

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM - I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended  
Dec 31, 2018
2. SEC Identification Number  
PW538
3. BIR Tax Identification Number  
000-225-442
4. Exact name of issuer as specified in its charter  
FAR EASTERN UNIVERSITY, INC.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
Nicanor Reyes Street, Sampaloc, Manila  
Postal Code  
1015
8. Issuer's telephone number, including area code  
(632) 735-8686
9. Former name, former address, and former fiscal year, if changed since last report  
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# Far Eastern University, Incorporated

## FEU

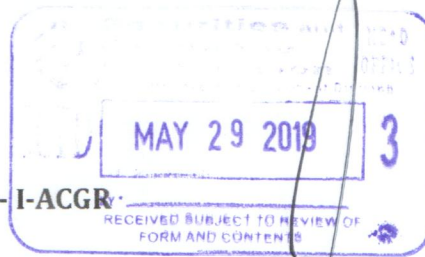
**PSE Disclosure Form I-ACGR - Integrated Annual Corporate Governance Report**  
***Reference: SEC Code of Corporate Governance for Publicly-Listed Companies, PSE Corporate Governance Guidelines, and ASEAN Corporate Governance Scorecard***

### Description of the Disclosure

Submitting Integrated Annual Corporate Governance (I-ACGR) in accordance with the SEC Memorandum Circular No. 15 Series of 2017,

### Filed on behalf by:

<b>Name</b>	Santiago Jr. Garcia
<b>Designation</b>	Corporate Secretary/Compliance Officer



SEC FORM - I-ACGR

## INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the year - 2018
2. SEC Identification Number - PW-538
3. BIR Tax Identification No. - 000-225-442
4. **THE FAR EASTERN UNIVERSITY, INCORPORATED**, doing business under the name and style **FAR EASTERN UNIVERSITY**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **Nicanor Reyes Street, Sampaloc, Manila**  
Address of principal office
- 1015  
Postal Code
8. **02-8494000**  
Issuer's telephone number, including area code
9. No change as to name, address and fiscal year since last report.  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>Principle 1:</b> The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
<b>Recommendation 1.1</b>			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Please see Board of Trustees' profile in the 2018 Definitive Information Statement (SEC form 20 IS), pages 5-8 in the link below:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a>	
2. Board has an appropriate mix of competence and expertise.	Compliant		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	Qualifications and disqualifications of the Board of Trustees as provided in FEU's Amended By-Laws. Please see Section XXIX - Nomination Committee, pages 7-9 in the link below:  <a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	The 9-man/woman Board of Trustees of FEU was composed of three (3) non-executive trustees, three (3) executive trustees and three (3) non-executive independent trustees.  The members of the Board of Trustees are as follows:  Non-Executive Trustees:	

		<ol style="list-style-type: none"> <li>1. Dr. Lourdes R. Montinola <sup>1</sup></li> <li>2. Ms. Angelina P. Jose <sup>2</sup></li> <li>3. Dr. Paulino Y. Tan <sup>2</sup></li> </ol> <p><sup>1</sup> Designated as Chair Emeritus, an honorary title with no executive function.</p> <p><sup>2</sup> No executive function.</p> <p>Executive Trustees:</p> <ol style="list-style-type: none"> <li>1. Mr. Aurelio R. Montinola III, Chairman of the Board &amp; CEO</li> <li>2. Dr. Michael M. Alba, President &amp; COO</li> <li>3. Mr. Antonio R. Montinola, Director for Sports Development</li> </ol> <p>Non-Executive Independent Trustees:</p> <ol style="list-style-type: none"> <li>1. Dr. Edilberto C. De Jesus</li> <li>2. Dr. Robert F. Kuan – Dr. Kuan passed away on 15 September 2018.</li> </ol> <p>On 12 April 2019, Mr. Jose Tan Sio filled the vacant Board-seat of FEU as a Non-Executive Trustee.</p> <p>3. Ms. Sherisa P. Nuesa</p> <p>Please see link below:</p> <p><a href="https://investors.feu.edu.ph/">https://investors.feu.edu.ph/</a></p>	
<b>Recommendation 1.3</b>			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Although FEU does not have a Board Charter in 2018, it has a Manual on Corporate Governance duly approved by its Board of Trustees and posted on its website that	

		<p>provides the FEU policy on training of its Trustees.</p> <p>Please see link below, page 5:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5</a></p>	
2. Company has an orientation program for first time directors.	Compliant	<p>FEU has an orientation program for its first time Trustees. However, it did not have a first time Trustee in 2018.</p> <p>Please see Manual on Corporate Governance, page 1 in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5</a></p>	
3. Company has relevant annual continuing training for all directors.	Compliant	<p>Although FEU did not conduct an annual continuing training for all of its Trustees in 2018, all of its Trustees attended and/or participated in continuing education/training seminars and conferences in 2018 that include developments in the education, business and regulatory environment.</p> <p>Chair Emeritus Lourdes R. Montinola attended Servant Leadership Conference in Business on 31 January 2018 at Makati Shangri-La.</p> <p>Board Chairman Aurelio R. Montinola III attended the 2018 Ayala Group Advanced</p>	

		<p>Corporate Governance Training conducted by Institute of Corporate Directors held on 10 September 2018 at Fairmont Hotel Makati.</p> <p>President Michael M. Alba attended various conferences in 2018:</p> <ul style="list-style-type: none"> <li>• Service Leadership Conference, Makati Shangri-La on 30-31 January 2018</li> <li>• PBE and The World Bank Group Policy Forum 2018, Makati Shangri-La on 13 March 2018</li> <li>• GE Summit, AG New World Manila Bay Hotel on 31 July 2018</li> <li>• CEM Panel Discussion (speaker), Makati Shangri-La on 05 October 2018</li> <li>• 3<sup>rd</sup> International Graduate Student Multidisciplinary Research Conference, Eastwood Richmond Hotel on 18-19 October 2018</li> <li>• SATU General Assembly, Tainan City, Taiwan on 15 November 2018</li> <li>• PACUCOA General Assembly, Novotel Manila Hotel on 04 December 2018</li> <li>• December 10-14, 2018 – ASAIHL International Conference, Tehran, Iran on 10-14 December 2018</li> </ul> <p>Independent Trustee Edilberto C. De Jesus attended the Asian Institute of Management Corporate Governance Conference on Sustainability conducted by the Institute of Corporate Directors on 09 October 2018 at Dusit Thani Hotel, Makati.</p>	
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		<p>Trustee Angelina P. Jose attended the Corporate Governance - Sustainability and Outlook Seminar conducted by P&amp;A Grant Thornton on 28 November 2018 at Makati Diamond Residences, Makati City.</p> <p>Trustee Antonio R. Montinola attended the UAAP Planning Session held on May 23-27, 2018 at Osaka, Japan.</p> <p>Independent Trustee Sherisa P. Nuesa attended and/or participated in various conferences in 2018:</p> <ul style="list-style-type: none"> <li>• ICD Corporate Governance Orientation Program on 07 March 2018 at Discovery Primea, Makati.</li> <li>• 2018 Ayala Group Advanced Corporate Governance Training conducted by Institute of Corporate Directors held on 10 September 2018 at Fairmont Hotel Makati</li> <li>• 5<sup>th</sup> SEC-PSE Corporate Governance Forum on 23 October 2018 at PICC, Pasay</li> </ul> <p>Trustee Paulino Y. Tan attended the Corporate Governance - Sustainability and Outlook Seminar conducted by P&amp;A Grant Thornton on 28 November 2018 at Makati Diamond Residences, Makati City.</p>	
<b>Recommendation 1.4</b>			
1. Board has a policy on board diversity.	Compliant	Please see page 1 of the Manual on Corporate Governance in the link below.	



		<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5</a>  Please see Section XXIX, Nomination Committee, of the Amended By-Laws, page 7.  <a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a>  Board of Trustees is composed of six (6) males and three (3) females, one of whom is a Female Independent Trustee.	
<b>Optional: Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	Board diversity in gender, age, skills, competence, knowledge and industry expertise are considerations in the selection of the Board members, especially for the choice of Non-Executive Independent Trustees.  Please see FEU's Amended By-Laws on Qualifications and Disqualifications of a Board Trustee under Nomination Committee (page 7), and its Manual on Corporate Governance (page 1) in the links below.  <a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a>  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=5</a>	

Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Please see profile of Atty. Santiago L. Garcia, Jr., FEU's Corporate Secretary in the 2018 Definitive Information Statement (SEC Form 20 IS), page 10 in the link below:	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Non-Compliant	<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=15">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=15</a>	<p>The Board had assessed that for 2018, FEU's size, structure, risk profile and complexity of operations did not as yet justify separate individuals for Corporate Secretary and Compliance Officer.</p> <p>This is for continuing review/consideration by the Board this year, 2019.</p>
3. Corporate Secretary is not a member of the Board of Directors.	Compliant	<p>Please see duties and functions of Corporate Secretary in the FEU Amended By-Laws, Section XVI - Secretary in the link below, page 5:</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=5">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=5</a></p> <p>Corporate laws, rules and regulations provide the duties and functions of a corporate secretary.</p> <p>Please see the duties and responsibilities of a Corporate Secretary in the Corporation Code, and SEC Memorandum Circular No. 19, Series of 2016, page 8.</p>	
4. Corporate Secretary attends training/s on corporate governance.	Compliant	<p>The Corporate Secretary attended and participated in the following seminars:</p> <ul style="list-style-type: none"> <li>Corporate Governance - Sustainability and Outlook Seminar conducted by P&amp;A Grant Thornton on 28 November 2018 at Makati Diamond Residences, Makati City</li> </ul>	

		<ul style="list-style-type: none"> <li>Annual Listing and Disclosure Rules Seminar conducted by the Philippine Stock Exchange, Inc. on 05 December 2018 at the PSE Tower, Bonifacio Global City, Taguig City</li> </ul>	
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Please see information on or link/reference to a document containing information on the Compliance Officer, Atty. Santiago L. Garcia, Jr. including his qualifications.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	Laws, rules and regulations provide the duties and functions of a compliance officer.	
3. Compliance Officer is not a member of the board.	Compliant	Please see the duties and responsibilities of a compliance officer listed in SEC Memorandum Circular No. 19, Series of 2016, page 9.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	<p>The Compliance Officer attended and participated in the following seminars:</p> <ul style="list-style-type: none"> <li>Corporate Governance - Sustainability and Outlook Seminar conducted by P&amp;A Grant Thornton on 28 November 2018 at Makati Diamond Residences, Makati City</li> <li>2018 Annual Listing and Disclosure Rules Seminar organized by the Philippine Stock Exchange, Inc. on 4-5 December 2018 at</li> </ul>	

