



FAR EASTERN UNIVERSITY



Nicanor Reyes Street

Sampaloc, Manila

P.O. Box 609 Philippines 1015

(632) 725 5621

www.feu.edu.ph

BOARD OF DIRECTORS CHARTER

I. PURPOSE

The Board Charter formalizes and clearly states the roles, responsibilities, and accountabilities in carrying out fiduciary duties of the Board of Trustees.

This Board Charter serves as a guide to the Trustees of Far Eastern University, Inc. (FEU), on the conduct of their functions and the assessment of their performance.

II. COMPOSITION

The control and management of the business of FEU is vested in a Board of nine (9) Trustees, duly elected by the stockholders every year in the manner provided by the Corporation Code of the Philippines.

The Board shall encourage the selection of a mix of competent Trustees. Careful attention must be given to ensure that there is independence and diversity, and appropriate representation of women in the Board.

The Board shall be composed of a majority of non-executive trustees with the necessary qualifications to bring objective, independent judgment and appropriate oversight on corporate affairs.

The Board shall have at least three (3) independent trustees, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher. It shall designate a lead trustee among the independent trustees.

The Board shall be headed by a competent and qualified Chairperson.

III. AUTHORITY & RESPONSIBILITIES

A. Board of Trustees

As provided in Section 22 of the Revised Corporation Code, *“Unless otherwise provided in this Code (to the Stockholders/Members), the board of directors or trustees shall exercise the corporate powers, conduct all business, and control all properties of the corporation.”*

The Board of Trustees draws its authority from the powers prescribed in FEU's Articles of Incorporation and By-Laws as well as in existing laws, rules, and regulations. Its primary responsibility is to foster the long-term success of FEU and to sustain its competitiveness in the global environment in a manner consistent with FEU's fiduciary responsibilities, enterprise-wide objectives and strategies, and the best interests of its shareholders and stakeholders. The Trustees shall exercise the corporate powers, conduct all business, and control all properties of FEU.

The Board shall conduct itself with honesty and integrity in the discharge of its duties, functions, and responsibilities.

General Responsibility of the Board:

The Board of Trustees shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of FEU and all shareholders.

Specific Duties and Responsibilities of the Board

To ensure a higher standard of best practice for FEU and its stakeholders, the Board shall have the following duties, powers, and attributes, in addition to those assigned to it by the Corporation Code or other applicable law and the By-Laws:

1. Establish a process of selection that brings about a mix of competent Trustees and Officers whose collective knowledge, experiences, and expertise significantly contribute to the success of FEU.
2. Review and oversee the governance of FEU through its vision, mission, and strategies.
3. Confirm compliance with all relevant laws, regulations, and adherence to codes of best business practices, to the extent practicable.
4. Organize Board Committees that focus on specific Board functions to aid in the optimal performance of its roles and responsibilities.
5. Appoint a competent management team, establish performance standards consistent with the strategic objectives of the company, and evaluate the results.
6. Identify the relevant stakeholders and establish an effective Investors' Relations Program for communicating with them.
7. Establish a system of internal checks and balances as well as appropriate internal control mechanisms such as risk management, compliance, and internal audit.
8. Develop an Enterprise Risk Management framework to monitor key risk areas and key performance indicators.
9. Exclude Trustees from taking part in the deliberations on any transaction in which they have material interests.

10. Establish and enforce group-wide policies to ensure the integrity of related party transactions, particularly those that pass certain thresholds of materiality between and among FEU and its related companies, business associates, major shareholders, trustees, key officers, and their spouses, children, dependent siblings and parents, and interlocking trustee relationships.
11. Formulate an FEU Code of Conduct and Business Ethics, which specifies the standards for professional and ethical behavior as well as articulates acceptable and unacceptable conduct and practices in internal and external dealings and is disseminated among the Board, management, employees, and the public via FEU website, www.feu.edu.ph.
12. Institute an alternative dispute resolution system to settle conflicts between FEU and its shareholders or other third parties, including regulatory authorities.
13. Organize orientation programs for new Trustees and subsequently make available to all Trustees continuing education programs conducted by a regulatory-body-accredited training provider.
14. Conduct an annual performance assessment of the Board, individual Trustees, Board Committees, and other key management officials.
15. Establish a succession-planning program (including retirement) for Trustees, key officers, and management.

