

SECURITIES AND EXCHANGE COMMISSION

SEC FORM ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year
Apr 13, 2016
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

Consolidated Changes in the Annual Corporate Governance Report for 2015 of Far Eastern University, Inc.

Filed on behalf by:

Name	MA. CRISTINA TALAMPAS
Designation	ADMINISTRATIVE ASSISTANT



FAR EASTERN UNIVERSITY

April 11, 2016

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

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

Subject: **Letter of Advisement on Consolidated Changes in the
Annual Corporate Governance Report (ACGR) for 2015**

Dear Ms. Encarnacion,

We submit herewith a copy of our letter to the Securities and Exchange Commission regarding the posting to the website of Far Eastern University, Inc. of its Consolidated Changes in the ACGR for 2015.

Very truly yours,

Rogelio C. Ormilon, Jr.
Chief Compliance Officer

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



FAR EASTERN UNIVERSITY

April 11, 2016

Securities and Exchange Commission
SEC Building
Mandaluyong City

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

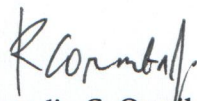
Attention: **Atty. Justina F. Callangan**
Director, Corporate Governance and Finance Department

Subject: **Letter of Advisement on Consolidated Changes in the
Annual Corporate Governance Report (ACGR) for 2015**

Dear Atty. Callangan,

In compliance with SEC Memorandum Circular No. 1 and 12 series of 2014, we hereby advise the Securities and Exchange Commission that Far Eastern University, Inc.'s Consolidated Changes in the ACGR for 2015 has been posted on the company's website at: www.feu.edu.ph.

Very truly yours,


Rogelio C. Ormilon, Jr.
Chief Compliance Officer

SUMMARY OF ACGR UPDATES FOR 2015

A. BOARD MATTERS

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- CHANGES IN THE BOARD OF DIRECTORS - Voting Result of the Last Annual General Meeting
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J. RIGHTS OF STOCKHOLDERS - DIVIDENDS

K. INVESTORS RELATION PROGRAM – No updates

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES – No Updates

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL – No Updates

N. INTERNAL BREACHES AND SANCTIONS – No updates

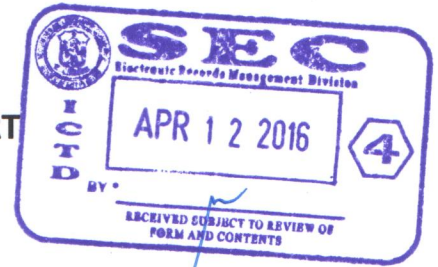
N.B. 1. Updates are in blue font.

2. Updates or changes, if any, pertaining to related party transactions that occurred in the last quarter will be made immediately after the issuance of the Company's Annual Report for the fiscal year ending March 31, 2016.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year 2015
2. Exact Name of Registrant as Specified in its Charter Far Eastern University
3. Nicanor Reyes Sr. St. Sampaloc, Manila Postal Code 1008
Address of Principal Office
4. SEC Identification Number PW - 538
5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000 - 225 - 442-000
7. (02) 735-5621
Issuer's Telephone number, including area code
8.
Former name or former address, if changed from the last report

**Updates to Far Eastern University's Inc. Annual Corporate Governance Report
As of March 31, 2016**

A. BOARD MATTERS

1) Board of Directors
(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	None	Sr. Victorina D. Palanca	06/1989	08/22/2015	Annual	26
Aurelio R. Montinola, III	ED		Sr. Victorina D. Palanca	06/1989	08/22/2015	Annual	26
Michael M. Alba	ED		Sr. Victorina D. Palanca	10/2012	08/22/2015	Annual	3
Angelina P. Jose	ED		Sr. Victorina D. Palanca	06/1990	08/22/2015	Annual	25
Paulino Y. Tan	NED		Sr. Victorina D. Palanca	06/1991	08/22/2015	Annual	24
Antonio R. Montinola	ED		Sr. Victorina D. Palanca	08/2012	08/22/2015	Annual	3
Sherisa P. Nuesa	ID		No Relationship	08/2010 as ID	08/22/2015 [Served as ID for 3 Yrs & 7 mos from Jan 2012]	Annual	5
Edilberto C. De Jesus	ID		No Relationship	08/2012 as ID	08/22/2015 [Served as ID for 3 Yrs from Aug 2012]	Annual	3
Robert F. Kuan	ID		No Relationship	09/2004 as ID	08/22/2015 [Served as ID for 3 Yrs and 7 mos from Aug 2012]	Annual	11

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The corporate governance policies adopted by FEU (or the University) are embodied in the FEU Amended Revised Manual on Corporate Governance which was approved by the Board of Trustees on July 15, 2014. The University firmly believes that good corporate governance is necessary to achieve its corporate goals. The Board of Trustees (the Board or BOT) as the governing body of the corporation has adopted a management style of transparency and participative leadership that is open to ideas but employs only sound business practices to achieve its corporate objectives.

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

BOARD RESPONSIBILITIES

It is the Board's responsibility to foster the long-term success of the University, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and [other stakeholders](#) and the public it serves, especially as an educational institution.