		<p>the PSE Tower, Bonifacio Global City, Taguig City</p> <p>He also attended and participated in the (i) Special International Lecture on Family Business Governance and Stewardship by Mr. Ong Boon Hwee, CEO of Stewardship Asia Centre, Singapore on 22 February 2019; (ii) Mandatory Continuing Legal Education Lecture Series (6<sup>th</sup> Compliance Period) by Quisumbing Torres (Member Firm of Baker &amp; McKenzie International and FEU Institute of Law on 1, 2, 3, 5 and 8 April 2019 at the BGC Corporate Center, Taguig City; and (iii) Roundtable Discussion by the Securities and Exchange Commission - in partnership with the Institute of Corporate Directors and Good Governance Advocates and Practitioners of the Phils. - on 09 May 2019 at SEC Executive Lounge, Secretariat Bldg., PICC Complex, Pasay City</p>	
<p><b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p>			
<p><b>Recommendation 2.1</b></p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>Compliant</p>	<p>The minutes of the Board and Board Committees record the Board actions taken on a recommendation, presentation or report (like approval, disapproval, deferment for further study and/or deliberation, notation, including comments and directives to management and others).</p>	

		Even before the actual meeting, Trustees at times would ask for additional information, supporting documents, and justifications for an item or items in the agenda.	
<b>Recommendation 2.2</b>			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	The minutes also indicate that the Board (i) reviews and guides corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; (ii) sets performance objectives; (iii) monitors implementation and corporate performance; and (iv) oversees major capital expenditures, acquisitions and divestitures.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	<p>During the regular meeting of the Board, which is scheduled every third Tuesday of the month, the Board reviews the Financial Performance Report without fail.</p> <p>There is also a review and/or approval of academic preparations and performances before and after each semester and summer classes.</p>	
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	<p>FEU: Vision, Mission Statement  <a href="https://investors.feu.edu.ph/">https://investors.feu.edu.ph/</a></p> <p>FEU: Core Values  <a href="https://investors.feu.edu.ph/">https://investors.feu.edu.ph/</a></p> <p>Please see Code of Business Conduct and Ethics, page 5 in the link below:</p>	

		<a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=6">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=6</a>	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	<p>FEU's Aspiration 2020 defines the institution objectives for Year 2020. It defines Focus Areas and corresponding Programs for three Excellence Pillars.</p> <p>For each Focus Area, corresponding Programs and Targets are drawn out.</p> <p>The Board, together with Senior Management, had their Strategic Planning Sessions on 23-24 May 2018 in Tagaytay, and 24-25 January 2019 at Filinvest Alabang</p> <p>For 2018, the Board took up the following, among others:</p> <ul style="list-style-type: none"> <li>• 17 April 2018 - Investment funds management report, Effective cost of loans availed, Green &amp; gold awards 2018 roster, and Performance of FEU Institute of Technology in the April 2018 Electronics Licensure Exam</li> <li>• 15 May 2018 - I-ACGR 2017 as endorsed by the Corporate Governance Committee, Amendment of policy on Fostering Commitment from Trustees, and Data privacy policy statement</li> <li>• 08 August 2018 - Policy on inter-company loans and advances</li> </ul>	

		<ul style="list-style-type: none"> <li>• 17 July 2018 - Audit Committee report for Fiscal Year ended 31 May 2018</li> <li>• 09 September 2018 - Annual report of other Board Committees to the Board</li> <li>• 11 November 2018 - FEU College Admission Test as entrance examination for all FEU System of Schools</li> <li>• 12 December 2018 - HR Report on gender inclusions</li> </ul> <p>The Board Committees, i.e., Executive Committee, Audit Committee, Corporate Governance Committee, Nomination Committee, Risk Management Committee, and Talent Management Committee, took up items covered by their respective Charter and those delegated to them by the By-Laws and/or the Board.</p>	
<b>Recommendation 2.3</b>			
1. Board is headed by a competent and qualified Chairperson.	Compliant	<p>Please see profile of Board Chairman Aurelio R. Montinola III in the 2018 Definitive Information Statement (SEC Form 20 IS), page 5 in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a></p>	

Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	<p>The Talent Management Committee, which is a Board committee, ensures that a succession plan is in place. Please see page 2, par. III, of the Charter of the Talent Management Committee (formerly Remuneration Committee) in the link below:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf</a></p> <p>Please see also page 2 of the Manual on Corporate Governance in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p>	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p>No internal policy on the retirement of Trustees.</p> <p>However, the Independent Trustees of FEU are perpetually barred from reelection as such after serving FEU for a maximum cumulative term of nine (9) years (reckoned from 2012). Please see SEC Memorandum Circular No. 9, Series of 2011.</p> <p>Per FEU's Health Welfare and Retirement Fund Plan, the compulsory retirement age of Key Officers, including members of the faculty, is 65 years old. Optional retirement is at least 10 years in service.</p>	



<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	<p>The Board aligns the remuneration of Key Officers and Board members with the long-term interests of FEU.</p> <p>Please see page 2 of the Manual on Corporate Governance in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	<p>Salary increases of Officers are based on merit.</p> <p>Also, a new Performance Management System has been implemented starting with the performance reviews last May 2018. Part of the new system is the documentation of performance targets for Fiscal Year 2018-2019.</p>	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	The Manual on Corporate Governance provides that “Xxx, no trustee shall participate in discussions or deliberations involving his own remuneration.”	
<b>Optional: Recommendation 2.5</b>			
1. Board approves the remuneration of senior executives.	Compliant	The minutes of the Talent Management Committee (formerly known as Remuneration Committee) meeting held on 28 August 2018 - where the compensation increases of Senior Management, like VPs, Deans and Executive Directors, for Academic Year 2017-2018 was taken up and	

		endorsed to the Board - was ratified by the Board on 18 September 2018.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	A Performance Management System has been implemented for all management positions. The results of which are the basis for the granting of merit increases.	
<b>Recommendation 2.6</b>			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Please see page 2 of the Manual on Corporate Governance in the link below, page 6:	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	Please see Section XXIX, Nomination Committee, of the Amended By-Laws, page 7.	
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	<a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant	For the year 2018, all of the nine (9) Trustees are re-elected Trustees, and no one was replaced during said period.  Nothing was observed nor experienced showing ineffectiveness of said Board processes in the nomination, election/re-election of the Trustees.	
6. Board has a process for identifying the quality of directors that is aligned	Compliant	Candidates for nomination to the Board are initially interviewed by the senior members of the Board, then they are vetted by the	

with the strategic direction of the company.		<p>Nomination Committee, before they are elected by the Board (if still constituting a quorum) and/or Stockholders.</p> <p>Please see the following links:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a></p>	
<b>Optional: Recommendation to 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	<p>Professional search firms (like Hire, Inc.) are engaged in case of difficult to find candidates.</p> <p>FEU also uses referrals from its Trustees and Senior Officers for potential candidates.</p>	
<b>Recommendation 2.7</b>			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<p>Please see links to FEU website:</p> <p>1. Related Party Transactions Policy:</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf</a></p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p>2. Policy on Intercompany Loans and Advances</p>	
3. RPT policy encompasses all entities within the group, taking into	Compliant	<p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU%20Interco%20Loans%20Policy_final.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU%20Interco%20Loans%20Policy_final.pdf</a></p>	

account their size, structure, risk profile and complexity of operations.		<p>The RPTs that were approved in 2018 pursuant to the policy are disclosed in the notes to Audited Financial Statements for the fiscal year ended 31 May 2018 (Note 24 - Related Party Transactions).</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=270">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=270</a></p> <p>Please see also the Manual on Corporate Governance in the link below, page 2:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p>	
<b>Supplement to Recommendations 2.7</b>			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	Non-Compliant		<p>The FEU RPT Policy provides that the Audit Committee shall clearly define the threshold for disclosure and approval of RPTs by the Board. On 10 April 2019, the Audit Committee (AuditCom) set the benchmark amount for RPTs to be elevated for review of the AuditCom - and ratification by the Board - at ₱20.0M or at least 1.0% of revenues. The AuditCom further approved the following general guidelines in its review of RPTs:</p> <ul style="list-style-type: none"> <li>• NOTES material transactions in the ordinary course of business;</li> </ul>

			<ul style="list-style-type: none"> <li>• APPROVES material transactions outside the normal course of business, like loans/advances to and leases with subsidiaries, etc.; and</li> <li>• APPROVES new material contracts for possible conflict of interest and price setting, to demonstrate arm's length relationships.</li> </ul> <p>Also, Sections 31 and 32 of the new Revised Corporation Code defines the material contracts of a corporation with one or more of its directors, trustees, officers or their spouses and relatives within the fourth civil degree of consanguinity or affinity, or the contracts between corporations with interlocking directors and/or trustees that require approval of at least two-thirds (2/3) of the entire membership of the board with at least a majority of the independent directors/trustees, or the ratification of at least two-thirds (2/3) of the stockholders or members.</p> <p>Further, FEU complies with the Disclosure Rules of SEC and PSE in ensuring full, fair, timely and accurate disclosure of material information and transactions. The threshold for disclosure and approval of RPTs is usually ten percent (10%) or more of total current assets.</p>
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Compliant	RPTs requiring shareholders' approval are approved by a majority of non-related party shareholders during a shareholders' meeting because the related party shareholders would abstain from the deliberation and voting as to said RPTs.	

		<p>Section 52 of the new Revised Corporation Code provides the following directive:</p> <p>“A director or trustee who has a potential interest in any related party transaction must recuse from voting on the approval of the related party transaction without prejudice to compliance with the requirements of Section 31 of this Code.”</p>	
<b>Recommendation 2.8</b>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	Compliant	<p>Please see page 2 of the Manual on Corporate Governance in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p> <p>The minutes of the Organizational Meeting of the Board (immediately after the 20 October 2018 Annual Stockholders' Meeting where the members of the Board are elected or reelected) last 20 October 2018 show that the Board approved the selection of Management led by the CEO and the heads of the other control functions, i.e., Chief Risk Officer, Compliance Officer, and Chief Audit Executive.</p> <p>The Management Team or principal officers elected or appointed during the Organizational Meeting of the Board held on 20 October 2018 are:</p>	

		<ul style="list-style-type: none"> <li>• Mr. Aurelio R. Montinola III, Chairman of the Board of Trustees</li> <li>• Dr. Michael M. Alba, President</li> <li>• Mr. Juan Miguel R. Montinola, Chief Finance Officer &amp; Chief Risk Officer</li> <li>• Dr. Maria Teresa Trinidad P. Tinio, SVP for Academic Affairs</li> <li>• Atty. Gianna R. Montinola, VP for Corporate Affairs</li> <li>• Ms. Rosanna E. Salcedo, Treasurer</li> <li>• Mr. Glenn Z. Nagal, Comptroller</li> <li>• Engr. Edward R. Kilakiga, VP for Facilities &amp; Technical Services</li> <li>• Dr. Myrna P. Quinto, VP for Academic Development</li> <li>• Mr. Renato L. Serapio, VP for Human Resources Development</li> <li>• Atty. Enrico G. Gilera, Chief Legal Counsel</li> <li>• Mr. Michael Q. Liggayu, Quality Management &amp; Data Protection Officer</li> <li>• Mr. Rogelio C. Ormilon, Jr., Chief Audit Executive</li> <li>• Atty. Santiago L. Garcia, Jr., Corporate Secretary &amp; VP for Compliance</li> </ul> <p>The Deans of the various Institutes are appointed by the Executive Committee, and their appointments are subject to ratification by the Board of Trustees.</p>	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief	Compliant	The Board is ultimately the one responsible for assessing the performance of Management. Please see page 2 of the Manual on Corporate Governance in the link below.	

