar on Corporate Governance which is to be conducted by an accredited provider/organization. Most of the seminars and trainings attended by the University's Trustees are conducted by the Institute of Corporate Directors (ICD).

(b) State any in-house training and external courses attended by Directors and Senior Management⁷ for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Aurelio R. Montinola, III	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Michael M. Alba	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	November 16, 2012	Corporate Governance and Anti-Money Laundering Act Seminar	Philippine Securities Consultancy Corporation
Angelina P. Jose	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	March 26, 2013	ASEAN CG Scorecard Information Briefing	Institute of Corporate Directors
Paulino Y. Tan	November 21, 2014	Seminar on Corporate Governance	SGV and Co.
Sherisa P. Nuesa	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
	September 11, 2012	ASEAN Corporate Governance Launch	Institute of Corporate Directors
Edilberto C. De Jesus	January 26, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Roberto F. Kuan	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors
Ms. Melinda G. Macaraig	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Miguel M. Carpio ⁸	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Atty. Gianna R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors

⁷ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

⁸ Dr. Miguel M. Carpio, Vice President for Academic Services, has availed of an optional retirement effective October 30, 2014.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	February 27 and 28, 2012	Integrated Marketing and Communications for Higher Education Providers Workshop	Pacific Conference Pte. Ltd., Singapore
Mr. Juan Miguel R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Ms. Maria Teresa Trinidad P. Tinio	May 19, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation
Ms. Rosanna E. Salcedo ⁹	October 28, 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Mr. Glenn Z. Nagal	November 20, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Robert W. Caracas	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Dr. Lourdes R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Mr. Aurelio R. Montinola, III	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Mr. Antonio R. Montinola	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Dr. Michael M. Alba	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Ms. Angelina P. Jose	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Dr. Paulino Y. Tan	November 21, 2014	Seminar on Corporate Governance	SGV and Co.
Sherisa P. Nuesa	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors
Edilberto C. De Jesus	January 26, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Robert F. Kuan	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors

⁹ Ms. Rosanna E. Salcedo has been appointed as Treasurer effective September 15, 2014.

B. CODE OF BUSINESS CONDUCT & ETHICS

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. The University's **Code of Business Conduct and Ethics**¹⁰ is made available, at any time, to all Trustees, the Senior Management and employees through the University's website.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes; meetings of the Board of Trustees are scheduled at the beginning of the year. The Board of Trustees holds one regular meeting every month¹¹ which is scheduled on the 3rd Tuesday of the every month.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chair Emeritus	Lourdes R. Montinola	08/2014	12	11	92%
Chair	Aurelio R. Montinola III	08/2014	12	12	100%
President	Michael M. Alba	08/2014	12	12	100%
Corporate Secretary	Angelina P. Jose	08/2014	12	12	100%
Trustee	Paulino Y. Tan	08/2014	12	12	100%
Independent	Sherisa P. Nuesa	08/2014	12	9	75%
Independent	Robert F. Kuan	08/2014	12	11	92%
Independent	Edilberto C. de Jesus	08/2014	12	11	92%
Trustee	Antonio R. Montinola	08/2014	12	11	92%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

Yes; at least once.

¹⁰ Refer to the Code of Business Conduct and Ethics is posted at the FEU website.

¹¹ See Amended By-Laws, *Section XXII – BOARD MEETING*

5) Access to Information

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. As provided for under the University's **Amended Revised Manual on Corporate Governance**, "Reliance on information volunteered by the Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him/her to properly perform his duties and responsibilities. Hence, the members of the Board should be given independent access to Management and the Corporate Secretary¹²".

(c) State the policy of the role of the company secretary.

The Corporate Secretary shall perform all the duties generally devolving upon his/her position such as affixing his/her signature on all stock certificates of the University and such other duties as may be assigned to him/her by the Board of Trustees¹³.

Further, primary duties of the Corporate Secretary include the safekeeping and preservation of the integrity of the minutes of meetings of the Board and its Committees and other official records. The Corporate Secretary is also tasked to inform the members of the Board of the agenda for regular and special board meetings and ensures that the Board is provided with accurate information and documents (board papers) prior to such meetings.

Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes. The duties of the University's Corporate Secretary includes coordination and providing of assistance to the Office of the Chairman in preparing the agenda for board meetings, facilitating the training of Trustees and keeping the Trustees updated regarding any relevant statutory and regulatory changes and developments.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒ No ☐

Committee	Details of the procedures
Executive	Information for committee meetings may be obtained from concerned Offices and/or Departments participating in the meeting. Communications may be coursed through formal written communication (memo) or formal email
Audit	
Nomination	
Remuneration	
Corporate Governance	
Risk Management	

¹² See Amended Revised Manual on Corporate Governance, Item No. 5 ADEQUATE AND TIMELY INFORMATION

¹³ See Amended By-Laws, Section XVI – SECRETARY

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

As embodied in the University's Amended **Revised Manual on Corporate Governance**, the members of the Board of Trustees, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the University's expense¹⁴.

Procedures	Details
Consultation with External Auditors	Trustees receive advice from the University's external auditors through discussion of matters relating to financial reporting, accounting and tax compliance
Consultation with Internal Legal Counsel	Trustees receive advice from the University's In-House Legal Counsel pertaining to on-going and possible exposures to labor-related cases and litigations
Consultation with External Legal Counsel	Trustees receive advice on other legal matters, including but not limited to compliance with regulatory agencies, tax assessments and other corporate legal issues which may significantly affect the University

D. REMUNERATION MATTERS

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors?

Yes. Stockholders have the opportunity to approve the total remuneration in the case of the Trustees' annual bonus. Further, as provided for in the University's **Amended Revised Manual on Corporate Governance**, the University's annual reports, information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Trustees and top four (4) management officers during the preceding fiscal year¹⁵. The matters included in the annual reports are approved, ratified and confirmed by the stockholders during the annual stockholders' meeting.

Provide details for the last three (3) years.

No changes in Trustees' annual bonus for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	Not applicable

¹⁴ Amended Revised Manual on Corporate Governance, Item No. 5 ADEQUATE AND TIMELY INFORMATION

¹⁵ Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (I) Remuneration of Trustees and Officers

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item		Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed remuneration	As Executive As Director	₱9,813,032 -0-	None	None
(b) Variable remuneration		None	None	None
(c) Per diem allowance		None	None	None
(d) Bonuses/13 th month	As Executive As Director	₱1,204,459 ₱4,500,000	-0- ₱4,500,000	-0- ₱4,500,000
(e) Stock Options and/or other financial instruments		None	None	None
(f) Transportation/representation as member of the Executive Committee		None	₱311,999	None
(g) Personnel Leave Cash Conversion	As Executive As Director	₱757,049 -0-	None	None
Total		₱16,274,540	₱4,811,999	₱4,500,000

Other Benefits		Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances		None	None	None
2) Credit granted		None	None	None
3) Pension Plan/s Contributions	As Executive As Director	₱1,962,606 -0-	None	None
(d) Pension Plans, Obligations incurred		None	None	None
(e) Life Insurance Premium		None	None	None
(f) Hospitalization Plan	As Executive As Director	₱180,000 -0-	None	None
(g) Car Plan	As Executive As Director	₱343,200 -0-	None	None
(h) Gasoline allowance for members of the Board of Trustees	As Director	₱72,000	₱72,000	₱72,000
Total		₱2,557,806	₱72,000	₱72,000

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Juan Miguel R. Montinola / Chief Financial Officer	<div> Salary - ₱ 15,397,772 Bonuses (CB / EB / Special Year-end) - 3,338,535 PLCC - <u>₱ 18,736,307</u> </div>
Maria Teresa Trinidad P. Tinio / Senior Vice President for Academic Affairs	
Rosanna E. Salcedo / Treasurer	
Rudy M. Gaspillo / Vice President for Facilities and Technical Services	
Glenn Z. Nagal / Comptroller and Chief Compliance Officer	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Executive ¹⁶	3	1	--		General policy formulation	To steer the University towards the attainment of set goals	To approve and endorse for ratification of the Board all major University policies and major business transactions requiring Board's approval

¹⁶ Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Executive Committee; Mr. Montinola is not a member of the University's Board of Trustees.