DISCLOSURE AND TRANSPARENCY

The essence of corporate governance is transparency. The more transparent the internal works of the organization are, the more difficult it will be for Management and dominant stockholders to mismanage the organization or misappropriate its assets. It is therefore essential that all material information about the University which could adversely affect its viability or the interests of the stockholders and [other stakeholders](#) should be publicly and timely disclosed. Such information should include, among others, earning results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. [The Board 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 submissions to the Commission for the interest of its stockholders and other stakeholders.](#)

(c) 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.	Non-Executive (Chairman) Non-Executive (Chairman)
Aurelio R. Montinola, III	East Asia Computer Center, Inc. FEU High School, Inc.	Non-Executive (Chairman) Non-Executive (Chairman)
Michael M. Alba	East Asia Computer Center, Inc. Far Eastern College – Silang, Inc. FEU High School, Inc. FEU – Alabang, Inc.	Executive (President) Executive (President) Executive (President) Executive (President)
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 (Vice-Chair) Non-Executive Non-Executive
Antonio R. Montinola	FERN Realty Corporation Far Eastern College – Silang, Inc. Juliana Management Co., Inc.	Executive (President) Non-Executive (Vice Chair) Executive (President)
Sherisa P. Nuesa	FERN Realty Corporation East Asia Computer Center, Inc.	Independent Independent

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

Robert F. Kuan	Far Eastern College – Silang, Inc.	Independent (until October 25, 2015)
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(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Aurelio R. Montinola, III	Bank of the Philippine Islands	Non-Executive
Robert F. Kuan	China Banking Corporation	Independent
Sherisa P. Nuesa	Manila Water Company, Inc.	Independent

(iii) 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:

The University has not set a fixed limit on the number of board seats in other companies that an individual Trustee or the CEO may hold simultaneously because such fixed limit may not give due regard to differences in individual capabilities and nature of directorships; instead, qualitative factors are assessed and taken into consideration in allowing whether a Trustee or the CEO may hold board seat in other company. The FEU Amended Revised Manual on Corporate Governance provided guidelines in order to ensure that individual Trustees and the CEO, who hold board seats in other companies, can diligently and efficiently perform their duties and responsibilities to the University.

Applying the University's guidelines, none of the Trustees and the CEO holds more than five (5) board seats in other listed companies.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Per FEU Amended Revised Manual on Corporate Governance: 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 Trustee to diligently and efficiently perform his duties and responsibilities.	Please see the standard described in the second column on the left under Guidelines.
Non-Executive Director	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.	Please see the standard described in the second column on the left under Guidelines.
CEO		Please see the standard described in the second column on the left under Guidelines.

(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	4,513,389 / Through Seyrel Investment & Realty Corporation, Desrey, Inc. and ZARE, Inc.	27.44034%
Aurelio R. Montinola, III	313,812	436,374 / Through Seyrel Investment & Realty Corporation, Desrey, Inc., ZARE, Inc. and DERRC, Inc.	4.55292%
Michael M. Alba	1		0.00001%
Angelina P. Jose	531,873		3.22797%
Paulino Y. Tan	1		0.00001%
Antonio R. Montinola	72,412	401,468 / Through Seyrel Investment & Realty Corporation, Desrey, Inc., ZARE, Inc. and DERRC, Inc.	2.87600%
Sherisa P. Nuesa	1,521		0.00923%
Robert F. Kuan	1		0.00001%
Edilberto C. De Jesus	227		0.00138%
TOTAL	927,810	5,351,231	38.10786%

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 ☒

Among the checks and balances laid down to ensure that the Board gets the benefit of independent views are:

- (1) The President, who also serves as the Chief Operating Officer (COO), is also a member of the Board of Trustees. This ensures that there is another distinct executive officer other than the Chairman/CEO who participates in the functions of the Board of Trustees.
- (2) Only four of the nine directors are executive directors;
- (3) Three of the nine directors are independent directors; and
- (4) There are committees (Audit, Corporate Governance, Risk Management, Nomination and Compensation) which assist the Board of Trustees in good corporate governance. Audit, Corporate Governance, Risk Management and Nomination Committees are chaired by independent directors

3) **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**³, 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. [Board members have varied industry and educational backgrounds.](#)

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

(a). Voting Result of the last Annual General Meeting

Name of Trustee	Number of shares abstained	Number of shares not voting in favor	Number of shares voting in favor
Lourdes R. Montinola	508	0	14,008,510
Aurelio R. Montinola, III	508	0	14,008,510
Michael M. Alba	508	0	14,008,510
Angelina P. Jose	508	0	14,008,510
Paulino Y. Tan	508	0	14,008,510
Antonio R. Montinola	508	0	14,008,510
Sherisa P. Nuesa	508	0	14,008,510
Edilberto C. de Jesus	508	0	14,008,510
Robert F. Kuan	508	0	14,008,510

5) 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 Management⁴ for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Aurelio R. Montinola, III	February 18, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	February 4, 2014	Corporate Governance and Risk Management Summit	Institute of Corporate Directors

³ See Amended Revised Manual on Corporate Governance, Item No. 4 BOARD GOVERNANCE, (D) Qualification of Trustees

⁴ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Michael M. Alba	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
	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 8, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	March 26, 2013	ASEAN CG Scorecard Information Briefing	Institute of Corporate Directors
Antonio R. Montinola	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Paulino Y. Tan	April 8, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
	November 21, 2014	Seminar on Corporate Governance	SGV and Co.
Sherisa P. Nuesa	February 18, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	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
Roberto F. Kuan	January 8, 2014	Exclusive Corporate Governance Workshop	Institute of Corporate Directors
Melinda G. Macaraig ⁵	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Gianna R. Montinola	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Juan Miguel R. Montinola	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Maria Teresa Trinidad P. Tinio	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.

⁵ Ms. Melinda G. Macaraig, Vice President – Human Resources Division, has availed of her early retirement effective May 31, 2015.

	May 19, 2014	Corporate Governance Seminar	Philippine Securities Consultancy Corporation
Rosanna E. Salcedo ⁶	May 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
	October 28, 2014	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Glenn Z. Nagal	November 20, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Rudy M. Gaspillo	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Myrna P. Quinto	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Robert W. Caracas ⁷	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
	April 29, 2014	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Rogelio C. Ormilon, Jr. ⁸	December 17, 2015	Corporate Governance Seminar	Philippine Corporate Enhancement and Governance, Inc.
	October 15, 2015	SEC-PSE Corporate Governance Forum	Manila Business Club
Renato L. Serapio ⁹	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Dr. Lourdes R. Montinola	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Mr. Aurelio R. Montinola, III	February 18, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Mr. Antonio R. Montinola	March 5, 2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Dr. Michael M. Alba	September 29, 2015	Seminar on Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.