Compliance Officer and Chief Audit Executive).		<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a>	
<b>Recommendation 2.9</b>			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please see page 2 of the Manual on Corporate Governance in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a>	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	Please see the Remuneration Committee Charter, page 1  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf</a>	
<b>Recommendation 2.10</b>			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Board, through its Audit Committee (AuditCom), has overall oversight responsibility over systems and processes relative to internal controls, including financial reporting, operational, compliance and information technology controls. This is stated in the AuditCom Charter.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	Please see this link to FEU website for the AuditCom Charter:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a>	



		<p>Based on the results of the work performed by internal and external auditors, the Board, through its AuditCom, is of the opinion that FEU's internal control system is adequate and operating effectively. This is noted in the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018.</p> <p>Please see this link to FEU website for Annex E of 2018 Definitive Information Statement - Report of the AuditCom to the Board of Trustees, page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a></p>	
3. Board approves the Internal Audit Charter.	Compliant	<p>Please see this link to FEU website for the Internal Audit Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf</a></p>	
<b>Recommendation 2.11</b>			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	The Board, through its Risk Management Committee (RCom), has oversight responsibility over company-wide risk management policies and practices. This is stated in the RCom Charter.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-	Compliant	Please see this link to FEU website for the RCom Charter:	

level risk exposures, as well as the effectiveness of risk management strategies.		<a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf</a>  The Board approved RCom's recommendation for FEU to adopt an enterprise-wide risk management (ERM) framework. The University's ERM framework is aligned with the ISO 31000:2009 Risk Management framework. Using this framework, the RCom assisted the Board in its review of FEU's risk profile.  The ERM framework also guided management in complying with the requirements of ISO 9001:2015 regarding risk management.	
<b>Recommendation 2.12</b>			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Non-Compliant		The FEU Manual on Corporate Governance serves as the Charter of the Board, and sets forth its function/role, duties and responsibilities. The duty of care and loyalty are the two key elements of the fiduciary duty of the Board. The duty of care requires the members of the Board to act on a fully informed basis, in good faith, with due diligence and care while the duty of loyalty is where the board members should act in the best interest of FEU and all its stakeholder.  See this link to FEU Manual on Corporate Governance:
2. Board Charter serves as a guide to the directors in the performance of their functions.	Non-Compliant		
3. Board Charter is publicly available and posted on the company's website.	Non-Compliant		

			<p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a></p> <p>Further, there are corporate laws and regulators' rules and regulations formalizing and clearly stating the roles, responsibilities and accountabilities of the Board in carrying out its fiduciary role.</p> <p>The Amended By-Laws of FEU (approved by the Board, Stockholders and FEU's regulators, i.e., DepEd, CHED, TESDA, and finally SEC) also provide the general as well as the specific powers of its Board of Trustees.</p> <p>Please see Sections XXIII and XXIV in the link below, page 5:</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=7">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=7</a></p> <p>Corporate laws and regulators' rules and regulations, including the By-Laws, serve as a guide to the FEU Trustees in the performance of their functions.</p> <p>And all of these, including the By-Laws which is posted in the FEU website, are available to the public.</p>
<b>Additional Recommendation to Principle 2</b>			
1. Board has a clear insider trading policy.	Compliant	Please see FEU's Insider Trading Policy in the link below.	

		<a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy3.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy3.pdf</a>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	<p>The University does not grant loans or any special financial assistance to its Trustees (and also its Key Management, except when allowed pursuant to an established company benefit or plan).</p> <p>Please see Related Party Transaction Policy in the link below.</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf</a></p>	
2. Company discloses the types of decision requiring board of directors' approval.	Compliant	FEU strictly follows the Disclosure Rules provided by law, rules and regulations.	
<b>Principle 3:</b> Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
<b>Recommendation 3.1</b>			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<p>FEU had established the following Board committees:</p> <ol style="list-style-type: none"> <li>1) Executive Committee</li> <li>2) Audit Committee</li> <li>3) Corporate Governance Committee</li> <li>4) Nomination Committee</li> <li>5) Risk Management Committee</li> <li>6) Talent Management (formerly known as Remuneration) Committee</li> </ol>	

		<p>Information about the Board Committees and their Charters can be found in the FEU website. Please see this link:</p> <p><a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a></p>	
<b>Recommendation 3.2</b>			
<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	Compliant	<p>Information about the AuditCom and its purpose, composition, meetings and authority and responsibilities are contained in the AuditCom Charter. The AuditCom's responsibility include recommending the appointment and removal of the company's external auditor. The AuditCom Charter can be found in the FEU website.</p> <p>Please see these links to FEU website:</p> <p><a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a></p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p>	
<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	Compliant	<p>The AuditCom is composed of at least 3 appropriately qualified Non-Executive Trustees, the majority of whom, including the AuditCom Chairman, are Independent Trustees:</p> <ul style="list-style-type: none"> <li>• Ms. Sherisa P. Nuesa, Chair (Independent Trustee)</li> <li>• Dr. Edilberto C. De Jesus, Member (Independent Trustee)</li> </ul>	

		<ul style="list-style-type: none"> <li>• Mr. Robert F. Kuan, Member (Independent Trustee) [passed away on 15 September 2018]</li> <li>• Dr. Paulino Y. Tan, Member (appointed effective 20 November 2018)</li> <li>• Ms. Angelina P. Jose, Alternate Member</li> </ul> <p>The above composition of the AuditCom can be found in the FEU website. Please see this link to FEU website:</p> <p><a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a></p> <p>Information regarding the members of the AuditCom can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p> <p>Please see this link to FEU website, page 40:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40</a></p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p>The members of the AuditCom collectively have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance.</p> <p>Information regarding the members of the AuditCom can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p>	

		<p>Please see this link, page 40:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40</a></p>	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	<p>AuditCom Chairman Sherisa P. Nuesa is not the Chairman of the Board of Trustees or of any other committee.</p> <p>Information about the AuditCom Chairman can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p> <p>Please see this link to FEU website, page 40:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=40</a></p>	
<b>Supplement to Recommendation 3.2</b>			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	<p>The Charter of the AuditCom, which can be found in the FEU website, includes review and approval of non-audit services.</p> <p>Please see this link to FEU website:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p> <p>The AuditCom reviewed and recommended for approval all audit and non-audit services provided by FEU's external auditor. This is</p>	

		<p>discussed in the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018, which is included as Annex E to FEU's 2018 SEC Form 20IS Definitive Information Statement.</p> <p>Further, as stated in Item No. 7, Part I - Information Required in Information Statement of FEU's 2018 SEC Form 20IS, Definitive Information Statement, the external auditors did not render non-audit services in 2018.</p> <p>Please see this link to FEU website, page 51:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a></p>	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	<p>The objective of a private session with the external auditor was achieved through the Internal Audit Department, who, as part of its role, acted as a liaison between the FEU AuditCom and the external auditor. During the year 2018, the Chief Audit Executive had regular communications with the AuditCom and external auditor, where the external auditor was given the opportunity to discuss all matters including confidential matters that needed to be brought to the attention of the AuditCom.</p> <p>The AuditCom also met with the Internal Auditor without any one from Management on 11 April 2018.</p>	



**Optional: Recommendation 3.2**

1. Audit Committee meets at least four times during the year.	Compliant	<p>The AuditCom had the following meetings in 2018 which are all covered by minutes of meetings:</p> <p>Applicable for fiscal year 2017-18:</p> <ul style="list-style-type: none"><li>• January 8, 2018</li><li>• April 11, 2018 (includes executive session with Chief Audit Executive)</li><li>• April 27, 2018</li></ul> <p>The above meetings are covered in the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018 which is included as Annex E to FEU's 2018 SEC Form 20IS Definitive Information Statement.</p> <p>Please see this link to FEU website, page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a></p> <p>Applicable for fiscal year 2018-19:</p> <ul style="list-style-type: none"><li>• August 20, 2018</li><li>• October 20, 2018</li></ul> <p>The above meetings will be covered in the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ending May 31, 2019, to be submitted as part of FEU's 2019 SEC Form 20-IS Definitive Information Statement.</p>	
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2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	<p>The Board of Trustees, upon the recommendation of the AuditCom, approved the appointment of Mr. Rogelio C. Ormilon, Jr. as the Chief Audit Executive of FEU. This is covered in the SEC Form 17-C dated 15 September 2015.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2015/091615/FEU%20Board%20Meeting%2015%20September%202015.pdf">https://investors.feu.edu.ph/reports%20new%20format/2015/091615/FEU%20Board%20Meeting%2015%20September%202015.pdf</a></p>	
<b>Recommendation 3.3</b>			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	<p>The Board had established a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities.</p> <p>The functions of the Nomination Committee and the Remuneration Committee (now called Talent Management Committee) are still performed by these committees, which are also Board Committees. Hence, it was the Nomination Committee which undertook the process of identifying the quality of Trustees who are aligned with FEU's strategic direction.</p> <p>Please see the link below:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Corporate%20Governance%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Corporate%20Governance%20Committee.pdf</a></p>	
2. Corporate Governance Committee is composed of at least three	Compliant	The members of the Corporate Governance Committee are:	

members, all of whom should be independent directors.		<ul style="list-style-type: none"> <li>• Dr. Edilberto C. De Jesus, Chairman (Independent Trustee)</li> <li>• Ms. Angelina P. Jose, Member</li> <li>• Mr. Robert F. Kuan, Member (Independent Trustee) [passed away on 15 September 2018]</li> <li>• Atty. Gianna R. Montinola, Member</li> <li>• Ms. Sherisa P. Nuesa, Alternate Member (Independent Trustee)</li> </ul> <p>Please see 2018 Organizational Meeting in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102218/FEU%20Organizational%20Meeting%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102218/FEU%20Organizational%20Meeting%202018.pdf</a></p> <p>Please see profile of the Members of the Corporate Governance Committee in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 6-9 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=11</a></p>	
3. Chairman of the Corporate Governance Committee is an independent director.	Compliant	<p>The Chairman of the Corporate Governance Committee is Dr. Edilberto C. De Jesus, an Independent Trustee.</p> <p>Please see Dr. EC De Jesus' profile in the 2018 Definitive Information Statement (SEC Form 20 IS), page 8 in the link below.</p>	