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
Audit	--	1	3	Yes	<ul style="list-style-type: none"> • Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; • Perform oversight functions over the University's internal and external auditors. It ensures that the internal and external audit function works with the required level of independence, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; • Review the annual internal audit plan to ensure its conformity with the objectives of the University. The plan should include the audit scope, resources and budget necessary to implement it; • Prior to the commencement of the audit, discuss with the external auditor the nature, scope, deliverables and other related matters, and ensure proper coordination (if more than one external auditors are involved) in the activity to secure proper coverage and minimize duplication of efforts; • Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; • Monitor and evaluate 	<p>Oversight of the University's financial reporting process, implementation of internal controls, internal and external audit process, and the University's process for monitoring and compliance with laws and regulations and the Code of Business Conduct and Ethics</p>	<ul style="list-style-type: none"> • To appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization; • Resolve any disagreements between management and the external auditors regarding financial reporting matters; • Pre-approve all auditing and non-audit services; • Retain independent counsel, accountants, or others outside professionals to provide advice and assistance to the Committee in the conduct of an investigation; • Seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) and/or external parties; • Discuss relevant matters with University officers, external auditors, or outside counsel, as necessary; • Appointment and removal of Internal Auditors

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
					<p>the adequacy and effectiveness of the University's internal control system, including financial reporting control and information technology security;</p> <ul style="list-style-type: none"> • Review the reports submitted by the internal and external auditors; • Review the quarterly and annual financial statements before their submission to the Board, with particular focus on the following matters: <ul style="list-style-type: none"> - Any change/s in accounting policies and practices - Major judgmental areas - Significant adjustments resulting from the audit - Going concern assumptions - Compliance with financial reporting standards - Compliance with tax, legal and regulatory requirements • Coordinate, monitor and facilitate compliance with laws, rules and regulations; • Evaluate and determine the non-audit work, if any, of external auditors, and review periodically the non-audit fees paid to the external auditors in relation to their significance to the total annual income and/or to the University's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with the duties of an external auditor or may pose a threat to the external auditors' independence. The non-audit work, if allowed, should be disclosed in the University's annual report; • Establish and identify the reporting line of the Internal Audit function to 		

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-Executive Director (NED)	Independent Director (ID)				
					enable proper fulfillment of duties and responsibilities. The Internal Audit shall functionally report directly to the Committee. The Committee shall ensure that the Internal Auditors' work is free from interference by outside parties.		
Nomination ¹⁷	--	2	1		To review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval	To assess the effectiveness of the Board's processes and procedures in the election or replacement of Trustees	<ul style="list-style-type: none"> • To nominate qualified candidates • To screen candidates and issue final list of nominees for appointment as Trustees
Remuneration/ Compensation ¹⁸	1	--	1		To establish a formal and transparent procedure for developing a policy on remuneration of Trustees and Officers	To ensure that Trustees' and Officers' compensation are consistent with the University's culture, strategy and the business environment in which it operates	To set reasonable and competitive compensation for all employees
Corporate Governance ¹⁹	--	--	2	Yes	To formulate policies to enhance an environment of good governance within the organization	To institutionalized the principles of good corporate governance in all levels of the business organization	To enforce compliance with good corporate governance practices
Risk Management ²⁰	1	--	2		To identify, evaluate and address all possible risks areas that could befall the University	To assess and evaluate the significance of the any risk, the likelihood of occurrence and possible effects to University	To adopt measures to eliminate adverse effects of possible risks

¹⁷ Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Nomination Committee; Mr. Montinola is not a member of the University's Board of Trustees.

¹⁸ Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Remuneration/Compensation Committee; Mr. Montinola is not a member of the University's Board of Trustees.

¹⁹ Mr. Juan Miguel R. Montinola, Chief Financial Officer, and Atty. Gianna R. Montinola, Vice President for Corporate Affairs, are non-voting members of the Corporate Governance Committee; both officers are not members of the University's Board of Trustees.

²⁰ Mr. Juan Miguel R. Montinola, Chief Financial Officer, is a non-voting member of the Risk Management Committee; Mr. Montinola is not a member of the University's Board of Trustees.

2) Committee Members²¹

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Aurelio R. Montinola, III	September 2014	9	8	89%	25 yrs. 9 mos.
Member	Michael M. Alba	September 2014	9	9	100%	2 yrs. 5 mos.
Member	Angelina P. Jose	September 2014	9	9	100%	16 yrs. 9 mos.
Member	Paulino Y. Tan	September 2014	9	7	78%	6 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	9	9	100%	5 yrs. 6 mos.

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Sherisa P. Nuesa	September 2014	5	5	100%	4 yrs. 7 mos.
Member (ID)	Edilberto C. de Jesus	September 2014	5	5	100%	2 yrs. 7 mos.
Member (ID)	Robert F. Kuan	September 2014	5	4	80%	10 yrs. 6 mos.
Member	Paulino Y. Tan	September 2014	5	5	100%	10 yrs. 6 mos.

Describe the Audit Committee's responsibility relative to the external auditor.

- 1) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit
- 2) Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors
- 3) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the University and discussing such relationships with the auditors, if any.
- 4) Approval for the engagement of external professionals (external audit firms) to perform non-audit services, in any.
- 5) On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or the auditors believe should be discussed privately.

²¹ Date of Appointment pertains to the most recent date of appoint of the members of the Committees; Length of Service in the Committee is reckoned from the Trustees' first appointment as members of the respective Committee until March 2015.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio R. Montinola ²²	September 2014	-	-	-	6 mos.
Member	Paulino Y. Tan	September 2004	1	1	100%	10 yrs. 6 mos.
Member (ID)	Sherisa P. Nuesa	September 2004	1	1	100%	4 yrs. 7 mos.
Member	Juan Miguel R. Montinola	September 2014	1	1	100%	4 yrs. 6 mos.

(d) Remuneration Committee²³

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Aurelio R. Montinola, III	September 2014	-	-	-	5 yrs. 6 mos.
Member (ID)	Robert F. Kuan	September 2014	-	-	-	5 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	-	-	-	4 yrs. 6 mos.