⁶ Ms. Rosanna E. Salcedo has been appointed as Treasurer effective September 15, 2014.

⁷ Mr. Robert W. Caracas resigned from his position as Head of the Internal Audit Department effective August 1, 2015.

¹⁰ Mr. Rogelio C. Ormilon, Jr. has been appointed as Compliance Officer effective September 21, 2015.

¹¹ Mr. Renato L. Serapio has been appointed as Vice President for Human Resources Development effective October 1, 2015.

Ms. Angelina P. Jose	April 8, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Dr. Paulino Y. Tan	April 8, 2015	Distinguished Corporate Governance Speaker Series	Institute of Corporate Directors
Sherisa P. Nuesa	February 18, 2015	Orientation Course for Corporate Governance	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

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	If an actual or potential conflict of interest may arise, a Trustee should fully and immediately disclose it and should not participate in the decision-making process. A Trustee who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the Trustee's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.	If an actual or potential conflict of interest may arise, a Senior Manager should fully and immediately disclose it and should not participate in the decision-making process. A Senior Manager who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the Senior Manager's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.	If an actual or potential conflict of interest may arise, an employee should fully and immediately disclose it and should not participate in the decision-making process. An employee who has a continuing material conflict of interest with the University should seriously consider resigning from his post. A conflict of interest shall be considered material if the employee's personal or business interest is antagonistic to that of the University or stands to gain financial advantage at the expense of the University.
(b) Conduct of Business and Fair Dealings	The basic principle to observe is that a Trustee should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.	The basic principle to observe is that a Senior Manager should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.	The basic principle to observe is that an employee should not use his position to profit or gain some benefit or advantage for himself and/or his related interest. He should avoid situations that may compromise his impartiality.
(c) Receipt of gifts from third parties	Receipt of gifts, of significant value, from third parties especially with business dealings with the University is strictly prohibited as it may compromise a Trustee's impartiality.	Receipt of gifts, of significant value, from third parties especially with business dealings with the University is strictly prohibited as it may compromise a Senior Manager's impartiality.	Receipt of gifts, of significant value, from third parties especially with business dealings with the University is strictly prohibited as it may compromise an employee's impartiality.

(d) Compliance with Laws and Regulations	As a listed corporation, the University as well as its Trustees and Officers are strictly enjoined to faithfully comply with all applicable laws, rules and regulations.	As a listed corporation, the University, as well as its Senior Managers, is strictly enjoined to faithfully comply with all applicable laws, rules and regulations.	As a listed corporation, the University, as well as its employees, is strictly enjoined to faithfully comply with all applicable laws, rules and regulations.
(e) Respect for Trade Secrets/Use of Non-public Information	A Trustee should keep secure and confidential all non-public information he may acquire as a Trustee. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.	A Senior Manager should keep secure and confidential all non-public information he may acquire as a Senior Manager. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.	An employee should keep secure and confidential all non-public information he may acquire as an employee. He should not reveal confidential information to unauthorized persons without the authority / permission of the Board.
(f) Use of Company Funds, Assets and Information	Corporate funds and assets should be used effectively and exclusively for business related activities only. Corporate information shall, likewise, be used for the exclusive benefit of the University.	Corporate funds and assets should be used effectively and exclusively for business related activities only. Corporate information shall, likewise, be used for the exclusive benefit of the University.	Only employees duly authorized, directly or by delegation, shall have custody of funds or property belonging or entrusted to the University. Employees are required to exercise due diligence and care in handling thereof. Publication, circulation, or divulging of matters classified by the University as confidential is considered inimical to the interest of the University.
(g) Employment & Labor Laws and Policies	The University and its Trustees and Officers are strictly enjoined to comply with all applicable labor laws, rules and regulations including employment and labor laws and policies.	The University and its Senior Managers are strictly enjoined to comply with all applicable labor laws, rules and regulations including employment and labor laws and policies.	The University has Human Resources Manual that stipulates the policies and procedures governing people management. Such policies and procedures are compliant with labor laws and policies.
(h) Disciplinary action	While positive approach is still the best approach, it is nevertheless, necessary to impose disciplinary actions as deterrent to fraud and other misdeeds.	The FEU Code of Conduct sets the norm of conduct to be observed by all FEU employees including all Managers , while within the University premises or while engaged in the discharge and performance of their official functions. The Code of Conduct also provides a guide to the University in imposing corrective actions to employees found guilty of offenses with which an employee is charged.	The FEU Code of Conduct sets the norm of conduct to be observed by all FEU employees while within the University premises or while engaged in the discharge and performance of their official functions. The Code of Conduct also provides a guide to the University in imposing corrective actions to employees found guilty of offenses with which an employee is charged.
(i) Whistle Blower	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.	The University encourages responsible whistle blowers and gives them adequate protection. On the other hand, irresponsible and indiscriminate accusations are netted the corresponding sanctions.

(j) Conflict Resolution	Conflicts and issues are resolved through conciliation meetings	<p>The University resolves conflicts/issues through:</p> <ul style="list-style-type: none"> - Conduct of Audit - Ad Hoc Committees for administrative cases - Committee on Sexual Harassment and Decorum - Conciliation Meetings with Human Resources Department (HRD) - Department Meetings 	<p>The University resolves conflicts / issues through:</p> <ul style="list-style-type: none"> - Labor Management Committee Meetings - Grievance Committee and Procedure - Conduct of Audit - Ad Hoc Committees for administrative cases - Committee on Sexual Harassment and Decorum - Conciliation Meetings with the Human Resources Department (HRD) - Department Meetings
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2) **Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

The **Code of Conduct** includes policies and guidelines that reinforce our values and set forth our steadfast expectations regarding the norm of conduct to be observed by all FEU employees. The said code aims to provide a safe, secure and healthy work environment, create harmonious and productive work relationships, and nurture our individual growth not only as FEU employees but more importantly as responsible members of our community.