		<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=13">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=13</a>	
<b>Optional: Recommendation 3.3</b>			
1. Corporate Governance Committee meets at least twice during the year.	Compliant	<p>The Corporate Governance Committee (CGCom) held meetings on the following dates in 2018:</p> <ul style="list-style-type: none"> <li>• 20 March 2018 - The minutes of the said CGCom meeting were ratified by the Board of Trustees on 20 March 2018.</li> <li>• 15 May 2018 - The minutes of the said CGCom meeting were ratified by the Board of Trustees on 19 June 2018.</li> </ul>	
<b>Recommendation 3.4</b>			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Compliant	<p>The 2016 SEC Code of Corporate Governance stated that a Board Risk Oversight Committee is generally for companies with a high-risk profile. While FEU does not have a high-risk profile, the Board had established a Risk Management Committee.</p> <p>The Board, through its BROC or Risk Management Committee (RMCom), has oversight responsibility over company-wide risk management policies and practices. This is stated in the RMCom Charter.</p> <p>Please see this link to FEU website for the RMCom Charter:</p>	

		<a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf</a>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Compliant	<p>The RMCom is composed of the following:</p> <ul style="list-style-type: none"> <li>• Mr. Robert F. Kuan, Chairman (Independent Trustee) [passed away on 15 September 2018]</li> <li>• Dr. Edilberto C. De Jesus, Chairman (Independent Trustee effective 20 October 2018)</li> <li>• Ms. Sherisa P. Nuesa, Member (Independent Trustee)</li> <li>• Dr. Michael M. Alba, Member</li> <li>• Mr. Juan Miguel R. Montinola, Member</li> </ul> <p>The above composition of the RMCom can be found in the FEU website. Please see this link:</p> <p><a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a></p> <p>Information regarding the members of the RMCom can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p> <p>Please see this link to FEU website, pages 39-41:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39</a></p>	

<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>Mr. Robert F. Kuan, who was Chairman of the Risk Management Committee (RMCom) until 15 September 2018 when he passed away, was not the Chairman of the Board of Trustees or of any other committee.</p> <p>On the other hand, Dr. Edilberto C. De Jesus, who took over as Chairman of RMCom effective 20 October 2018, is concurrently Chairman of the Corporate Governance Committee.</p> <p>Information regarding the Chairman of RMCom can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p> <p>Please see this link to FEU website, page 41:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=41">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=41</a></p>	
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>At least two members of the RMCom, i.e., the 2 Independent Trustees, Dr. Edilberto C. De Jesus, and Ms. Sherisa P. Nuesa, have relevant and thorough background, knowledge and experience on risk and risk management.</p> <p>Information regarding the members of the RMCom can be found in Annex A of FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p>	

		<p>Please see this link to FEU website, page 41:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=41">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=41</a></p>	
<b>Recommendation 3.5</b>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	Compliant	<p>The functions of the Audit Committee (AuditCom) include the review of all material RPTs of FEU. This is stated in the AuditCom Charter, FEU Manual on Corporate Governance and FEU Policy on RPTs.</p> <p>Please see these links to the FEU website:</p> <ul style="list-style-type: none"> <li>• Audit Committee Charter: <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p> </li> <li>• Manual on Corporate Governance: <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a></p> </li> <li>• RPT Policy: <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf</a></p> </li> </ul>	

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>The functions of the Audit Committee (AuditCom) include the review of all material RPTs.</p> <p>AuditCom is composed of the following members of the Board of Trustees:</p> <ul style="list-style-type: none"> <li>• Ms. Sherisa P. Nuesa, Chairman (Independent Trustee)</li> <li>• Dr. Edilberto C. De Jesus, Member (Independent Trustee)</li> <li>• Mr. Robert F. Kuan, Member (Independent Trustee) [passed away on 15 September 2018]</li> <li>• Dr. Paulino Y. Tan, Member (appointed effective 20 November 2018)</li> <li>• Ms. Angelina P. Jose, Alternate Member</li> </ul>	
<p><b>Recommendation 3.6</b></p>			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>Compliant</p>	<p>The Board Committee Charters and their respective link to the FEU website are as follows:</p> <ul style="list-style-type: none"> <li>• Executive Committee Charter: <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Executive%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Executive%20Committee.pdf</a></li> <li>• Audit Committee Charter: <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></li> </ul>	



		<ul style="list-style-type: none"> <li>• Corporate Governance Committee Charter:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Corporate%20Governance%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Corporate%20Governance%20Committee.pdf</a></li> <li>• Nomination Committee Charter:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Nomination%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Nomination%20Committee.pdf</a></li> <li>• Risk Management Committee Charter:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf</a></li> <li>• Remuneration (now known as Talent Management) Committee Charter:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf</a></li> </ul>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	<p>Please see Board Committee Charters in the link below.</p> <p><a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a></p>	
<b>Principle 4:</b> To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			

**Recommendation 4.1**

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>Compliant</p>	<p>The Boardrooms of FEU Manila campus and FEU Makati campus (a branch of FEU Manila), where the Board and Board Committee meetings of FEU are usually held, are equipped with videoconferencing equipment. Members of the Board of Trustees and Board Committees who cannot attend a meeting in person has the option of calling-in or be called-in via videoconference or teleconference and participate in the deliberation and voting during these meetings.</p> <p>In the 20 March 2018 meeting of the Corporate Governance Committee (CGCom), CGCom Chairman &amp; Independent Trustee Edilberto C. De Jesus who was then out of the country joined and participated in the deliberation and voting via skype or teleconference. This was recorded in the CGCom minutes of 20 March 2018.</p> <p>Also, in the 20 August 2018 meeting of the Audit Committee (AuditCom), AuditCom Alternate Member Angelina P. Jose who was then indisposed joined and participated in the deliberation and voting via teleconference. This was recorded in the AuditCom minutes of 20 August 2018.</p> <p>Please see FEU policies on Fostering Commitment in the link below, FEU Manual on Corporate Governance, pages 3 and 4:</p>	
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		<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=7">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=7</a>	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	The materials for Board meetings are distributed before the scheduled meeting. The minutes of previous Board meetings and Board Committee meetings for approval and ratification are distributed via email for comments and pre-clearance to all the Board and Board Committee members at least a week before the meeting. The Agenda is released at least 2 days before the meeting date.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	All items in the agenda of the Board and Committee meetings are discussed and deliberated upon thoroughly during the Board and Committee meetings, before a Board or Committee action (like approved or disapproved, noted, deferred for further deliberation or study) is made.  Even before the actual meeting, sometimes the Board Trustees and Committee Members would already ask for additional information, supporting documents, and justifications for an item or items in the agenda.	
<b>Recommendation 4.2</b>			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's	Compliant	No Executive Trustee concurrently serve in more than three (3) publicly listed companies.  The following are the Non-Executive Trustees with their respective publicly-listed companies:	

proposals/views, and oversee the long-term strategy of the company.		<ul style="list-style-type: none"> <li>• Dr. Lourdes R. Montinola, Chair Emeritus - FEU only</li> <li>• Dr. Edilberto C. De Jesus, Independent Trustee - FEU only</li> <li>• Ms. Angelina P. Jose, Trustee - FEU only</li> <li>• Dr. Robert F. Kuan, Independent Trustee (until he passed away on 15 September 2018) - FEU and China Bank.</li> <li>• Ms. Sherisa P. Nuesa, Independent Trustee - FEU, Manila Water Co., and Integrated Micro-electronics, Inc. She is also a Senior Board Adviser (but not a Director) of Metro Retail Stores Group, Inc., a publicly listed company.</li> <li>• Dr. Paulino Y. Tan - FEU only</li> </ul> <p>Please see the Directorships and/or Trusteeships of the FEU Trustees in both listed and non-listed companies in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 5-8 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a></p>	
<b>Recommendation 4.3</b>			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	A FEU Trustee is required to notify the Chairman of the Board when he/she is invited to join the board of another company. Before accepting the invitation, the FEU Trustee shall review with the Corporate Governance Committee any potential	

		<p>conflict of interest issues that may need to be brought before the Board.</p> <p>Please see FEU policies on Fostering Commitment in the link below, FEU Manual on Corporate Governance, pages 3 and 4:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=7">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=7</a></p> <p>Please also see FEU's Annual Report pursuant to Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code (SEC Form 17-A, as amended) showing, among others, the listing of the Trustees' directorships and trusteeships outside of FEU in the link below, page 60.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=67">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=67</a></p>	
<b>Optional: Principle 4</b>			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant	<p>FEU does not have any Executive Trustee who serve in more than two boards of listed companies outside of the FEU Group.</p> <p>The following are the Executive Trustees of FEU:</p> <ul style="list-style-type: none"> <li>• Mr. Aurelio R. Montinola III</li> <li>• Dr. Michael M. Alba</li> </ul>	

		<ul style="list-style-type: none"> <li>• Mr. Antonio R. Montinola</li> </ul> <p>Board Chairman Aurelio R. Montinola III serves as a Director of the following listed companies: (i) Bank of the Philippine Islands, and (ii) as an Independent Director of Roxas &amp; Co., Inc.</p> <p>The other Executive Trustees, Dr. Michael M. Alba and Mr. Antonio R. Montinola, do not serve in any board of a listed company outside of FEU.</p>	
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	<p>The regular meeting of the Board of Trustees is held every third (3<sup>rd</sup>) Tuesday of every month. Per Amended By-Laws - "Section XXII - Board Meeting. The Board of Trustees shall hold one regular meeting every month. Xxx."</p> <p>Please see link below, page 5:</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=7">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=7</a></p>	
3. Board of directors meet at least six times during the year.	Compliant	<p>The Board of Trustees held thirteen (13) Board meetings during the year 2018, of which 12 were regular board meetings.</p> <p>Please see Attendance in the Board Meetings for the year 2018 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/Attendance%20of%20the%20Members%20of%20the%20Board%20of%20Trustees.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/Attendance%20of%20the%20Members%20of%20the%20Board%20of%20Trustees.pdf</a></p>	

4. Company requires as minimum quorum of at least 2/3 for board decisions.			
<b>Principle 5:</b> The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
<b>Recommendation 5.1</b>			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	<p>FEU has three (3) Independent Trustees or 1/3 of the nine (9) total number of Trustees, namely:</p> <ul style="list-style-type: none"> <li>• Dr. Edilberto C. De Jesus</li> <li>• Mr. Robert F. Kuan (passed away on 15 September 2018)</li> <li>• Ms. Sherisa P. Nuesa</li> </ul> <p>Please see the link, page 39:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39</a></p>	
<b>Recommendation 5.2</b>			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	<p>Link to Trustees' profiles, page 39:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=39</a></p>	
<b>Supplement to Recommendation 5.2</b>			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	FEU has no shareholder agreement, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	