Provide the same information on all other committees constituted by the Board of Directors:

(e) Corporate Governance Committee²⁴

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Edilberto C. de Jesus	September 2014	-	-	-	2 yrs. 7 mos.
Member (ID)	Robert F. Kuan	September 2014	-	-	-	10 yrs. 6 mos.
Member	Gianna R. Montinola	September 2014	-	-	-	5 yrs. 6 mos.
Member	Juan Miguel R. Montinola	September 2014	-	-	-	1 yr. 7 mos.

(f) Risk Management Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Robert F. Kuan	September 2014	1	1	100%	10 yrs. 6 mos.
Member	Michael M. Alba	September 2014	1	1	100%	2 yrs. 5 mos.
Member (ID)	Sherisa P. Nuesa	September 2014	1	1	100%	4 yrs. 7 mos.
Member	Juan Miguel R. Montinola	September 2014	1	1	100%	5 yrs. 6 mos.

²² There were no committee meetings held yet from the time that Mr. Antonio R. Montinola assumed the position as Chairman of the Nomination Committee.

²³ There were no committee meetings held by the Remuneration Committee during the year.

²⁴ There were no committee meetings held by the Corporate Governance Committee during the year.

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	Not applicable
Audit	None	Not applicable
Nomination	Lourdes R. Montinola replaced by Antonio R. Montinola	Appointment of Mr. Antonio R. Montinola during the 2014 Organizational Meeting of the Board of Trustees
Remuneration	Lourdes R. Montinola replaced by Aurelio R. Montinola, III	Appointment of Mr. Aurelio R. Montinola, III during the 2014 Organizational Meeting of the Board of Trustees
Corporate Governance	None	Not applicable
Risk Management	None	Not applicable

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Formulated various policies of the University	Appointments, scholarships, academic issues and other operational concerns
Audit	Reviewed and approved the University's quarterly and annual audited financial statements; re-appointment of external auditors; and, discussed matters (findings) raised by the internal and external auditors	Compliance with financial reporting standards and other corporate regulatory requirements
Nomination	Screened, evaluated and shortlisted nominees to the Board of Trustees (re-election of the members of the Board)	Ensures qualifications of Officers and members of the Board
Remuneration	Sets standard hiring rates	Resolve issues on inequitable pay
Corporate Governance	Sets good governance standard within the organization	Ensures efficiency in operations and compliance with existing laws and regulations, particularly that concerning corporate governance matters required by the SEC and PSE
Risk Management	Identified and evaluated the significance and likelihood of occurrence of various potential risks that may have an impact on the University	Plans to mitigate the adverse effects of identified possible risks

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Formulation of policies for the continuous improvement of faculty, facilities and curriculum as well as the general operational policies;	<ul style="list-style-type: none"> • Eliminate misalignment of degrees (courses offered) vis-à-vis industry needs • Promote operational efficiency
Audit	Formulation of policies that will further improve procedures to ensure efficient and effective audit	To endure that audit procedures cover all possible audit risk areas and to carry out the needed audit procedures efficiently
Nomination	Continuous improvement of nomination procedures	To ensure continuity of corporate leadership, succession planning and to ensure compliance with regulator-required developments, trainings and competence of executive officers and members of the Board
Remuneration	Continuous evaluation and study to come up with a reasonable and effective remuneration package	To maintain the reasonableness and competitiveness of remunerations provided by the University to its officials, employees and faculty
Corporate Governance	Continuous improvement of good governance practices	To ensure operational efficiency, transparency in reporting to stakeholders and compliance with regulatory requirements
Risk Management	Continuous development of risk assessment procedures	To reduce the possible adverse effects of any possible risk to the minimum

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Based on the most recent **Audit Committee Report**²⁵, the Audit Committee (the Committee) confirms the Committee's responsibilities which include its oversight responsibility relating to risk management. In the same report, the Committee confirms that it had meetings, which include executive sessions with the University's finance group, internal auditors and external auditors, to discuss matters which include possible operational risks. Further, the Committee confirms that it reviewed the Internal Audit Reports ensuring that Management is taking the appropriate actions, where required, in a timely manner.

The University's more comprehensive risk management system is still currently being finalized for approval.

(c) Period covered by the review;

The most recent Audit Committee Report covers the period from April 2013 to March 2014.

²⁵ The most recent Audit Committee Report is included in the SEC Form 20-IS, Definitive Information Statement, filed by the University in July 2014 a copy of which is posted at the University's website.

2) Risk Policy

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
<p>Governance problems include –</p> <ul style="list-style-type: none">• Complexity in decision making• Complexity of committee structure which may lead to misconceptions as to the role and authority of individual bodies;• Inability of the University's governance structure to quickly react to opportunities and threats in the external environment such as those arising from competitors;• Lack of transparency and accountability across committees and other executive bodies	<ul style="list-style-type: none">• Encouragement of excellence in delivery of services through its academic self-government or autonomous status• Proper assignment of matters to be taken up by the Board to the appropriate Committee as defined in the respective Committees' charter and upon agreement by the Trustees acting as a body• Presence and participation of Internal Audit, under the supervision of the Audit Committee, to oversee proper financial reporting, implementation of internal control and compliance with laws and regulations (including corporate governance requirements)• Full disclosure and access to adequate and timely information	<p>Development of a governance strategy with a view of delivering a governance structure that promotes excellence which is associated with the University's deliver of service coupled with good internal control and management; in the short-term, proper and accurate definition of roles, division of responsibilities and decision structures that would improve transparency and accountability</p>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Hiring of incompetent and dishonest employees	Inability to attract excellent and competitive staff, to retain existing excellent staff or offer 'opportunity culture' (career structure, development and advancement opportunities, glass ceiling measures); salaries have been eroded in comparison with other universities and other industries; in the medium to long term, this could become a threat to the University's ability to recruit and retain quality staff	<ul style="list-style-type: none"> • Development of a general Human Resources Strategy and action plan; • Improved performance evaluation and promotion schemes for academic and support staff; • Implementation of extensive staff development programs; • Administration of qualifying exams, and stricter policy on screening and evaluation of credentials for hiring new employees
Staff and/or student dissatisfaction	<ul style="list-style-type: none"> • Staff and/or student dissatisfaction leads to disruption to business continuity. This may possibly arise as a result of pressures for changes in staff pay and terms and conditions of employment (including pension funds) • Implementation of higher student tuition fees with inadequate improvement to educational facilities 	<ul style="list-style-type: none"> • Maintaining continuous dialogue to promote harmonious working relationships with employee union representatives; consultations with student councils/organizations to as an initial step to promote students' welfare; • Tuition fee increase is with authority of CHED; fulfillment of regulatory requirements; • Constant facility repairs, upgrading and constructions
Poor performance in licensure exams	Poor performances in licensure examinations have a negative effect on the University's reputation as among the best higher education institutions in the country. In the long run, such may result to decrease in enrollment and inability to attract/retain good students	<ul style="list-style-type: none"> • Continuous improvement of research which is aimed at upgrading academic and teaching competencies and standards; • Hiring of qualified faculty and continuous development of their competencies with regard to their respective fields of expertise
Promoting financial sustainability and ensuring effective delivery of key strategic and operational plans; failure to effectively safeguard University assets and failure to identify and monitor continuous flow and new sources of revenue	Failure to maintain financial sustainability and failure to ensure effective delivery of key strategic and operational plans which may result to poor results of operations and inefficient use or loss of resources	<ul style="list-style-type: none"> • Formulation of financial strategy which include financial planning and budgetary/forecasting processes; • Benchmarking/financial analysis using relevant market and industry data; • Implementation of various financial/management strategies; • Implementation of cost reduction measures, integration and cost sharing opportunities