The Code of Conduct is implemented as follows:

1. Each employee and faculty acknowledges receipt of the Code of Conduct.
2. Employees and faculty are [properly oriented](#) on the contents of the Code of Conduct.
3. [The induction program for new employees incorporates the topics on the University's Code of Conduct.](#)
4. The Department Head/Dean submits to HRD/Academic Affairs Office an incident report based on any alleged offense or violation of an employee/faculty.
5. Based on the incident report, the HRD/Academic Affairs Office issues to the involved employee/faculty a notice to explain, indicating the offense and corrective action.
6. An Ad hoc Committee is created, depending on the initial explanations and evidences gathered, to conduct further investigation and recommend appropriate corrective action.
7. The Ad Hoc Committee recommends to the University President the corrective action for an offense in accordance with the Code of Conduct.
8. The President endorses the recommendation of the Ad Hoc Committee to the Legal Counsel for review.
9. The HRD/Academic Affairs Office issues a notice of the decision and corresponding corrective action to the involved employee/faculty, copy furnished the Employees' Union, as applicable.

3) **Related Party Transactions**

(a) **Policies and Procedures**

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>In general, it is the policy of the University that related party transactions shall be subject to review and approval to ensure that they are at “arms -length and is in the best interest of the University.</p> <p>To start with, applicants for employment cannot be hired if they are related to any employee up to the 4th degree of relation. Employees are also not allowed to supply the needs of the University or any of its concessionaires.</p> <p>The University and its subsidiaries shall enter into any related party transactions solely in the ordinary course of business, on ordinary commercial terms and on the basis of arm’s length arrangements, and subject to appropriate corporate approvals and actions of the university or the related parties, as the case may be. Any related party transactions entered into by the university or its affiliates shall be in accordance with applicable laws, rules and regulations.</p>
(2) Joint Ventures	<p>Dealings falling under the category of related party transactions should be approved by the Board of Trustees and such should, at least be:</p> <ul style="list-style-type: none"> • Above board • Transparent • Arm’s length • Non-bias • Without special favor • Not disadvantageous to the University
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	<p>In other words, such transactions, if any, should be carried out in normal commercial terms and must be to the best interest of the University as a whole.</p> <p>All related party transactions are appropriately disclosed in the company’s audited financial statements, in accordance with SEC and accounting and audit reporting standards.</p> <p>Sanctions: Violators shall be subject to disciplinary action without prejudice to any civil or criminal proceedings that the corporation or regulators may file for violation of existing laws.</p>
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(8) Interlocking director relationship of Board of Trustees Group	

C. BOARD MEETINGS & ATTENDANCE

1) Attendance of Directors¹⁰

Board	Name	Date of Election ¹¹	No. of Meetings Held during the year	No. of Meetings Attended	%
Chair Emeritus	Lourdes R. Montinola	08/2015	12	10	83.33%
Chair	Aurelio R. Montinola, III	08/2015	12	11	91.67%
President	Michael M. Alba	08/2015	12	10	83.33%
Corporate Secretary	Angelina P. Jose	08/2015	12	11	91.67%
Trustee	Paulino Y. Tan	08/2015	12	9	75%
Independent	Sherisa P. Nuesa	08/2015	12	10	83.33%
Independent	Robert F. Kuan	08/2015	12	10	83.33%
Independent	Edilberto C. de Jesus	08/2015	12	9	75%
Trustee	Antonio R. Montinola	08/2015	12	11	91.67%

3) Access to Information

(a) 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, or phone calls.
Audit	
Nomination	
Remuneration	
Corporate Governance	
Risk Management	

4) 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 expense¹².

Procedures	Details
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¹⁰ Attendance presented above is for the fiscal year 2015-2016, as of September 2015

¹¹ Incumbent members of the Board are re-elected during the most recent Regular Annual Meeting of Stockholders held on August 22, 2015

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

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. External auditors discuss key findings and recommendations with the Audit Committee which approves the financial statements, prior to subsequent ratification by the Board.
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. 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 ¹³	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
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 and update the 	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	<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

¹³ Includes Mr. Juan Miguel R. Montinola, Chief Financial Officer, who is not a member of the University's Board of Trustees.

					<p>Audit Charter</p> <ul style="list-style-type: none"> • 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 the adequacy and effectiveness of the University's internal control system, including financial reporting control and information technology security; • 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, 	<p>directed to cooperate with the Committee's requests) and/or external parties;</p> <ul style="list-style-type: none"> • Discuss relevant matters with University officers, external auditors, or outside counsel, as necessary; • Appointment and removal of Internal Auditors
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					<p>legal and regulatory requirements</p> <ul style="list-style-type: none"> • 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 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 ¹⁴	--	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 ¹⁵	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

¹⁴ Includes Mr. Juan Miguel R. Montinola, Chief Finance Officer, who is not a member of the University's Board of Trustees.

¹⁵ Includes Mr. Juan Miguel R. Montinola, Chief Financial Officer, which is not a member of the University's Board of Trustees.

Corporate Governance ¹⁶	--	--	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 ¹⁷	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

2) Committee Members¹⁸

(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 2015	11	8	72.73%	26 yrs. 3 mos.
Member	Michael M. Alba	September 2015	11	10	90.91%	2 yrs. 11 mos.
Member	Angelina P. Jose	September 2015	11	11	100%	17 yrs. 3 mos.
Member	Paulino Y. Tan	September 2015	11	10	90.91%	7 yrs.
Member	Juan Miguel R. Montinola	September 2015	11	11	100%	6 yrs.

(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 2015	5	5	100%	5 yrs. 1 mo.
Member (ID)	Edilberto C. de Jesus	September 2015	5	4	80%	3 yrs. 1 mo.
Member (ID)	Robert F. Kuan	September 2015	5	4	80%	11 yrs.
Member	Paulino Y. Tan	September 2015	5	3	60%	5 yrs.