		<p>Section VI (Meetings and Voting) of the Amended By-Laws provides that “Voting upon all questions at all meetings of the stockholders shall be made by shares of stock and not per capita or otherwise, each share of stock being counted as one vote.”</p> <p>Section IX (on Elections) of the Amended By-Laws also provides that “All election of Trustees shall be conducted in the manner provided by the corporation (law) code of the Philippines under its general provisions xxx.”</p> <p>Please click the link to the Amended By-Laws, pages 1 and 2, below:</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3</a></p>	
<b>Recommendation 5.3</b>			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	<p>Independent Trustees of FEU are perpetually barred from reelection as such after serving FEU for a maximum cumulative term of nine years (reckoned from 2012), per SEC Memorandum Circular No. 9, Series of 2011:</p> <p>Please see profile of Independent Trustees Dr. Edilberto C. De Jesus, Mr. Robert F. Kuan (passed away on 15 September 2018), and Ms. Sherisa P. Nuesa in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 7-8, in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Defi">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Defi</a></p>	



		<a href="#">nitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=12</a>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Please see page 4 (par. E2) of the Manual on Corporate Governance in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=8">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=8</a>	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	No Independent Trustee has reached nine (9) years yet, reckoned from 2012 per SEC Memorandum Circular No. 9, Series of 2011.  FEU has no plan of retaining an Independent Trustee in the same capacity after nine (9) years. But should the time come when FEU does said retention, the Board shall provide meritorious justification and seek shareholders' approval.	
<b>Recommendation 5.4</b>			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Non-Compliant	Mr. Aurelio R. Montinola III is the Chairman of the Board of Trustees and the Chief Executive Officer (CEO) of FEU.	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 tasked by the Amended By-Laws to direct and administer the academic affairs of the University. 2. Only three (3) of the nine (9) Trustees are Executive Trustees. 3. Three (3) of the nine (9) Trustees are Independent Trustees, until 15 September 2018 when Independent Trustee Dr. Robert F. Kuan passed away.

			Also, there are Board Committees [Executive, Audit, Corporate Governance, Nomination, Risk Management and Talent Management (formerly known as Remuneration)] assisting the Board of Trustees in the performance of its duties and responsibilities. Except for the Executive Committee (or the small Board) and the Talent Management Committee, all Board Committees are chaired by Independent Trustees.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Non-Compliant		<p>The positions of Chairman of the Board and the Chief Executive Officer (CEO) are held by the same person.</p> <p>However, the Amended By-Laws names the President as the Chief Operating Officer (COO). The positions of Chairman of the Board &amp; CEO on the one hand, and the President &amp; COO on the other hand, are not one and the same person, and they have clearly defined responsibilities.</p> <p>Please see the Amended By-Laws, page 4.</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=6">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=6</a></p>
<b>Recommendation 5.5</b>			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>The Chairman of the Board is not an Independent Trustee.</p> <p>However, on 20 October 2018, the Board, during the Organizational Board Meeting, appointed Dr. Edilberto C. De Jesus as Lead Independent Trustee to chair the meetings of the Non- Executive Trustees (NETs) and, where appropriate, the separate periodic meetings of the NETs with the External Auditor and Heads of Internal Audit,</p>	

		<p>Compliance and Risk functions, without any Executive Trustee present.</p> <p>Please see page 3 of the PSE Disclosure on the Results of the Organizational Board Meeting on 20 October 2018 in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102218/FEU%20Organizational%20Meeting%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102218/FEU%20Organizational%20Meeting%202018.pdf</a></p>	
<b>Recommendation 5.6</b>			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	<p>A Trustee with material interest in a transaction affecting FEU would abstain from the deliberation and voting on the said transaction.</p> <p>Please see page 4 (par. E5) of the Manual on Corporate Governance in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=8">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=8</a></p>	<p>Section 52 of the Revised Corporation Code mandates that “A director or trustee who has a potential interest in any related party transaction must recuse from voting on the approval of the related party transaction xxx.”.</p> <p>Also, the Related Party Transactions Policy of FEU provides the following:</p> <p>“Trustees xxx shall disclose their interest in transactions and any other conflicts of interest. The University requires trustees xxx to abstain and/or inhibit themselves from participating in discussions on a particular agenda they are conflicted.”</p> <p>Please see page 2 of the link below:</p> <p><a href="https://investors.feu.edu.ph/documents/corporategovernance/feu_policy4.pdf">https://investors.feu.edu.ph/documents/corporategovernance/feu_policy4.pdf</a></p>
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings	Compliant	The following Non-Executive Trustees (NETs), namely: (i) Independent Trustee	

with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.		<p>Edilberto C. De Jesus, (ii) Independent Trustee Robert F. Kuan, (iii) Independent Trustee Sherisa P. Nuesa, and (iv) Trustee Angelina P. Jose, on 11 April 2018, had a separate meeting with the heads of Internal Audit, Compliance, and Risk functions, without any other Executive present.</p> <p>Also, the NETs had separate informal periodic meetings, consultations and dialogues with representatives of the External Auditor (Punongbayan &amp; Araullo, P&amp;A Grant Thornton) and the heads of Internal Audit, Compliance and/or Risk functions without any other Executive present.</p>	
2. The meetings are chaired by the lead independent director.	Compliant	The meeting of the NETs with the heads of Internal Audit, Compliance, and Risk functions, without any other Executive present on 11 April 2018 was chaired by Independent Trustee Edilberto C. De Jesus, who was appointed by the Board as Lead Independent Director on 20 October 2018.	
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	None of the Trustees is a former CEO of FEU in the past two (2) years. Mr. Aurelio R. Montinola III is the CEO of FEU since 27 August 2013 up to the present.	
<b>Principle 6:</b> The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			

Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	The forms for the Board to conduct the annual self-assessment of its performance as a whole were distributed during the Board meeting on 18 September 2018, which is about a month before the Annual Stockholders' Meeting held on 20 October 2018.	
2. The Chairman conducts a self-assessment of his performance.	Compliant	The Chairman also conducted a self-assessment of his performance for the term 2017-2018.	
3. The individual members conduct a self-assessment of their performance.	Compliant	The individual members of the Board conducted a self-assessment of their performance during the period.	
4. Each committee conducts a self-assessment of its performance.	Compliant	Each of the Board Committees conducted a self-assessment of its performance.	
5. Every three years, the assessments are supported by an external facilitator.	Non-Compliant		<p>No assessment was supported by an external facilitator for the past three years.</p> <p>However, an assessment supported by an external facilitator will be scheduled every three (3) years, as recommended.</p>
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<p>Laws, rules and regulations, the Amended By-Laws, Charters and policies provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.</p> <p>Please see Amended By-Laws, page 7.</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	<p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=9</a></p> <p>Please see Charters of Board Committees:</p>	

		<a href="https://investors.feu.edu.ph/corporategovernance.asp">https://investors.feu.edu.ph/corporategovernance.asp</a>  Please see Manual on Corporate Governance:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a>  Shareholders can contact FEU anytime via the Investor Relations contact details published in its website.  Please see link below:  <a href="https://investors.feu.edu.ph/investorr.asp">https://investors.feu.edu.ph/investorr.asp</a>	
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
<b>Recommendation 7.1</b>			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Please see company's Code of Business Conduct and Ethics in the link below:  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The University's Code of Business Conduct and Ethics is made available, at any time, to all Trustees, the Senior Management and employees through the University's website.  Please see link below:	

		<a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a>	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Please see link below:  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a>	
<b>Supplement to Recommendation 7.1</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	FEU has implemented the Code of Business Conduct and Ethics which prohibits the giving and receiving of advantage in business transactions.  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a>	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<p>Upon implementation of the Code of Business Conduct and Ethics, employees and faculty have been oriented on the details of the policy and the responsibility of each employee and faculty.</p> <p>To further ensure compliance, FEU has also implemented policies on Whistle Blowing and Conflict of Interest.</p> <p>Internal Audit Department also conducts regular audit activities to ensure that policies are adhered to by all.</p> <p>1. Whistle Blowing Policy</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf</a></p>	

		<p>2. Conflict of Interest Policy</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy2.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy2.pdf</a></p> <p>FEU's Code of Business Conduct and Ethics provides that the Code "applies to all FEU ustees, officers, and employees".</p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	<p>Please see the link below, page 5:</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=6">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=6</a></p> <p>A re-orientation on the Code of Business Conduct and Ethics and related policies were conducted, and all employees and faculty were required to sign their commitment to adhere to the code and all policies.</p>	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>Please see FEU's Disclosure and Transparency Policies and Procedures in its Manual on Corporate Governance, page 5, in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=9">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=9</a></p>	



		<p>The reports distributed/made available to shareholders and other stakeholders include the following:</p> <ul style="list-style-type: none"> <li>• SEC Form 17-C <a href="https://investors.feu.edu.ph/disc_17c.asp">https://investors.feu.edu.ph/disc_17c.asp</a></li> <li>• SEC Form 17-A (Annual Report) <a href="https://investors.feu.edu.ph/disc_17a.asp">https://investors.feu.edu.ph/disc_17a.asp</a></li> <li>• SEC Form 17-Q (Quarterly Report) <a href="https://investors.feu.edu.ph/disc_17q.asp">https://investors.feu.edu.ph/disc_17q.asp</a></li> <li>• SEC Form 20-IS (Information Statement) <a href="https://investors.feu.edu.ph/disc_20is.asp">https://investors.feu.edu.ph/disc_20is.asp</a></li> </ul>	
<b>Supplement to Recommendation 8.1</b>			
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	Compliant	<p>The 2018 Annual Report (SEC Form 17-A) was submitted to the Securities and Exchange Commission and Philippine Stock Exchange on 14 September 2018, which is within 105 days after end of fiscal year.</p> <p>The Quarterly Reports were submitted/published within 45 days from end of reporting period, as follows:</p> <ul style="list-style-type: none"> <li>• Quarterly Report as of 28 February 2018 was filed on 13 April 2018.</li> <li>• Quarterly Report as of 31 August 2018 was filed on 15 October 2018.</li> <li>• Quarterly Report as of 30 November 2018 was filed on 14 January 2019.</li> </ul> <p>Please see these links to FEU website for SEC Form 17-A (Annual Report) and SEC Form 17-Q (Quarterly Report)</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU</a></p>	