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Insufficient investment in and oversight of systems developments to ensure systems and infrastructure provide the functionality and services expected of a leading global University	Reputational damage; loss of, or inadequate operational processes; major disruption to research, teaching and learning processes, student account administration and other various management and administrative processes and functions	<ul style="list-style-type: none"> • Proper planning of processes; • Continuous programs improvement and infrastructure upgrades; • Testing by internal and external auditors, including external penetration testing applied to University information technology systems and procedures

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competition with local and other global universities (higher education institutions)	<p>The University remains at the forefront among local universities. Major industry players seek to attract outstanding and/or competent staff and employees (including faculty) and excellent students. Also, there is a great importance of support from businesses, the governments and other major sectors of the society.</p> <p>With such a competitive environment, there is a risk of being unable to cope up with the current level of competition and eventually would level down the University's reputation as among the top universities in the country. The University should maintain the quality and competitiveness of its graduates, continuous development in the field of research and significant investments in the development and upgrading of facilities and other educational resources so as to remain on top of the competition as among the world-class higher institutions of learning in the Philippines.</p>	<ul style="list-style-type: none"> • Evaluation and analysis of the University's strengths and weaknesses and identifying effective practices that will help the University cope with existing and potential competition • Maintaining the excellent quality of the University's academic and other operational standards in order to remain at par (or surpass) with the best in the Philippines • Clear competitive positioning of FEU against its competitors in the industry

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Competitiveness of course offerings fall below expectation. Unsatisfactory student (graduate) qualifications and competence may lead to decline in the University's reputation of excellence as compared with other local and international higher education institutions (local and international competitors).	<p>The competitiveness of graduates is reflective of the quality of education provided by the University. As a basic tool, such quality education should be founded on a curriculum which enhances the students' full potential and would respond to the needs of the industry.</p> <p>With regard to the foregoing, there is a risk that the University will not be able to produce competent graduates who can fulfill industry standards and needs. Accordingly, the University's academic managers are in continuous monitoring and evaluation so as to ensure the competitiveness of undergraduate and post-graduate courses offered by the University.</p>	<ul style="list-style-type: none"> • Continuous study, evaluation and development of curriculum • Participation of competent and highly qualified professors and instructors

G. INTERNAL AUDIT AND CONTROL

Internal Auditing and Control

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate

Based on the most recent **Audit Committee Report**, the Audit Committee stated that it had reviewed the internal audit reports ensuring that Management is taking appropriate actions, where required, in a timely manner²⁶. Accordingly, the internal audit report details the observations and results of examination of the Internal Audit on the internal control processes of the University, with the appropriate findings, if any, and management actions being taken.

(c) Period covered by the review.

The most recent Audit Committee Report covers the fiscal year ending March 31, 2014.

²⁶ The most recent Audit Committee Report is included in the SEC Form 20-IS, Definitive Information Statement, filed by the University in July 2014 a copy of which is posted at the University's website.

(d) How often the internal controls are reviewed and the directors' criteria for assessing the effectiveness of internal control system; and

The University's Internal Audit carries out its **yearly** audit plan with the goal of ensuring that the University's internal control processes are in place and are performing properly. The Internal Audit directly reports to the Board through the Audit Committee. Accordingly, upon the assessment and evaluation of the findings and recommendations in the Internal Audit Report the Audit Committee includes in its Audit Committee Report a statement whether it is satisfied with the operations of the University's internal controls. The evaluation and examination of internal controls are based on best practices as documented in the University's various operations manuals.

2) Internal Audit

(b) Does the appointment and removal of Internal Auditor or the accounting/ auditing firm or corporation to which the internal audit function is outsourced requires the approval of the audit committee?

Yes; this is among the duties of the University's Audit Committee, to wit: "Review and approve the internal audit work plan ensuring independence, objectivity, conformance to International Standards for the Professional Practice of Internal Auditing. The Audit Committee approves the appointment of the outsourced internal audit function and reviews its performance annually²⁷."

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Audit Department reports directly to the Audit Committee. Audit plans and results are reported to, assessed, evaluated and approved, if necessary, by the Audit Committee. Prior to the actual performance or execution, all internal audit engagements are subject to the approval of the Audit Committee.

Yes; the Internal Audit function has direct and unfettered access to the Board and Audit Committee and to all records, properties and personnel. One of the functions of the Audit Committee is to ensure that the Internal Audit Department is given unrestricted access to all records, properties and personnel in order for the department to perform its function²⁸.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Rowelyn Gay A. Bautista, CPA	<ul style="list-style-type: none">• Hired on February 20, 2014 as Section Head of Financial Audit• Resigned from the same position effective on February 28, 2015

²⁷ Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (I) Board Committees

²⁸ Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (I) Board Committees

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitations on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Internal Auditors:</p> <ul style="list-style-type: none"> • The Internal Audit Department does not have direct authority or responsibility over the materials audited. The ownership of these materials remains with the department which developed and has responsibility over such. • The Internal Audit Department is prohibited to make any management decision or engage in any other activity which could be reasonably construed to compromise its independence. Its ultimate responsibility is to provide the Audit Committee with the information necessary to execute its responsibilities. • The Internal Audit Manager reports directly to the Audit Committee. • The Internal Audit Manager is authorized to communicate directly, and on his own initiative, to the President, the members of Audit Committee and the Board. • The internal audit function is subject to independent review, as required, carried out by independent professionals/organizations (e.g. external auditors, IIA). 			<p>The University's transactions with such parties should be generally in compliance with the University's Conflict of Interest Policy. In certain cases where potential conflict of interest exists, as a matter of policy, the concerned Trustee, Officer, or Employee is required to fully disclose the fact immediately and should be prohibited to participate in, or seek to influence any negotiations or decisions pertaining to the transaction which is the subject of interest.</p> <p>Further, certain transactions of the University with such parties, as may be deemed necessary by the Management and in compliance with the applicable provisions of law and other regulatory requirements, are required to be approved by the Board and/or the stockholders.</p> <p>The University also discourages transactions with banks and financial institutions with questionable integrity. For financial analysts and rating agencies, such usually practices in accordance with their own corporate governance rules and in accordance with their professional code of conduct and/or established ethical standards.</p>
<p>External Auditors:</p> <ul style="list-style-type: none"> • On an annual basis, prior to appointment/re-appointment of External Auditors, the Audit Committee ensures that the auditing firm complies with the required independence as provided for in the Code of Ethics for Professional Accountants in the Philippines and the Securities Regulation Code. • Prior to the re-appointment of the External Auditor, the Audit Committee ensures that the auditing firm complies with the requirement for the rotation of the signing partner. The signing partner shall be rotated after every five (5) years and which a two-year (2) cooling off period shall be observed in the re-engagement of the same signing partner. • Also, on an annual basis, the External Auditor confirms, through the engagement letter, that the performance of the audit will not impair independence. 			