Disclose the profile or qualifications of the Audit Committee members.

Sherisa P. Nuesa, 61 (Independent Trustee)

Ms. Nuesa is the President and a member of the Board Directors of ALFM Mutual Funds Group. She is an Independent Director of the following: East Asia Educational Foundation, Manila Water Company, FERN Realty Corporation and the Actimed/Generika Group. She serves as an Independent Trustee of East Asia Computer Center, Inc., an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan and a Director of the Institute of Corporate Directors (ICD), the Integrity Initiative, Inc. and the Financial Executives Institute of the Philippines (FINEX) Foundation. Ms. Nuesa is also a Consultant of Vicsal Development Corporation.

She graduated with the degree of Bachelor of Science in Commerce (*Summa Cum Laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from Ateneo – Regis Graduate School of Business in 2010. She completed an Advanced Management Program from the Harvard Business

¹⁶ Includes Mr. Juan Miguel R. Montinola, Chief Financial Officer, and Atty. Gianna R. Montinola, Vice President for Corporate Affairs, who are not members of the University's Board of Trustees.

¹⁷ Includes Mr. Juan Miguel R. Montinola, Chief Financial Officer, who is not a member of the University's Board of Trustees.

¹⁸ Date of Appointment pertains to the most recent date of appointment 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 September 2015.

School in 1999 and a Finance Management Program at Stanford University in 1991. She received the ING – FINEX CFO of the Year award in 2008.

Edilberto C. de Jesus, 73 (Independent Trustee)

Dr. de Jesús, served as the president of the Asian Institute of Management (2009-2012), where he now holds a Professor Emeritus appointment. He had also served as president of the University of the Cordilleras in Baguio City (2008-2009) and at Far Eastern University (1995-2002). While at FEU, he served on the boards of the Coordinating Council for Private Educational Associations and the Philippine Association of Colleges and Universities (PACU), which elected him president in 2002. Also, an independent director of Phinma Corp.

He served as Deputy Commissioner in President Cory Aquino’s Peace Commission, on secondment from AIM in 1987, and from 1988 to 1992, held a concurrent, Cabinet-rank appointment as Presidential Adviser on Rural Development. He was appointed Secretary of Education in 2002 and served as president of the SEAMEO (Southeast Asia Ministers of Education Organization) Council in 2003. He resigned at the end of the first Arroyo Administration in 2004 to serve as SEAMEO Secretariat Director (2005-2007) in Bangkok.

Dr. de Jesus completed his basic education and earned his B.A. Honors degree in Humanities (*Cum Laude*) at the Ateneo de Manila University. He obtained his Ph.D. degree in Modern Southeast Asian History from Yale University.

Robert F. Kuan, 67 (Independent Trustee)

Mr. Kuan held the following directorial positions: Trustee, St. Luke’s Medical Center, Quezon City (Chairman, 1996 – 2011); Trustee, St. Luke’s Medical Center, Global City, Inc. (Chairman, 2009 – 2011); Trustee, St. Luke’s College of Medicine–William H. Quasha Memorial; Trustee, Brent International School of Manila; Chairman, Brent International School Baguio, Inc.; Trustee, Brent International School Subic, Inc.; Chairman, Brent International School, Inc.; Chairman, St. Theodore of Tarsus Hospital in Sagada, Inc.; Director, China Banking Corporation; Founder/President, Chowking Food Corporation (1985 – 2000); Independent Director, Far Eastern College – Silang, Inc.; and Director, SEAOL Philippines, Inc.

Mr. Kuan graduated from the University of the Philippines (UP) with a degree of Bachelor of Science in Business Administration in 1970. In 1975, he earned his Masters in Business Management from the Asian Institute of Management (AIM). In 1993, he took up the Top Management Program at AIM, a program exclusively for Company Presidents and Chief Executive Officers. He was a TOFIL (Ten Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship; Triple-A Awardee of AIM; and Outstanding Alumnus of UP in the field of business.

Paulino Y. Tan, 69

Dr. Tan currently serves as the President of Asia Pacific College. He is a member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., Lyceum of Batangas, Lyceum of Laguna, SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation and Far Eastern College – Silang, Inc.

Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*Summa Cum Laude*) from De La Salle University. He obtained both his M.S. and Ph.D. degree in Chemical Engineering from the University of Notre Dame, Indiana, USA.

(c) **Nomination 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 2015	1	1	100%	5 yrs. 1 mo
Member	Paulino Y. Tan	September 2015	1	1	100%	11 yrs.
Member	Antonio R. Montinola	September 2015	1	1	100%	1 yr.
Member	Juan Miguel R. Montinola	September 2015	1	1	100%	5 yrs.

(d) **Remuneration 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 2015	1	1	100%	6 yrs.
Member (ID)	Robert F. Kuan	September 2015	1	1	100%	6 yrs.
Member	Juan Miguel R. Montinola	September 2015	1	1	100%	5 yrs.

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

(e) **Corporate Governance Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Edilberto C. de Jesus	September 2015	1	1	100%	3 yrs. 1 mo.
Member (ID)	Robert F. Kuan	September 2015	1	1	100%	11 yrs.
Member	Gianna R. Montinola	September 2015	1	1	100%	6 yrs.
Member	Juan Miguel R. Montinola	September 2015	1	1	100%	2 yrs. 1 mo.

(f) **Risk Management Committee**

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Robert F. Kuan	September 2015	1	1	100%	11 yrs.
Member	Michael M. Alba	September 2015	1	1	100%	2 yrs. 11 mos.
Member (ID)	Sherisa P. Nuesa	September 2015	1	1	100%	5 yrs. 1 mo.
Member	Juan Miguel R. Montinola	September 2015	1	1	100%	6 yrs.