		<a href="#">%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf</a>  <a href="https://investors.feu.edu.ph/disc_17q.asp">https://investors.feu.edu.ph/disc_17q.asp</a>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	Compliant	<p>Please see link of FEU's controlling shareholders in SEC Form 17-A, page 32.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=39">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=39</a></p> <p>Holdings among company affiliates, if any, is shown in the FEU Group's Conglomerate Map</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_conglo_05292019.pdf">https://investors.feu.edu.ph/documents/index/feu_conglo_05292019.pdf</a></p> <p>The Top 20 Stockholders own around 80.86% (13,323,165) of the 16,477,023 outstanding shares as of 31 August 2018.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=66">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=66</a></p> <p>Please see the Definitive Information Statement, Annex E (Audit Committee Report), page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20D">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20D</a></p>	

		<a href="#">efinitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a>	
<b>Recommendation 8.2</b>			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	FEU has an Insider Trading Policy. Please see this link to FEU website for the Insider Trading Policy:  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy3.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy3.pdf</a>	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Actual dealings of Trustees involving FEU shares are disclosed via SEC Form 23B, as required by law, i.e., the Securities Regulation Code (R.A. No. 8799).  Please see link below for the SEC Form 23B reports of FEU Trustees.  <a href="https://investors.feu.edu.ph/disc_23ab.asp">https://investors.feu.edu.ph/disc_23ab.asp</a>  Moreover, the SEC Form 17-A (page 73) contains the list of Trustees' and Management's holdings of FEU shares.	
<b>Supplement to Recommendation 8.2</b>			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the	Compliant	Please see Trustees' shareholdings in the SEC Form 23 A/B (Statement of Beneficial Ownership) in the link below.  <a href="https://investors.feu.edu.ph/disc_23ab.asp">https://investors.feu.edu.ph/disc_23ab.asp</a>	

market (e.g. share buy-back program).		<p>Please see Top 100 FEU stockholders as of 31 December 2018 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/Top%20100%20FEU%20Stockholders%20as%20of%20December%2031,%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/Top%20100%20FEU%20Stockholders%20as%20of%20December%2031,%202018.pdf</a></p> <p>Please see FEU's Conglomerate Map in the link below.</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_conglo_05292019.pdf">https://investors.feu.edu.ph/documents/index/feu_conglo_05292019.pdf</a></p>	
<b>Recommendation 8.3</b>			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	<p>Please see Trustees' profile in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 5-8 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a></p> <p>Please see Trustees' share ownership in the company in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=8">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=8</a></p>	
2. Board fully discloses all relevant and material information on key executives to evaluate their	Compliant	Please see Key Officers' profile in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 5-8 in the link below.	

experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.		<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a>  Please see FEU's Public Ownership Report as of 31 December 2018 in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/FEU%20Public%20Ownership%20Report%20as%20of%20December%2031,%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/FEU%20Public%20Ownership%20Report%20as%20of%20December%2031,%202018.pdf</a>	
<b>Recommendation 8.4</b>			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	<p>The Amended By-Laws, Section XXV - Board Compensation provides that:</p> <p>“Trustees shall receive salary or compensation for their services and the same shall be fixed by the Board (as delegated by the stockholders). Nothing herein contained shall be construed to preclude any trustee from serving the corporation in any other capacity and receiving compensation therefor in addition to his compensation as such trustee.”</p> <p>Trustees get per diems for Board and Board Committee meetings attended and a one-time “bonus” at the end of the term.</p> <p>Executives get salaries and transportation allowance.</p>	
2. Company provides a clear disclosure of its policies and	Compliant	The Remuneration Committee (now known as Talent Management Committee) “ensures	

<p>procedure for setting executive remuneration, including the level and mix of the same.</p>		<p>that Trustees' and Officers' compensation are consistent with the University's culture, strategy and the business environment in which it operates."</p> <p>See the link to the Remuneration Committee Charter below:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20TalMan%20Committee.pdf</a></p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>		<p>No disclosure of Trustees' and Executives' remuneration on an individual basis.</p> <p>However, as a group, Trustees and Executives remuneration are disclosed in the Annual Report and 2018 Definitive Information Statement.</p> <p>FEU consistently considers a balance between full disclosure and the protection and privacy of the individual Trustees and Executives.</p> <p>See Annual Report (SEC Form 17 A), pages 69-71.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=76">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=76</a></p> <p>See 2018 Definitive Information Statement, page 19-20.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement.pdf#page=19">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement.pdf#page=19</a></p>

			<p><a href="#">20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=24</a></p> <p>On the disclosure of the termination of Trustees and Executives, Section 4.4 (par. d) of the PSE Disclosure Rules provide that the “Resignation or removal of directors (trustees), officers or senior management and their replacement and the reasons for such” is an event mandating prompt disclosure to PSE.</p> <p>Per FEU’s Health Welfare and Retirement Fund Plan, the compulsory retirement age of Key Officers, including members of the faculty, is 65 years old. Optional retirement is at least 10 years in service.</p>
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	<p>FEU has a policy regarding related party transactions. Please see these links to FEU website:</p> <ul style="list-style-type: none"> <li>• Related Party Transactions Policy <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy4.pdf</a></li> <li>• Manual on Corporate Governance <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a></li> </ul> <p>The Trustee with conflict of interest would abstain from the discussion and voting of that particular transaction. The Manual on</p>	

		<p>Corporate Governance provides that “A trustee with a material interest in any transaction affecting the corporation shall abstain from taking part in the deliberation for the same”.</p> <p>Please see link below, page 4:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=8">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=8</a></p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>RPTs are disclosed in the Notes to the Audited Consolidated Financial Statements for the fiscal year-ended 31 May 2018 (Note 24 - Related Party Transactions).</p> <p>Please see this link to FEU website for the audited financial statements, page 270:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=270">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=270</a></p> <p>The Audited Financial Statements of FEU ended 31 May 2018 were approved at the Board of Trustees’ Meeting on 28 August 2018. Likewise, said Financial Statements were approved at the Annual Stockholders’ Meeting on 20 October 2018.</p> <p>Please see link below, page 94:</p>	



		<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=94">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=94</a>	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	<p>Please see the Manual on Corporate Governance on Disclosure and Transparency, page 5:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=9">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=9</a></p>	
<b>Optional : Recommendation 8.5</b>			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arm's length.	Compliant	<p>Please see link of AuditCom Charter, par. H (2) and (3), page 4.</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf#page=4">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf#page=4</a></p> <p>Also Manual on Corporate Governance, par. B (7), page 6, in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=6</a></p>	
<b>Recommendation 8.6</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the	Compliant	<p>Please see link below.</p> <p><a href="https://investors.feu.edu.ph/disc_17c.asp">https://investors.feu.edu.ph/disc_17c.asp</a></p>	

acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.			
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	FEU usually appoints the following as independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets: (i) Asian Appraisal Company, Inc., and (ii) Avellana Art Gallery for appraisal of artworks' value.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	FEU does not have shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of FEU.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	FEU's Manual on Corporate Governance was submitted to the Securities and Exchange Commission and the Philippine Stock Exchange on 15 May 2017 and 11 May 2017, respectively.  Please see this link to FEU website for the Manual on Corporate Governance:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Please see link below:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf</a>	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:	-		
a. Corporate Objectives	Compliant	Corporate objectives, particularly the University's Aspiration 2020, is discussed in the President's Report.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU_President_Report_2018-Oct17-2018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU_President_Report_2018-Oct17-2018.pdf</a>	
b. Financial performance indicators	Compliant	Financial performance indicators are presented in the Annual Report (page 32),  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU_AnnualReport2018_FINALedited.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01172019/FEU_AnnualReport2018_FINALedited.pdf</a>  and in the SEC Form 17-A (pages 40-41)  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=47">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=47</a>	
c. Non-financial performance indicators	Compliant	Non-financial performance indicators are shown in SEC Form 17-A (pages 42-51)	

		<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=49">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=49</a>	
d. Dividend Policy	Compliant	<p>Please see link in FEU's website for the Dividend Policy, -SEC Form 17A Annual Report 2018 of FEU, Part II - Operational and Financial Information, Item 5, page 30.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=37">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=37</a></p>	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	<p>Please see 2018 Annual Report (SEC Form 17A), Trustees and Executive Officers, pages 60-66 in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=67">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=67</a></p>	
f. Attendance details of each director in all directors meetings held during the year	Compliant	<p>Attendance of the members of the Board of Trustees in the regular/organizational meetings for the period 01 June 2017 to 31 May 2018.</p> <p>Please see 2018 Annual Report (SEC Form 17A), Number of Meetings and Attendance of the Board of Trustees, page 68 in the link below:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU</a></p>	

		<a href="#">%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=75</a>  Below is the link of attendance for the fiscal year June 1, 2018 to May 31, 2019:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/Attendance%20of%20the%20Members%20of%20the%20Board%20of%20Trustees.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/Attendance%20of%20the%20Members%20of%20the%20Board%20of%20Trustees.pdf</a>	
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	The Board, thru the Audit Committee and the Risk Management Committee, conducted the review of all the material controls and risk management systems.  Please see SEC Form 17-A (page 16) - Risk Management Objectives and Policies  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=23">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=23</a>	

4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	<p>The Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018 was included in the 2018 Definitive Information Statement (SEC Form 20 IS). See link below, page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a></p>	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	<p>SEC Form 17-A (pages 16 to 21) - Risk Management Objectives and Policies</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=23">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=23</a></p>	
<b>Principle 9:</b> The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	<p>In accordance with its Charter, the AuditCom reviews the performance of external auditor and recommends to the Board the approval of the external auditor's appointment or discharge. Shareholders then ratify the appointment during the Annual Stockholders Meeting.</p> <p>Please see this link to FEU website:</p> <ul style="list-style-type: none"> <li>• AuditCom Charter:</li> </ul>	

		<a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a>  • Minutes of 2018 Annual Stockholders' Meeting  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf</a>	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	During the Annual Stockholders' Meeting held on 20 October 2018, 99.99% of shareholders ratified the appointment of the external auditor.  Please see this link to FEU website for the Minutes of 2018 Annual Stockholders Meeting:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf</a>	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	FEU did not remove or change its External Auditor.	
<b>Supplement to Recommendation 9.1</b>			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	In accordance with its Charter, the AuditCom ensures that either the external audit firm or its signing partner is rotated every 5 years or earlier. The external auditor, Punongbayan & Araullo (P&A) has met this requirement	