- (h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employers of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Chairman/ CEO and Corporate Governance Committee oversee and will attest to the University's full compliance with SEC Code of Corporate Governance. They are the following officers:

Chairman and CEO – Aurelio R. Montinola, III

Corporate Governance Committee:

Chairman – Edilberto C. de Jesus
 Members – Robert F. Kuan
 – Gianna R. Montinola
 – Juan Miguel R. Montinola

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	<p>Its students are the main customers of the University.</p> <p>The University commits to satisfy the expectations of its customers. This commitment is embodied in the University's vision/mission statement: "Committed to the highest intellectual, moral and cultural standards, Far Eastern University strives to produce principled and competent graduates."</p> <p>Through the Student Development Office (SDev), the University envisions a dynamic support unit that is responsive to the diverse needs of the students through the creation of learning experience for students' holistic development.</p> <p>Towards this end, the University, through SDev, implements the following core programs²⁹:</p> <ul style="list-style-type: none"> • Student Organization Activities and Research (SOAR) • Circles of Leadership Influence Program (CLIP) • Leadership Succession • Student Off-Campus Engagements (SOCE) • Student Welfare Programs 	<ul style="list-style-type: none"> • Facilities enhancement and upgrading (expansion and upgrading of the central library at NRH, renovation of additional science laboratories, improvement of lightings and air-conditioning of classrooms and other various developments); • Enhanced use of information technology (continued streamlining of online enrollment and payment system; launch of e-textbooks); • Strengthened security for students protection (installation of additional CCTV cameras and gate monitoring systems); • Continuous faculty development (researches and publications); • Improvement of course curriculum in accordance with industry needs and accreditation (leveling up) of courses; • Ensuring accessibility and continuous development of student services and development activities (athletics, student leadership programs, research, active linkages with industry partners and international educational institutions, and others)

²⁹ Details of these programs are posted in the University's website: <http://www.feu.edu.ph/manila/index.php/campus-life/office-of-student-development/>

	Policy	Activities
		<ul style="list-style-type: none"> Quality service from each personnel of the University
Supplier/contractor selection practice	<p>In dealing with its suppliers, the University embodies the ideals and principles set forth in its Code of Business Conduct and Ethics so as to ensure transparent and fair business dealings.</p> <p>The University is guided by the general rule that purchases are based on competitive bidding, provided by qualified and accredited suppliers and shall be for the best interest of the University.</p>	<ul style="list-style-type: none"> Accreditation of suppliers based on established and approved standards; Canvassing and bidding for potential suppliers; Monitoring in order to regulate receipt of gifts from third parties with business dealings with the University so as to maintain impartiality among Trustees, Officers and employees
Environmentally friendly value-chain	<p>The University's policy on environment is primarily embodied in its vision/mission statement: "It nurtures a service-oriented and environment conscious community which seeks to contribute to the advancement of the global society." One of the manifestations of the University's commitment to environmental consciousness, the Tamaraw became the athletic mascot of all athletic teams and pet name of every student of the University. The Tamaraw is an endangered animal which is endemic in the island of Mindoro, Philippines.</p> <p>The University's Community Extension Services (OCES) Office carries out the University's various environmental and community programs. It serves as the main bridge of the University to the larger Philippine community and society.</p>	<ul style="list-style-type: none"> Tamaraws Save Tamaraws Program which aims to double the number of the Tamaraw population by 2020; FEAST (FEU's Eco-Advocacy on the Segregation of Trash); Support and participation in various Fun Runs for the promotion of environmental preservation (Run for Pasig)
Community interaction	<p>Promotion of community interaction is evident on the University's vision/mission statement: "It nurtures a service-oriented and environment conscious community which seeks to contribute to the advancement of the global society." The OCES carries out the University's various environmental and community programs. It serves as the main bridge of the University to the larger Philippine community and society.</p> <p>The extension services (carried out by OCES) of the University becomes the application of the academic thrust of FEU in so far as it wishes to be of service to the broader society via its chosen advocacies and programs.</p> <p>The University also endeavors to strengthen the National Service Training Program (NSTP) for its students which include the actual implementation of community service projects.</p>	<ul style="list-style-type: none"> Project Hope (outreach services for the inmates of the Manila City Jail); Silang Yaman (seminars and workshops on capability building and development of livelihood skills, sports and fitness programs and supplemental programs on English, Math and Science provided to various communities in Silang, Cavite); FEU-Gawad Kalinga (GK) Community (formation, training and support of the GK Women's group known as TAM-GKBlossom Catering Services); FEU Medical Mission, Feeding and Distribution of Basic Medical Kits; Other various outreach programs and services carried out by the difference institutes and offices of the University
Anti-corruption programmes and procedures	Anti-corruption policy of the University is embodied in the Code of Business Conduct and Ethics . The set of principles in the Code ensures	<ul style="list-style-type: none"> Implementation of Whistle Blowing Policy, Conflict of Interest Policy, Insider Trading Policy and the provision of the

	Policy	Activities
	that dealings of each Employee, Senior Management and Trustee are fair, transparent, in accordance with laws and regulations and to the best interest of the University.	<p>Code of Business Conduct and Ethics;</p> <ul style="list-style-type: none"> • Full disclosures of related-party transactions in the financial statements and other appropriate reports; • Full disclosures of significant transactions/ changes in the organization through the FEU's website and postings at the PSE website; • Examinations by the Internal Audit function and the External Auditors
Safeguarding creditors' rights	In dealing with creditors, the University is guided by the principles embodied on its Code of Business Conduct and Ethics . As part of its commitment to good governance, relevant information will be made available to its creditors, like with that of the other stakeholders and the general investing public.	<ul style="list-style-type: none"> • The latest audited financial statements and relevant financial reports of the University are made accessible to all creditors through the University website and postings at the PSE website; • Providing certifications and/or approvals by the officers and/or the Board, as necessary; • Providing full disclosures on material transactions/changes in the University, as may be deemed necessary

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes. Reports on Corporate Social Responsibility is included the President' Report which is published and issued annually. In the said report, there is a separate section for the Office of Community Extension Services (OCES) and NSTP. Such office/unit carry-out the community extension services and outreach programs of the University. Likewise, there is a separate "Community Outreach" portion for each of the departments', offices' and institutes' report that discusses the community services and outreach activities undertaken specifically by the respective departments, offices and institutes.

3) Performance-enhancing mechanisms for employee participation.

(c) State the company's training and development programs for its employees. Show the data.