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	None	Not applicable

Remuneration	None	Not applicable
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	<p>Reviewed and approved the following with regard to External Auditor (Punongbayan & Araullo or P&A) and Internal Auditor:</p> <ul style="list-style-type: none"> · Their respective risk-based audit plans for FY 2015-16; · The results of their examinations and Management's action plans to address audit issues and findings; · Their assessment of internal controls. <p>Reviewed and approved all audit and non-audit services provided by the external auditor to the University and its subsidiaries and related fees and concluded that non-audit fees are not significant to impair the external auditor's independence.</p> <p>Discussed with external auditor the matters required to be discussed by the prevailing applicable Auditing Standards such as the external auditor's independence.</p> <p>Reviewed P&A's performance and qualifications and on the basis thereof, approved the appointment of P&A as the FEU Group's external auditor.</p> <p>Reviewed and approved the unaudited financial statements of FEU and its subsidiaries for the first three quarters of FY 2015-16.</p>	Compliance with financial reporting standards and auditing standards, operational efficiency 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	<p>Reviewed and approved the initiatives and action plan for the University's enterprise-wide risk management (ERM) process based on the (COSO) Committee of Sponsoring Organization of the Treadway Commission ERM framework.</p> <p>Identified and evaluated the significance and likelihood of occurrence of various potential risks that may have an impact on the University.</p>	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	Ensure that the University's Internal Audit work plan for the coming year is prepared and implemented using a risk-based approach.	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	<p>Monitor the implementation of initiatives and action plan for the University's enterprise-wide risk management process.</p> <p>Review and recommend for approval of Board of Trustees a Risk Management Committee Charter.</p>	<p>To reduce the possible adverse impact of risks.</p> <p>To define the specific powers, responsibility, composition and procedures of the risk management committee.</p>

E. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

FEU considers risk management as a fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of FEU's strategic and operational objectives and goals.

Risk management must be an essential part of FEU's decision making and routine management, and must be incorporated within the strategic and operational planning processes at all levels across the organization.

Risk assessments must be conducted on new endeavors and activities, including projects, processes, systems and commercial activities to ensure that these are aligned with FEU's objectives and goals. Any risks or opportunities arising from these assessments will be identified, analyzed and reported to the appropriate management level. FEU is committed to ensuring that all staff, particularly the heads of Schools, Institutes and Departments are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively.

FEU's management will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the organization.

During fiscal year 2015-2016, the Risk Management Committee recommended that the University formally adopt an enterprise-wide risk management (ERM) framework based on the (COSO) Committee of Sponsoring Organization of the Treadway Commission ERM framework. As part of the implementation of the ERM framework, the Risk Management Committee recommended for the University to conduct workshops and discussions with the different departments and Institutes regarding ERM. The main objective of the workshops and discussions is to assist the different departments and Institutes of the University in the effective identification and evaluation of the top risks affecting the University. The said list of top risks (or what is to be called "University risk register") that is expected to come out of this process will be presented to the Risk Committee, Audit Committee and ultimately to the Board of Trustees for review and action. The ERM workshops and discussions are on-going.

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

As discussed above, the implementation of the ERM using the COSO framework is on-going. The Risk Management Committee and the Audit Committee receive from the Internal Audit Department status report on the implementation of the ERM framework. The "University risk register" that is expected to come out of this process will be presented to the Risk Committee, Audit Committee and ultimately to the Board of Trustees for review and action. The Audit Committee shall include such discussion in its Audit Committee Report. Further, when the implementation of the ERM framework has been completed, the Audit Committee, with the assistance of the Internal Audit Department, will review the effectiveness of the University's risk management system.

(c) Period covered by the review;

As discussed above, the implementation of the ERM using a COSO framework is on-going. When the implementation process has been completed, the Audit Committee, with the assistance of the Internal Audit Department, will review the effectiveness of the University's risk management system.

- (d) **How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and**

When the implementation of the ERM using a COSO framework has been completed, the Audit Committee will determine the frequency of review of the University's risk management system.

- (e) **Where no review was conducted during the year, an explanation why not.**

As discussed above, the implementation of the ERM using a COSO framework is on-going. When the implementation of the ERM framework has been completed, the Audit Committee, with the assistance of the Internal Audit Department, will review the effectiveness of the University's risk management system.

2) Risk Policy

- (a) **Company**

- (b) **Minority Shareholders**

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Principal-principal conflict refers to conflicts between two groups of principals: controlling shareholders and minority shareholders. The perception by the minority shareholders that their interests are not being protected may result to loss of confidence in the management of the University which may influence minority stockholders to sell their shares or prevent further investment. It may also lead to abuse in power since the steering/decision-making would be left solely to a few large shareholders. This risk is managed by the University through compliance with laws and regulations that protect minority shareholders and implementation of policies intended to protect the rights of minority shareholders including the FEU Amended Revised Manual on Corporate Governance. It also adopts appropriate policies on related party transactions, which are normally discussed and pre-approved by a committee that includes independent directors.

3) Control System Set Up

- (a) **Committee**

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Risk Management Committee under the Board of Trustees	Formulation of a Risk Management Policy and Risk Management Plan	Identifies, assesses, manages and monitors risks and allows investors and other stakeholders to be informed of material changes to the University's risk profile
Audit Committee under the Board of Trustees	Establishment of documentations and monitoring of control environment; direct supervision of the Internal Audit Department's work and activities	Oversees the financial reporting and disclosure process; monitors compliance with accounting standards; appoints the external auditors and monitors the external auditors' performance and compliance with independence requirements; Oversees regulatory compliance involving financial reporting standards, monitoring of internal control process, and evaluating risk management policies and practices.

Internal Audit Department	Independent and objective assurance and consulting services based on approved risk-based audit plans.	Provides consulting activity and independent and objective assurance which is designed to add value and improve the organization's operations. It provides assistance to Management in order to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
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F. 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:

(a) **Explain how the internal control system is defined for the company**

The FEU defined internal control as a system established by the Board of Trustees and management, for the accomplishment of the University's objectives, the efficient operations of its business, the reliability of its financial reporting, and faithful compliance with applicable laws, regulations and internal rules. (Source: FEU Amended Revised Manual on Corporate Governance)

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

The Board of Trustees, through the Audit Committee has reviewed the internal control system of the University based on the assessments completed and reported by the internal and external auditors. The Board found the internal control system to be effective.