		<p>and implemented audit partner rotation effective for the fiscal year ended 31 May 2018.</p> <p>Please see this link to FEU website for the AuditCom Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p>	
<b>Recommendation 9.2</b>			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	Compliant	<p>The AuditCom Charter can be found in the FEU website. Please see this link:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p>	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the</p>	Compliant	<p>Please see the AuditCom Charter in the link below:</p>	



external auditor's suitability and effectiveness on an annual basis.		<a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a>	
<b>Supplement to Recommendations 9.2</b>			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	The AuditCom Charter can be found in the FEU website. Please see this link:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	The AuditCom Charter can be found in the FEU website. Please see this link:  <a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a>	
<b>Recommendation 9.3</b>			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	As stated in Item No. 7, Part I - Information Required in Information Statement of FEU's 2018 SEC Form 20IS Definitive Information Statement, the external auditors did not render non-audit services for fiscal year ended 31 May 2018.  Please see this link to FEU website for FEU's 2018 SEC Form 20IS Definitive Information Statement, page 21:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%202020%20IS).pdf#page=26">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%202020%20IS).pdf#page=26</a>	

<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>In accordance with its Charter, the AuditCom evaluates and determines the non-audit work, if any, of the external auditors and review periodically their non-audit fees as to materiality. The Committee shall disallow any non-audit work that will conflict with the duties or independence of the external auditor. The non-audit work, if allowed, should be disclosed.</p> <p>Please see this link to FEU website for the AuditCom Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Audit%20Committee.pdf</a></p>	
<p><b>Supplement to Recommendation 9.3</b></p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>There were no non-audit fees paid during the period January to December 2018.</p> <p>Information on audit and non-audit fees for fiscal year ended 31 May 2018 is noted in Item No. 7, Part I - Information Required in Information Statement of FEU's 2018 SEC Form 20IS Definitive Information Statement.</p> <p>Based on this, audit fees for fiscal year ended 31 May 2018 are as follows:</p> <ul style="list-style-type: none"> <li>• Audit - ₱985,000.00 plus Out of Pocket Expense and 12% VAT</li> <li>• Non-Audit - Nil</li> </ul> <p>Please see this link to FEU website for Item No. 7, Part I - Information Required in Information Statement of FEU's 2018 SEC</p>	

		Form 20IS Definitive Information Statement, page 21:  <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=26">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=26</a>	
<b>Additional Recommendation to Principle 9</b>			
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	<p>The following information pertains to the external auditor for fiscal year ended 31 May 2018:</p> <p>1) Audit partner – Mailene Sigue-Bisnar</p> <p>2) Accreditation number and Expiry date - SEC Group A Accreditation: Partner - No. 0396-AR-4 (until October 01, 2021) Firm - No. 0002-FR-5 (until March 26, 2021)</p> <p>3) Date accredited - 27 March 2018</p> <p>4) Name, address, contact number of audit firm - Punongbayan &amp; Araullo (P&amp;A) 20<sup>th</sup> Floor, Tower 1 The Enterprise Center 6766 Ayala Avenue 1200 Makati City, Philippines (02) 988-2288</p>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	<p>In 2018, the external auditors, P&amp;A Grant Thornton, was subjected to SEC Oversight Assurance Review (SOAR).</p> <p>P&amp;A was the first auditing firm to be subjected to such.</p>	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			

Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	<p>As for the company's policies and practices on the management of economic, environmental, social and governance, there are projects that involves emergency response/relief operations:</p> <p><a href="https://feuvso.weebly.com/emergencyresponseandro.html">https://feuvso.weebly.com/emergencyresponseandro.html</a>),</p> <p>Livelihood related projects\:</p> <p><a href="https://feuvso.weebly.com/livelihood.html">https://feuvso.weebly.com/livelihood.html</a> and <a href="https://feuvso.weebly.com/projectshift">https://feuvso.weebly.com/projectshift</a>),</p> <p>Awareness on Environmental Protection and Conservation that also includes linkages with environment-related organizations such as WWF</p> <p><a href="https://feuvso.weebly.com/environmentalpreserveandconserve">https://feuvso.weebly.com/environmentalpreserveandconserve</a>),</p> <p>and Rehabilitation Projects on U-belt that is in line with Economic and Social Governance</p> <p><a href="https://feuvso.weebly.com/projectrehabilitation">https://feuvso.weebly.com/projectrehabilitation</a>).</p> <p>For the full projects you may click this link:</p> <p><a href="http://feuvso.weebly.com/projects">http://feuvso.weebly.com/projects</a></p>	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Non-Compliant		<p>FEU does not as yet have a globally recognized standard/framework in reporting sustainability and non-financial issues. However, FEU is committed to comply with SEC Memorandum Circular No. 04, Series of 2019 Sustainability Reporting Guidelines for PLCs.</p> <p>On the other hand, FEU has a sustainability report on Tamaraw Count. FEU advocates not only taking good care of the tamaraws, it also closely monitors activities to raise the population of this endangered species.</p> <p>The link below shows the graphical report on how the population increased in the recent Tamaraw Counting this year.</p> <p><a href="http://feuvso.weebly.com/tamcount.html">feuvso.weebly.com/tamcount.html</a></p>
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**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	The FEU website ( <a href="https://www.feu.edu.ph">https://www.feu.edu.ph</a> ) is the channel of communication that ensures timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	
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**Supplemental to Principle 11**

1. Company has a website disclosing up-to-date information on the following:	Compliant	<p><a href="https://www.feu.edu.ph">https://www.feu.edu.ph</a></p> <p>Please see SEC Form 17-Q Quarterly Report ending 30 November 2018 in the link below.</p>	
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a. Financial statements/reports (latest quarterly)	Compliant	<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/2019Q2_FEU%20Quarterly%20Report%20-%20November%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/2019Q2_FEU%20Quarterly%20Report%20-%20November%202018.pdf</a>	
b. Materials provided in briefings to analysts and media	Compliant	The quarterly and annual financial statements are posted in FEU's website after the same are disclosed to PSE and SEC. These are available to the public including analysts and media.	
c. Downloadable annual report	Compliant	<p>Please see SEC Form 17A Annual Report for 2018 in the link below.</p> <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf</a>	
d. Notice of ASM and/or SSM	Compliant	<p>Please see Notice of Annual Stockholders' Meeting 2018 in the link below.</p> <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/083018/Notice%20of%20Annual%20Stockholders'%20Meeting.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/083018/Notice%20of%20Annual%20Stockholders'%20Meeting.pdf</a>	
e. Minutes of ASM and/or SSM	Compliant	<p>Please see Minutes of Annual Stockholders' Meeting 2018 in the link below,</p> <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf</a>	

f. Company's Articles of Incorporation and By-Laws	Compliant	<p>Please see FEU's Amended Articles of Incorporation and Amended By-Laws in the links below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2017/012317/FEU%20Amended%20Articles%20of%20Incorporation%202017.pdf">https://investors.feu.edu.ph/reports%20new%20format/2017/012317/FEU%20Amended%20Articles%20of%20Incorporation%202017.pdf</a></p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf</a></p>	
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant	<p>Please see FEU's Investor Relations website in the link below.</p> <p><a href="https://investors.feu.edu.ph/">https://investors.feu.edu.ph/</a></p>	
<b>Internal Control System and Risk Management Framework</b>			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p><u>Quality service program for FEU Internal Audit Department (IAD)</u></p> <p>The IAD is led by a Chief Audit Executive (CAE) who reports directly to the AuditCom functionally and to the Chair of the Board of Trustees administratively. The scope and responsibilities of the IAD are clearly defined in the Internal Audit Charter.</p> <p>The IAD adheres to the standards laid down in the International Professional Practices Framework issued by the global Institute of Internal Auditors and is working towards meeting the said standards.</p>	

		<p>IAD adopts a risk-based audit approach in formulating the annual audit plan. The plan is reviewed and approved by the AuditCom. The 2018 audit plan consisted mostly of review of internal control system.</p> <p>To ensure that the internal audits are performed effectively, IAD recruits and employs suitably qualified professional staff with the requisite skills sets and experience. The CAE, prior to his appointment in FEU, had extensive audit experience in several reputable audit firms. Aside from this, the IAD has professional staff members who either has external audit work experience in reputable big audit firms or internal audit work experience in another publicly-listed company.</p> <p>Further, the IAD has professional staff members who are either Certified Public Accountant (CPA) or Certified Internal Auditor (CIA). Therefore, IAD has professional staff members who are either member of the Institute of Internal Auditors Philippines (IIAP), or Philippine Institute of CPAs (PICPA). IAD auditors are required to regularly attend relevant trainings to ensure that their technical knowledge and skill sets remain current and relevant.</p> <p><u>Frequency of review of internal control system</u></p>	
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		<p>The audit plan and audit projects performed for year 2018 consisted mostly of review of internal control system.</p> <p>Based on the results of the work performed by internal and external auditors, the Board, through its AuditCom, is of the opinion that FEU's internal control system is adequate and operating effectively. This is noted in the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018.</p> <p>Please see this link to FEU website for Annex E of the 2018 Definitive Information Statement - Report of the AuditCom to the Board of Trustees, page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=51</a></p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>FEU's risk management framework is aligned with the ISO 31000:2009 Risk Management Framework.</p> <p>The identification, assessment, treatment and monitoring of risks were handled by the heads of the different departments and Institutes who maintains their own risk registers which are updated regularly. Risks were evaluated based on their likelihood of occurrence and impact. These risk management activities are part of</p>	

		<p>compliance with the requirements of FEU's ISO 9001:2015 certification.</p> <p>Significant risk exposures were reviewed by a group composed of University Officers and reported to the Risk Management Committee.</p> <p>The top risks that were identified for 2018 are:</p> <ul style="list-style-type: none"> <li>• Cyber risks</li> <li>• Risks to data privacy</li> <li>• Environment risks - earthquake</li> <li>• Enrollment system</li> </ul> <p>The Risk Management Officer coordinated the University's risk management activities.</p>	
<b>Supplement to Recommendations 12.1</b>			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	Compliant	<p>FEU has a Compliance Officer (CO), as provided in the FEU Manual on Corporate Governance, whose duties and responsibilities include ensuring enterprise-wide compliance with relevant laws and regulations and issuances of pertinent regulatory agencies that include SEC and PSE. The CO also collaborates with other internal departments such as the following for compliance with regulations other than those of SEC and PSE:</p> <ul style="list-style-type: none"> <li>• Human resources (HR) and legal counsel – Labor laws and issuances of DOLE;</li> </ul>	