B. The Chairman of the Board

Section XIII of the Amended By-Laws of FEU names the Chairman of the Board as the Chief Executive Officer of the University. He is the legal representative of FEU and shall preside at all meetings of Stockholders and Trustees and shall exercise general supervision of the affairs of FEU.

The roles and responsibilities of the Chairman include the following, among others:

1. Set the agenda of meetings, focusing on strategic matters including the overall risk appetite of FEU.
2. Disseminate timely information to the Board to enable it to make sound decisions.
3. Promote an environment conducive for constructive debate on key issues, leveraging on the skills and expertise of individual Trustees.
4. Provide opportunities for the Board to seek clarification on views and representations made by Management.
5. Conduct an annual review and evaluation of the performance of the Board.

C. Corporate Secretary

The Corporate Secretary is primarily responsible to FEU and its stakeholders, and not to the Chairman. He is not a member of the Board, but assists the Trustees in the following areas:

1. Arrange for the meetings of the Board and its Committees, including the preparation of an annual schedule of Board and Committee meetings, the Annual Board Calendar, agendas for the Chairman of the Board and Committees. Maintain the integrity and security of the minutes of the meetings of the Board and its Committees as well as other official records of FEU.
2. Inform the Board members, in accordance with the By-laws, of the agenda of their meetings a few working days prior to the meeting. Provide appropriate information on the matters for discussion prior to the meeting to enable the Board Members to arrive at an informed decision on matters that require their approval.
3. Facilitate fair and objective communications among the Board, Management, and stockholders and contribute to the effective flow of information between the Board and Management, the Board and its Committees, and the Board and its stakeholders, including shareholders. Support the Board Committees in executing their terms of reference.
4. Monitor and review the relevant laws, regulations, governance issuances, and industry developments so as to be able to give advice on their impact on the operations of FEU. Draft all By-laws, and review and validate that they conform with regulatory requirements.
5. Attend all Board meetings except when precluded by justifiable causes, such as illness, a serious accident, or death in the immediate family. Address all administrative functions as well as other duties and responsibilities provided for by the By-laws and the Securities and Exchange Commission.

IV. Trustees

A Trustee shall have the following duties and responsibilities:

1. Conduct business transactions within the Corporation in a fair manner, without permitting personal bias or interests to influence Board decisions. Abstain from participating in deliberations on any transaction where one has a material interest. Exercise informed and independent judgment during Board deliberations. Allow sufficient time and attention to meet board duties and responsibilities.
2. Validate the continuing soundness, effectiveness, and adequacy of the control environment of the Corporation and observe confidentiality.
3. Disclose appropriately to the Board, directorship in another corporation outside the FEU Group. The Trustee involved must have a confidential consultation with the Corporate Governance Chairman and the Chairman of the Board of Directors prior to the acceptance of the appointment.

4. Disclose immediately any transactions involving the Corporation's shares.

V. Board Meetings

The FEU Board of Trustees shall hold one regular meeting every month. Special meetings may be called by the Chairman on one day's notice to each member, either personally or in writing, and may be called in like manner and on like notice on the written request of four members.

A majority of all Members shall be necessary at all meetings to constitute a quorum for the transaction of any business.

At least once a year, the non-executive Trustees must meet without any executives present.

VI. Compensation of the Board

Section XXV of the Amended By-Laws of FEU shall govern the compensation received by the Trustees of the Board for their services, subject to the limits of previously approved shareholders' resolutions, and to rules and regulations prescribed by the Revised Corporation Code.

The Talent Management Committee shall recommend the amount of compensation of the Trustees to the Board for its approval.

VII. Amendments to the Charter

The FEU Board of Trustees shall review and assess the adequacy of the Charter on a periodic basis. Any revision will require majority approval.