The statement of the directors on the effectiveness of the University's internal control system is embodied in the Audit Committee Report for fiscal year 2015-16 that will be included in the SEC Form 20-IS Definitive Information Statement.

The most recent **Audit Committee Report** filed with the SEC in 2015 covering fiscal year ended March 31, 2015 reported that the Audit Committee stated that it had reviewed the internal audit reports ensuring that Management is taking appropriate actions, where required, in a timely manner[31].

(c) **Period covered by the review.**

For the fiscal year ended March 31, 2016. As indicated above the Audit Committee Report for fiscal year 2015-16 will be included in the SEC Form 20-IS Definitive Information Statement.

The internal audit department assists the Board of Trustees, through the Audit Committee, in assessing the effectiveness of the University's internal control system on an annual basis using a risk-based audit methodology.

The director's criteria for assessing the effectiveness of internal control system includes the following which is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal control framework:

1. Control environment – refers to management’s tone at the top and standards of conduct.
2. Risk assessment – refers to how management identify, evaluate and mitigate risks to the achievement of objectives.
3. Control activities – refers to actions taken by management to mitigate risks; include policies and procedures, best practices to ensure compliance with laws, regulations, and internal policies.
4. Information and communication – refers to how management ensures that relevant, accurate and timely information is made available to individuals in the organization.
5. Monitoring activities – refers to how management monitors the University’s internal control system.

(d) **Where no review was conducted during the year, an explanation why not.**

Not applicable. Review was performed during the fiscal year ended March 31, 2016. The statement of the directors on the effectiveness of the University’s internal control system is embodied in the Audit Committee Report for fiscal year 2015-16 that will be included in the SEC Form 20-IS Definitive Information Statement.

2) Internal Audit

(a) **Role, Scope and Internal Audit Function**

Give a general description of the role, scope of internal audit work and details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting Process
<p>Per FEU Internal Audit Manual:</p> <p>The basic objective of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the University’s operations.</p>	<p>Per FEU Internal Audit Manual:</p> <p>The internal audit function assists the University in fulfilling its vision, mission, strategic initiatives, and objectives, while adhering to its core values, by bringing a systemic, disciplined approach to evaluate and improve the effectiveness of University-wide risk management, internal control system and governance processes.</p>	In-house	Rogelio C. Ormilon, Jr.	Functionally to the Audit Committee, and administratively to the Chairman/CEO

- (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. The FEU Audit Committee Charter provides that the Audit Committee “review and concur in the appointment, replacement, or dismissal of the Internal Audit Manager”. Further, the FEU Amended Revised Manual on Corporate Governance provide that the Audit Committee “organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal[32].”

- (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 head of the Internal Audit Department reports directly to the Audit Committee.

The internal audit function as empowered by the Audit Committee Charter, the Internal Audit Charter and FEU Amended Revised Manual on Corporate Governance has free and unrestricted access to all records, properties and personnel[33].

- (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
Robert W. Caracas	Resigned from his position as Internal Audit Manager effective August 1, 2015 for another job.
Rogelio C. Ormilon, Jr.	Appointed as the new Internal Audit Manager effective September 21, 2015
Kert Arsmel E. Fetalco	Resigned from his position as IT Audit Section Head I effective December 1, 2015 for another job.
Vergil Ian R. Seballe	Appointed as the new IT Audit Section Head I effective January 18, 2016
Jacinto Mateo, Jr	Inter-department transfer effective December 1, 2015
Ramil P. Zaldivar	Inter-department transfer effective December 1, 2015

(e) **Progress against Plans, Issues, Findings and Examination Trends**

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The activities of the internal audit department are being performed based on the audit plan that was approved by the Audit Committee. The Internal Audit Department periodically reports to the Audit Committee on the status of audit activities, accomplishments, key findings and recommendations as well as management's responses thereto.
Issues	There are no significant issues noted based on the results of the audit procedures completed at the end of the fiscal year.
Findings	There are no significant issues noted based on the results of the audit procedures completed at the end of the fiscal year.
Examination Trends	The current examination trend shows that issues and findings are immediately settled and communicated to the appropriate departments.

Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
FEU Internal Audit Manual	Review is on-going. Updates/enhancements will be incorporated in fiscal year 2016-17
FEU Internal Audit Charter	Review is on-going. Updates/enhancement to be incorporated in fiscal year 2016-17

(f) **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> <p>The Internal Audit Manager reports directly to the Audit Committee. (Source: FEU Internal Audit Manual and FEU Organizational Chart) :</p> <p>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. (Source: FEU Internal Audit Manual)</p> <ul style="list-style-type: none"> • 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. (Source: FEU Internal Audit Manual) • The internal audit function is subject to independent review, as required, carried out by independent professionals/organizations (e.g. external auditors, IIA). (Source: FEU Internal Audit Manual) • The Audit Committee will ensure that the Internal Auditors shall be free from interference in determining its scope, performing its work and communicating the results thereof. (Source: FEU Audit Committee Charter) <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 			

<p>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.</p> <ul style="list-style-type: none"> • 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. • <i>The Audit Committee shall evaluate and determine the non-audit work, if any, of external auditor and review periodically the non-audit fees paid to the external auditor in relation to the total annual income of the external auditor and to the University's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as external auditor or may pose threat to his independence. (Source: FEU Amended Revised Manual on Corporate Governance)</i> 	
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- (g) **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.**

Under SEC Memorandum Circular No. 5, Series of 2013, the submission of the certificate of compliance with the SEC CG Code has been discontinued. Prior to the discontinuance, or until 2012, the FEU certificate of compliance was signed by the Compliance Officer and President as required under SEC Memorandum Circular No. 3, Series of 2007.