For SY 2014-2015, the University invested a total of P12,295,650 for its competency development programs.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Seyrell Investment and Realty Corporation	4,717,162	28.63%	Lourdes R. Montinola
Sysmart Corporation	3,546,138	21.52%	Henry Sy
Desrey, Inc.	1,318,464	8.00%	Lourdes R. Montinola

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
	N/A		
TOTAL			

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Punongbayan & Araullo	<ul style="list-style-type: none"> For Fiscal Year 2014 – 2015: P940,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses For Fiscal Year 2013 – 2014: P895,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses For Fiscal Year 2012 – 2013: P800,000 (exclusive of Value-Added Tax) plus 12% Out-of-Pocket Expenses 	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

For Shareholders and Investors:

- Disclosures filed (financial reports, disclosures of material events and transactions and various other reports in accordance with applicable regulatory requirements) with the SEC and PSE which are posted at the PSE website
- Annual and Quarterly Reports
- Annual Regular/Special Stockholders' Meeting
- President's Report (Academic Report of the President)
- University's website (Investor's Information)
- Official Statements and/or various news or press releases

For Employees, Students and Alumni:

- E-mail announcements
- Various notices sent thru courier and/or registered mail
- Official newsletters and publications
- University's website (General University Information)

5) Date of latest release of audited financial report: June 17, 2014

7) Disclosure of RPT³⁰

RPT	Relationship	Nature	Value
FERN Realty Corporation	Subsidiary	Rentals expense Rental income	P 75,065,559 1,158,515
East Asia Educational Foundation	Affiliates	Advances granted (receivable) Rentals income Management fee receivable	P 9,642,908 48,154,351 41,429,784
Far Eastern College – Silang, Inc.	Subsidiary	Rental income Management fee	P 1,672,000 1,476,000
FEU Alabang, Inc.	Subsidiary	Advances granted (receivable)	P 469,530
FEU High School, Inc.	Subsidiary	Advances granted (receivable)	P 280,761

³⁰ Figures presented are based on unaudited balances as of March 31, 2015. As of the preparation of this report, the annual statutory audit of the University's financial statements is still on-going. There may be possible changes in the amounts upon completion of the audit.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

As set forth in the University's **Code of Business Conduct and Ethics**, dealings falling under the category of related party transactions (RPT) should be approved by the Board of Trustees (and the stockholders, as necessary) and such should, at least be:

- Above board;
- Transparent;
- Arm's length;
- Non-bias;
- Without special favor;
- Not disadvantageous to the company

In other words, it must be to the best interest of the University as a whole³¹.

Further, the University follows the general rule that it shall avoid RPT. In instances where RPTs cannot be avoided, the University shall disclose all relevant information on the same. Any violations therein shall be subject to disciplinary action without prejudice to any civil or criminal proceedings that the University or the regulators may file for violation of any existing law(s)³².

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	A majority of stock issued and subscribed and entitled to vote shall be requisite at every meeting to constitute a quorum for the election of Trustees or for the transaction of any other business whatsoever ³³ .
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(c) Stockholders' Rights

Dividends

Declaration Date	Record Date	Payment Date
June 17, 2014	July 01, 2014	July 15, 2014
July 15, 2014	September 09, 2014	Upon approval by SEC (Stock Dividend)
January 20, 2015	February 03, 2015	February 17, 2015

³¹ Refer to the Code of Business Conduct and Ethics is posted at the FEU website.

³² Refer to the Related Party Transactions Policy which is posted under the Corporate Governance section of the website.

³³ Amended By-Laws, Section V – MEETINGS; QUORUM

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
As a matter of policy, as set forth in the University's Amended Revised Manual on Corporate Governance, the stockholders should be encouraged to personally attend the annual and special stockholders' meeting. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy ³⁴ . Such apply to both individual and institutional shareholders. Disclosure of Definitive Information Statements to generally inform all stakeholders (particularly the stockholders) of the matters concerning an upcoming Annual (or Special) Stockholders' Meeting	Posting of the SEC Form 20-IS at the University's website and at the PSE website which may be accessed by the general public
Sending copies of Notice of Annual (or Special) Stockholders' Meeting to all stockholders	Formal notices were sent through courier and mail in order that all stockholders are individually informed and notified regarding the Annual (or Special) Stockholders' Meeting
Open forum during the Annual Stockholders Meeting which encourages stockholders to relay their queries to the Board of Trustees	Person-to-person question and answer method; stockholders are given the opportunity to obtain answers to their queries directly from the members of the Board of Trustees

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

a. Amendments to the company's constitution

In amending its Articles of Incorporation, the University sends individual notices to stockholders in order to encourage each stockholder to participate and vote during a stockholders' meeting. The notices sent includes the agenda of the meeting which details the matters requiring stockholders' approval. Further, such notice mentions that in case a stockholder is unable to attend, he/she may appoint a Proxy who would vote on behalf of the stockholder; this is to encourage the exercise of stockholders' voting rights and participation in the University's corporate decision-making. Further, such is in compliance with the provision of **Section 16, Amendment of Articles of Incorporation**, of the **Corporation Code of the Philippines** which provides that any matters stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders.

During the period covered by this report, the Notice of Annual Stockholders' Meeting sent to the University's stockholders includes in the agenda the matter pertaining to the amendment of Article Second of the Amended Articles of Incorporation which requires the ratification and confirmation by the stockholders³⁵.

³⁴ Amended Revised Manual on Corporate Governance, Item No. 7 STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTEREST, (B)

³⁵ Refer to the most recent Notice of Annual Stockholders' Meeting dated July 16, 2014 for the University's annual stockholders meeting held on August 23, 2014

b. Authorization of additional shares

In compliance with **Section 38, Power to increase or decrease capital stock; incur, create or increase bonded indebtedness**, of the **Corporation Code of the Philippines** which provides that no corporation shall increase or decrease its capital stock unless approved by a majority vote of the board of directors (trustees) and two-thirds (2/3) vote of the outstanding capital stock, a stockholders' meeting should be duly called for such purpose. Accordingly, such matter, if any, is to be fully disclosed in the notice of stockholders' meeting which is sent to individual stockholders in order to encourage their participation and exercise their right to vote, either personally or by proxy, on the said corporate matter presented for their approval.

During the period covered by this report, the University did not undertake to increase or decrease its capital stock.

c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The University complies with the provision of **Section 40, Sale or other disposition of assets**, of the **Corporation Code of the Philippines** which provides that a corporation may sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its assets upon such terms and conditions and for such consideration as its board of directors (trustees) may deem expedient, when authorized by at least two-thirds (2/3) of the outstanding capital stock at a stockholders' meeting duly called for the purpose. In this regard, such matter, if any, shall be fully included in the notice of stockholders' meeting for the stockholders' meeting wherein such matter will be presented to the stockholders for their approval.

There was no substantial transfer of any of the University's assets during the period covered by this report.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

As set forth in the University's **Amended By-Laws**, notice of annual stockholders' meeting shall be mailed at least fifteen (15) days prior to the date of the said meeting³⁶.

a. Date of sending out notices last year: August 4, 2014

b. Date of the Annual/Special Stockholders' Meeting last year: August 23, 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The following are the summary of queries and comments raised by some of the stockholders present at the Annual Stockholders' Meeting held last August 23, 2014, with the corresponding responses from the members of the Board of Trustees and officials of the University³⁷:

- **Query/Comment:** Mr. Guillermo F. Gili, Jr. asked about the effects of the possible decrease in enrollment related to the government's K-to-12 Program.

³⁶ Amended By-Laws, Section VIII – NOTICE OF MEETING

³⁷ Refer to item IV. *ACADEMIC REPORT OF THE PRESIDENT* of the Minutes of Regular Annual Meeting of Stockholders of Far Eastern University, Inc. for the stockholders' meeting held last August 23, 2014

Response: Dr. Michael M. Alba, President, explained that the opening of the senior high school program hopes to extend years with the students and offer better quality education as a result. Mr. Juan Miguel R. Montinola, Chief Financial Officer, added that the senior high school program aims to produce freshmen who might undertake acceleration programs which in effect will enable students to be compliant and ready for the next level of education. Further, Mr. Montinola explained that monitoring of comparative reports, tracking and positioning of all the expenses are regularly done and, provided that the operational costs are minimized and controlled, the University remains stable and prepared to survive the economic difficulties.

- **Query/Comment:** Mr. Emil Dela Cruz inquired regarding the future plans of the University on how to overcome the drastic decline in the University's income for the succeeding years.

Response: Dr. Alba responded that such matter may be addressed by proposing the probability of inviting and opening more slots for potential high school graduates of FEU and international students. Another option presented by Dr. Alba is to minimize the expenses of the University through the usage of the Stabilization Fund of the Commission on Higher Education, in collaboration with the Department of Labor and Employment. The said fund aims to subsidize the retrenchment costs and monthly stipends or scholarships of teachers affected by the government's K-to-12 Program.

- **Query/Comment:** Ms. Isolda S. Oca applauded the idea of the University's roadmap in retaining the Autonomous University Status and asked for the steps in refining the student's critical and analytical thinking.

Response: Dr. Alba explained that the yearly generalized critical thinking examination intends to monitor the course of thinking of the students and to determine which tools are effective in developing critical thinking; the evidence gathered will then be related to the subjects followed by the pedagogical techniques. Mr. Aurelio R. Montinola, III, Chairman and CEO, reiterated the importance on maintaining the balance between employability and critical thinking.

- **Query/Comment:** Mr. Elias B. Dulalia commended the management and suggested the expansion of another branch in Cebu. He also proposed for an increase of at least five percent in the employees' salary due to the University's prosperity and success.

Response: The Chairman and CEO acknowledged the commendation and had taken note of the suggestion.

- **Query/Comment:** Mr. Stephen Soliven asked if a violation was committed with regard to the authorized capital stock due to the increase of the non-controlling interest.

Response: Mr. Arnualdo B. Macapagal, Chief Accountant, explained that the authorized capital stock will not be affected by the increase of the non-controlling interest since the said increase is due to the preferred shares of East Asia Computer Center, Inc.

Other informal queries concerning financial matters were forwarded to the Mr. Glenn Z. Nagal, Comptroller and Compliance Officer. Such queries were duly noted and appropriately responded by Mr. Nagal.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
1) RESOLVED , That the reading of the minutes of the regular annual meeting of stockholders held on 24 August 2013 be dispensed with and said minutes be approved as presented.	Approved	None	None
2) RESOLVED , That the Academic Report of the President, Far Eastern University, for the Academic Year 2013 – 2014 be, as it is hereby, noted.	Approved	None	None
3) RESOLVED , That the Annual Report of Far Eastern University, Inc. covering the operations of Academic Year 2013 – 2014 be approved, ratified and confirmed.	Approved	None	None
4) RESOLVED , That the Board of Trustees of Far Eastern University, Inc. (the "Corporation") approve, as it hereby approves the amendment which consists of the deletion of the last phrase "and one non-voting member in the person of the Vice-President for Operations" in Section XXIX – NOMINATION COMMITTEE of the Amended By-Laws of the Corporation, whereby said section, which originally reads: "Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent), and one non-voting member in the person of the Vice President for Operations." shall now read, to wit: "Section XXIX – NOMINATION COMMITTEE: The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent)."	Approved	None	None
5) RESOLVED, FURTHER , that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to distribute the stock dividend among the stockholders of the Corporation as of record date, which shall be determined after said Annual Stockholders' Meeting, and issue such stock dividend as soon as the necessary permit or authorization from the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) shall have been obtained.	Approved	None	None
6) RESOLVED, FURTHER , that the Board of Trustees of the Corporation authorize, as it hereby authorizes, the Corporation to pay all fractional shares, if any, resulting from said stock dividend in cash at par value.	Approved	None	None

Resolution	Approving	Dissenting	Abstaining																				
7) RESOLVED, FURTHER , that the record date of the 20% stock dividend approved by the Board of Trustees of Far Eastern University, Inc. (the “Corporation”) at its meeting held on 15 July 2014 shall be set on 09 September 2014.	Approved	None	None																				
8) RESOLVED , That the acts of the officers and Trustees of Far Eastern University, Inc. in the furtherance of the matters covered by the annual report for the Academic Year 2013 - 2014 be approved, ratified and confirmed.	Approved	None	None																				
9) RESOLVED , That there being only nine nominees, all votes be cast, as they are hereby cast equally, and that the nine nominees be henceforth declared elected members of the Board of Trustees of Far Eastern University, Inc. for the Academic Year 2014-2015 or until their successors are duly elected and qualified. Thus: As Trustees: <table><tr><td></td><td><u>No. of Votes</u></td></tr><tr><td>Dr. Lourdes R. Montinola</td><td>1,475,849</td></tr><tr><td>Mr. Aurelio R. Montinola III</td><td>1,475,849</td></tr><tr><td>Dr. Michael M. Alba</td><td>1,475,849</td></tr><tr><td>Mrs. Angelina P. Jose</td><td>1,475,849</td></tr><tr><td>Dr. Paulino Y. Tan</td><td>1,475,849</td></tr><tr><td>Mr. Antonio R. Montinola</td><td>1,475,849</td></tr></table> As Independent Trustees: <table><tr><td>Ms. Sherisa P. Nuesa</td><td>1,475,849</td></tr><tr><td>Dr. Edilberto C. de Jesus</td><td>1,475,848</td></tr><tr><td>Mr. Robert F. Kuan</td><td>1,475,848</td></tr></table>		<u>No. of Votes</u>	Dr. Lourdes R. Montinola	1,475,849	Mr. Aurelio R. Montinola III	1,475,849	Dr. Michael M. Alba	1,475,849	Mrs. Angelina P. Jose	1,475,849	Dr. Paulino Y. Tan	1,475,849	Mr. Antonio R. Montinola	1,475,849	Ms. Sherisa P. Nuesa	1,475,849	Dr. Edilberto C. de Jesus	1,475,848	Mr. Robert F. Kuan	1,475,848	Approved	None	None
	<u>No. of Votes</u>																						
Dr. Lourdes R. Montinola	1,475,849																						
Mr. Aurelio R. Montinola III	1,475,849																						
Dr. Michael M. Alba	1,475,849																						
Mrs. Angelina P. Jose	1,475,849																						
Dr. Paulino Y. Tan	1,475,849																						
Mr. Antonio R. Montinola	1,475,849																						
Ms. Sherisa P. Nuesa	1,475,849																						
Dr. Edilberto C. de Jesus	1,475,848																						
Mr. Robert F. Kuan	1,475,848																						
10) RESOLVED , That the firm Punongbayan and Araullo, be appointed External Auditor of Far Eastern University, Inc. for the Academic Year 2014-2015.	Approved	None	None																				