On May 31, 2013, the Company has also submitted to the SEC the notarized Annual Corporate Governance Report for 2012 signed by the Chairman and two independent directors of the Company.

On June 3, 2015, the Company submitted to the SEC the Consolidated Changes in the Annual Corporate Governance Report for 2014.

G. ROLE OF STAKEHOLDERS

1) Performance-enhancing mechanisms for employee participation.

- (a) **Show data relating to health, safety and welfare of its employees.**

- For the fiscal year 2015-2016, P36.8 million was spent for employees' medical benefits and health plan.
- The University makes monthly contributions to the employees' retirement fund. The amount contributed is equivalent of 20% of an employee's basic pay. For the fiscal year 2015-2016, the University contributed a total of P75.9 million to its retirement plan.

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

The University's Management ensures the continuous training and development of its employees in order to have a competent and productive workforce. Such is one of the strategies and objectives of the University which is achieved by providing its employees with opportunities for individual and group learning. The Management supports the design and implementation of competency development programs to enable its employees to perform successfully in their roles, maximize their skills and abilities, uncover their potentials, and eventually enrich their personal and professional growth.

The University encourages the use of a broad range of competency development approaches that will enable its employees to sustain or improve their performances and contribute to the desired results. These are reflected in its General and Technical Competencies Curricula which include classroom-based training and other learning interventions such as on-the-job training (OJT), developmental assignments, and self-study programs.

For SY 2015-2016, the University incurred P 0.93 million for various conferences and seminars for its employees and faculty.

The following major programs which were implemented by the University's HRD include:

- Competency Development Programs:
 - Team Building activities
 - Presentation by the CFO on Effective Presentation to Non-Academic Managers
 - HR Management learning event for HR practitioners
 - Lenten Recollection
- 2015 Faculty and Employee Recognition Program:
 - Awarding of Model Supervisor and Rank and File Employee
 - Awarding of 89 service awards
 - Three faculty members received the Faculty University Service Award
 - Ten Faculty Members received the Publication Award
 - The 10 Outstanding Faculty Members of the Year were named
- Promotion and Merit Increase Program – there were 12 employees promoted and 11 employees were granted merit increases
- FEU Non-Teaching Personnel Fellowship:
 - PIYU Be Brave Challenge
 - Outing at Pico de Loro, Nasugbu, Batangas

H. DISCLOSURE AND TRANSPARENCY

I. RIGHTS OF STOCKHOLDERS

(a) Stockholders' Rights

Dividends

Declaration Date	Record Date	Payment Date
July 16, 2015	June 30, 2015	July 14, 2015
December 11, 2015	December 29, 2015	January 15, 2016

SECRETARY’S CERTIFICATE


I, ANGELINA P. JOSE, Filipino, of legal age, married and a resident of Unit 1410, Parc Chateau, Onyx Street, Ortigas Center, Pasig City, after having been duly sworn, hereby depose and say:

- 1. That I am the Corporate Secretary, duly elected and qualified, of Far Eastern University, Incorporated (FEU), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at Nicanor Reyes Street, Sampaloc, Manila;
- 2. I am issuing this certification with respect to the following consolidated changes in FEU’s Annual Corporate Governance Report for 2015 which were presented to and noted by the Board of Directors via email:

Reason for Update	Update
To update the information on Board Matters	Date of last election, name of nominator and years in service of the directors
	Corporate governance adopted by the board.
	Directors’ attendance in board meetings
	Directorship in the company’s group
	Directorship in other listed companies
	Policy on limit on the number of board seats in other companies that a director or CEO may hold simultaneously
	Directors’ shareholdings in the Corporation
	Persons assuming the role of Chairman and CEO
	Voting result of the last Annual General Meeting
	Orientation and education program - Attendance of the directors and senior management in a corporate governance training conducted by a SEC-accredited training provider
To update the information on Code of Business Conduct	Company policies affecting directors, senior management and employees
	Implementation and monitoring of compliance
	Related party transactions – policies and procedures
To update the information on Board Meetings and Attendance	Attendance of directors and external advice
To update the information on the Board Committees	Function of the audit committee
	Board committee members including profile of the audit committee members
	Length of service of the directors in the committees
	Appointment of Ms. Sherisa P. Nuesa as Chair of the Nomination Committee for fiscal year 2015-2016
	Work done and issues addressed by the board committees
	Committee program – audit and risk committees

To update the information on Risk Management System	Overall risk management philosophy of the company
	Directors' review of the effectiveness of risk management system
	Risk policy on minority shareholders
	Control system set-up : Committee – control mechanism of internal audit
To update information on Internal Auditing and Control	Definition of internal control system
	Directors' review of the effectiveness of internal control system
	Role, scope and function of internal audit
	Appointment and removal of internal auditor
	Internal auditor's reporting relationship with the Audit Committee
	Internal audit: resignation, re assignment and reasons
	Internal audit's progress against plan, issues and findings
	Audit control policies and procedures
To update information on role of stakeholders	Mechanisms and safeguards for internal auditors and external auditors
	Officers attesting to the company's full compliance with the SEC Code of Corporate Governance
To update information on rights of stockholders	Data relating to health, safety and welfare of employees and training and development for employees
	Dividends

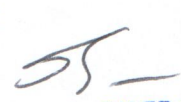
IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of April 2016 in Manila.


ANGELINA P. JOSE
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 11th day of April 2016 at Manila, affiant exhibiting to me her Tax Identification Number 127-973-208-000 issued in the Philippines.

NOTARY PUBLIC

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Page No. 62 :
Book No. 17 :
Series of 2016.


ENRICO G. GILERA
Notary Public for Manila
Until December 2017
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IBP No. 1017090; 01.04.2016; PPLM
Roll No. 35145; May 27, 1988
Compliance No. IV 0017359; April 23, 2013
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