Resolution	Approving	Dissenting	Abstaining
<p>11) RESOLVED, AS IT IS HEREBY RESOLVED, that the Board of Trustees of Far Eastern University, Inc. (the “Corporation”) authorize, as it hereby authorizes, the Corporation to amend Article Third of its Amended Articles of Incorporation and Section I of its Amended By Laws to incorporate the change in its principal office from “Manila, Philippine Islands/City of Manila” to “Nicanor Reyes Street, Sampaloc, Manila”, in compliance with Memorandum Circular No. 6 Series of 2014 issued by the Securities and Exchange Commission. The aforementioned provisions will be amended to read as follows:</p> <p>“Third. That the place where the principal office of the corporation is to be established or located is at Nicanor Reyes Street, Sampaloc, Manila.”</p> <p>“Section I. – OFFICE: The office of the corporation shall be located at Nicanor Reyes Street, Sampaloc, Manila, at the principal place of business of said corporation in said city, or at such other place in said city as the Board of Trustees may, from time to time, determine and fix.”</p>	Approved	None	None
<p>12) RESOLVED, FURTHER, that Board of Trustees of the Corporation authorize, empower, and direct, as it hereby authorizes, empowers, and directs, the Trustees and proper officers of the Corporation to do any and all things necessary to effect the foregoing resolutions.</p>	Approved	None	None
<p>13) RESOLVED, That a vote of appreciation be extended to the Board of Trustees, the University and Corporate Officials, the academic and non-academic personnel for a job well done.</p>	Approved	None	None

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

August 23, 2014³⁸

³⁸ Refer to item VII. *ELECTION OF TRUSTEES AND INDEPENDENT TRUSTEES* of the Minutes of Regular Annual Meeting of Stockholders of Far Eastern University, Inc. for the stockholders’ meeting held last August 23, 2014

(f) Stockholders' Attendance

i. Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Members of the Board:	August 23, 2014	By poll / proxy	8%	78%	86%
	Lourdes R. Montinola Aurelio R. Montinola, III Michael M. Alba Angelina P. Jose Sherisa P. Nuesa Paulino Y. Tan					
	Officers:					
	Juan Miguel R. Montinola Gianna R. Montinola Glenn Z. Nagal					

ii. Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes; the University's stock and transfer agent, which is independent from the University, maintains and validates the records of stockholders and the corresponding number of votes during the meeting.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Completely filled-up and signed Proxy Form submitted to the Corporate Secretary
Notary	Not required
Submission of Proxy	At least 24 hours before the time set for the meeting as required by the By-Laws, or not later than 3:00 p.m. of the day immediately preceding the day of the scheduled date of the meeting ³⁹
Several Proxies	Allowed
Validity of Proxy	One (1) year
Proxies executed abroad	Allowed subject to validation
Invalidated Proxy	Not counted
Validation of Proxy	Against signature card or personally signed
Violation of Proxy	Not counted

³⁹ Refer to the most recent Notice of Annual Stockholders' Meeting dated July 16, 2014 for the University's annual stockholders meeting held on August 23, 2014

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Written notice of the annual meeting of the University shall be mailed to each registered shareholder at the address, within the Philippines, which said shareholder shall have registered for the purpose. Said notice shall be so mailed at least fifteen (15) days prior to the date of the said meeting ⁴⁰ . No notice shall be required to be sent to any address outside the Philippines.	Notices are sent to individual stockholders of record after the temporary closing of stock transfer book prior the scheduled meeting. Such notices are sent by means of a courier and/or registered mail.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,509
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	August 4, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 4, 2014
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes, stockholders were likewise provided with hard copies

2) Treatment of Minority Stockholders

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Minority stockholders are deemed to have the right to nominate candidates to the Board as there are no provisions in any of the University's internal policies and procedures which would prohibit minority stockholders to nominate a candidate to the Board.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed.

The University believes in transparency as an indispensable component of good governance and that timely, relevant, transparent and accurate information should be made available to the shareholders and the general public. As such, important matters affecting the stakeholders are made known to them by the University's designated offices.

⁴⁰ Amended By-Laws, Section VIII – NOTICE OF MEETING

Further, as provided for in the **Amended Revised Manual on Corporate Governance**, the Board of Trustees shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information through the appropriate exchange mechanisms for listed companies and submission to the Commission for the interest of its stockholders and other stakeholders⁴¹.

Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Executive Committee reviews and approves the University's major announcements. Further, filings with regulatory agencies, disclosures to the Philippine Stock Exchange, press releases, minutes of meetings, approved board resolutions and other corporate information which are made available to the stockholders and the general public through the University's website is reviewed by the Compliance Officer, the Investor Relations Officer, the Corporate Secretary and the President, as applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Scholarship for Special Groups	The University provides scholarship to poor but deserving students, particularly to those applicants with orthopedic disabilities or those belonging to indigenous group.
FEU - Gawad Kalinga (GK) Community	FEU formed a GK Women's group known as TAM-GKBlossoms Catering Services. The group was provided with a complete set of catering utensils and seed money of P25,000. Further, the group was given a series of training of catering, food safety and food preparation.
Silang Yaman	This project benefits the various communities in Silang, Cavite. The University maintained four (4) rooms and facilities in Barangay Biga and continues its Supplemental Program on English, Math and Science to secondary-level students. A health awareness campaign is also conducted through a Sports and Fitness Program. Further, the University provided the residents with seminars and workshops on capability building and development of livelihood skills.
Save the Tamaraw (Tamaraws Save Tamaraws) Project	This project is focused in Mindoro Island with the main goal to double the number of the Tamaraw population by 2020 and to keep on protecting the biodiversity of Mindoro Island which is the lone habitat of the endangered Tamaraws. This project is launched with World Wildlife Foundation (WWF) and Department of Environment and Natural Resources.
Project HOPE	<p>The University continues its outreach services to the inmates of the Manila City Jail. The project focuses on providing various activities that focus on health, physical fitness, psychological well-being and livelihood. The following activities were conducted:</p> <ul style="list-style-type: none"> • Donation of rubber shoes and conducting dance classes to female inmates; • Supported the production of trinket beads from old newspapers and magazine by the inmates and marketing of their products; • Maintenance and improvement of BJMP Salon and Infirmary by providing salon paraphernalia, devices and medicines; • Funding the construction of an Alternative Learning Center and eventually, to provide facilitators for alternative learning sessions

⁴¹ Amended Revised Manual on Corporate Governance, Item No. 8 DISCLOSURE AND TRANSPARENCY

Initiative	Beneficiary
Brigada-Eskwela	Personnel from various offices of the University participated in the said program which benefits various public schools
Various other projects as follows: <ul style="list-style-type: none"> • Literacy and livelihood projects • Sports clinics • Student leaders' exposure to partner and adopted communities • School supplies distribution • Global Walk to sustain financial support worth P150,000 for six (6) scholars 	These projects/activities were conducted for the benefit of various beneficiaries in various communities

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

N. INTERNAL BREACHES AND SANCTIONS