		<ul style="list-style-type: none"> <li>• Academic Officers – issuances of CHED;</li> <li>• Accounting Department – Philippine Financial Reporting Standards (PFRS) and SEC issuances on consolidated financial statements, TRAIN law and issuances of BIR, SSS, etc.; the Accounting Department collaborates with the external auditors for compliance with PFRS;</li> <li>• Facilities and Technical Services Departments – local government issuances and permits and DENR; and</li> <li>• Data Privacy Officer – Data Privacy Act</li> </ul> <p>See this link to the FEU Manual on Corporate Governance:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf</a></p> <p>Also, part of the more important duties and responsibilities of FEU's External Auditor (Punongbayan &amp; Araullo, the Philippine's member firm of Grant Thornton International, Ltd.) is to raise any non-compliance with laws and regulations. In the FEU Audited Financial Statements, the External Auditor has not raised any non-</p>	
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		<p>compliance with laws and regulations by FEU.</p> <p>Please see the link to the Audited Financial Statements of FEU, page 94:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=94">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=94</a></p>	
<b>Optional: Recommendation 12.1</b>			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	Compliant	<p>The following policies are registered with the Quality Management (QMO):</p> <p>1) To address the cyber risk the following are the policies:</p> <ul style="list-style-type: none"> <li>• Network Policy outlines the rules for the network access. It also determines how policy is enforced based on the security environment.</li> <li>• Password Policy is for the creation and management of password and how often the system will require them to change for security.</li> <li>• Patch Management Policy is for keeping our systems security regularly updated.</li> </ul> <p>2) To address operational reliability, we have Backup and Recovery Policy is for IT continuity to backup recover in order to prevent the risk of system disruption.</p>	

Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	FEU has an in-house internal audit department.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	<p>The Chief Audit Executive of FEU is Mr. Rogelio C. Ormilon, Jr. His responsibilities are contained in the FEU Internal Audit Department (IAD) Charter.</p> <p>Please see this link to the IAD Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf</a></p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant	<p>The Chief Audit Executive of FEU is Mr. Rogelio C. Ormilon, Jr. His responsibilities are contained in the FEU Internal Audit Department (IAD) Charter.</p> <p>No portion of the internal audit activity in 2018 was outsourced.</p> <p>Please see this link to the IAD Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Internal%20Audit%20Charter.pdf</a></p>	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned	Compliant	Not applicable. FEU has an in-house internal audit department and no portion of the internal audit activity was outsourced in 2018.	

the responsibility for managing the fully outsourced internal audit activity.			
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	<ul style="list-style-type: none"> <li>The Board, through its Risk Management Committee (RMCom), has oversight responsibility over company-wide risk management policies and practices. This is stated in the RMCom Charter.</li> </ul> <p>Please see this link to the RMCom Charter:</p> <p><a href="https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf">https://investors.feu.edu.ph/documents/charters/FEU%20Charter%20-%20Risk%20Committee.pdf</a></p> <ul style="list-style-type: none"> <li>The company has a Risk Management Officer who reports directly to the Risk Management Committee.</li> <li>FEU's risk management framework is based on the ISO 31000:2009 Risk Management Framework.</li> <li>The identification and assessment of risk exposures were handled by the heads of the different departments and Institutes. This is part of compliance with the requirements of FEU's ISO 9001:2015 certification.</li> <li>Significant risk exposures were reviewed by a group composed of University Officers and reported to the Risk Management Committee.</li> </ul>	

Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	<p>FEU seeks external technical support in risk management when such competence is not available internally.</p> <p>For 2018, FEU did not seek any external technical support in risk management.</p> <p>When necessary, the Risk Management Committee provided advice and support to management and the Risk Management Officer regarding risk management activities.</p>	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	<p>The Risk Management Officer (RMO) of FEU is Mr. Rogelio C. Ormilon, Jr. who served as RMO until 20 October 2018. He is concurrently FEU's Chief Audit Executive (CAE). He has extensive audit work experience from several reputable auditing firms prior to joining FEU. His work experience includes risk management. Information about the RMO can be found in FEU's SEC Form 20-IS - Definitive Information Statement for 2018.</p> <p>Please see this link to FEU website, page 11:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20[SEC%20Form%2020%20IS].pdf#page=16">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20[SEC%20Form%2020%20IS].pdf#page=16</a></p> <p>Since the roles of RMO and CAE were handled by the same person, safeguards were</p>	

		<p>put in place to ensure the independence and objectivity of the CAE function. The responsibilities of the RMO as mentioned above were limited to those risk management activities that a CAE are allowed to perform under The Institute of Internal Auditors International Professional Practices Framework.</p> <p>The Risk Management Committee provided the necessary advice and support to the RMO.</p> <p>Effective 20 October 2018, the position of RMO was replaced by a Chief Risk Officer (CRO), Mr. Juan Miguel R. Montinola.</p>	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	The Risk Management Officer or the Chief Risk Officer has adequate authority and stature to fulfil his responsibilities.	
<b>Additional Recommendation to Principle 12</b>			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	<p>Based on the work performed by internal and external auditors, the AuditCom is of the opinion that FEU's internal control system is adequate and operating effectively. This is covered by the Report of the AuditCom to the Board of Trustees for the Fiscal Year Ended May 31, 2018.</p> <p>Please see this link to Annex E - 2018 Report of the AuditCom to the Board of Trustees, page 51:</p> <p><a href="https://investors.feu.edu.ph/reports%20n%20format/2018/092518/2018%20Defi">https://investors.feu.edu.ph/reports%20n%20format/2018/092518/2018%20Defi</a></p>	



		<a href="#">nitive%20Information%20Statement%20(S EC%20Form%2020%20IS).pdf#page=51</a>	
<b>Cultivating a Synergic Relationship with Shareholders</b>			
<b>Principle 13:</b> The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
<b>Recommendation 13.1</b>			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	Please see Manual on Corporate Governance page 7, in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	Please see Manual on Corporate Governance page 7, in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	The Amended By-Laws provides that "Voting upon all questions at all meetings of the stockholders shall be made by shares of stock and not per capita or otherwise, each share of stock being counted as one vote"  Please see Section VI of the Amended By-Laws of FEU in the link below, page 3.  <a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3</a>	
2. Board ensures that all shareholders of the same class are treated	Compliant	FEU has common shares only (no preferred shares or any other class of shares). All common shares are treated equally with	

equally with respect to voting rights, subscription rights and transfer rights.		<p>respect to voting subscription and transfer rights.</p> <p>Please see Article Seventh of the Amended Articles of Incorporation, page 3.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2017/012317/FEU%20Amended%20Articles%20of%20Incorporation%202017.pdf#page=9">https://investors.feu.edu.ph/reports%20new%20format/2017/012317/FEU%20Amended%20Articles%20of%20Incorporation%202017.pdf#page=9</a></p>	
3. Board has an effective, secure, and efficient voting system.	Compliant	<p>Section VII of the Amended By-Laws provides that “The annual meeting of the stockholders xxx shall be held xxx at the office of the corporation when they shall elect by cumulative voting by ballot nine trustees for one year xxx. Every stockholder is entitled to vote according to the number of shares in his name paid or unpaid xxx.”</p> <p>Please see Amended By-Laws, page 1.</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=3</a></p>	
4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		<p>No shareholder voting mechanisms, such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.</p> <p>However, the voting rights of stockholders, whether belonging to the majority or minority are strictly followed, as required by law, rules and regulations.</p>

			Besides, minority shareholders can always exercise their appraisal right (or the right to dissent and demand payment of the fair value of their shares), which is guaranteed by the Revised Corporation Code.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	<p>Per Section X, Special Meetings, of the Amended By-Laws (page 2), “two or more registered stockholders owning at least one-fourth of the issued and outstanding shares entitled to vote” may also call special meetings of the stockholders.</p> <p><a href="https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=4">https://investors.feu.edu.ph/documents/index/feu_bylaws.pdf#page=4</a></p>	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	<p>Please see Manual on Corporate Governance, page 7:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a></p>	
7. Company has a transparent and specific dividend policy.	Compliant	<p>FEU declared cash dividends in March and October last year, 2018. The company’s dividends were paid 10 trading days after the record date or 20 trading days after the declaration date.</p> <p>Please see Dividend Policy in the links below.</p> <p>SEC Form 17A Annual Report 2018 of FEU, Part II - Operational and Financial Information, Item 5, page 30.</p>	

		<a href="https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=37">https://investors.feu.edu.ph/reports%20new%20format/2018/091718/2018%20FEU%20Annual%20Report%20(SEC%20Form%2017-A)%20(1).pdf#page=37</a>  Company's dividend policy  <a href="http://investors.feu.edu.ph/reports%20new%20format/2011/0321/dividend%20policy.pdf">http://investors.feu.edu.ph/reports%20new%20format/2011/0321/dividend%20policy.pdf</a>	
<b>Optional: Recommendation 13.1</b>			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	The votes at the ASM were counted and validated by Stock Transfer Service, Inc., the independent/outsourced stock transfer agent of FEU.	
<b>Recommendation 13.2</b>			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>The notice and agenda of the Annual Stockholders' Meeting were first disclosed to PSE on 29 August 2018, or 52 days before the meeting on 20 October 2018.</p> <p>The notice and agenda were again in the Information Statement, preliminary to SEC on 14 September 2018 and the definitive reported to PSE and SEC on 24 September 2018, and were sent out to all stockholders before 28 September 2018.</p> <p>Please see 2018 Definitive Information Statement (SEC Form 20 IS) in the link below, page 4.</p> <a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=4">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=4</a>	

Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	<p>Please see notice of FEU Annual Stockholders' Meeting in the link below, page 5.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/083018/Notice%20of%20Annual%20Stockholders'%20Meeting.pdf#page=5">https://investors.feu.edu.ph/reports%20new%20format/2018/083018/Notice%20of%20Annual%20Stockholders'%20Meeting.pdf#page=5</a></p>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	<p>Please see Board of Trustees' profile in the 2018 Definitive Information Statement (SEC Form 20 IS), pages 5-8 in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=10</a></p>	
b. Auditors seeking appointment/re-appointment	Compliant	<p>Please see 2018 Definitive Information Statement (SEC Form 20 IS), Annex A, page 37.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=37">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=37</a></p>	
c. Proxy documents	Compliant	<p>Please see proxy in the 2018 Definitive Information Statement (SEC Form 20 IS), Annex B in the link below, page 42:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=42">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=42</a></p>	

Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	<p>Please see rationale of the agenda for the annual stockholders' meeting in the 2017 Definitive Information Statement (SEC Form 20 IS), Annex A in the link below, page 37:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=37">https://investors.feu.edu.ph/reports%20new%20format/2018/092518/2018%20Definitive%20Information%20Statement%20(SEC%20Form%2020%20IS).pdf#page=37</a></p>	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	<p>Please see Manual on Corporate Governance, page 7 (par. VI, 3)</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a></p>	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	<p>The minutes of the 20 October 2018 (a Saturday) Annual Stockholders' Meeting were posted on the FEU website on 26 October 2018, or five (5) business days from the end of the meeting.</p> <p>Please see 2018 Minutes of Annual Stockholders' Meeting in the link below.</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf">https://investors.feu.edu.ph/reports%20new%20format/2018/102618/2018%20Minutes%20of%20Annual%20SHs'%20Meeting.pdf</a></p>	

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Representatives of the External Auditor of FEU, Punongbayan & Araullo, including the authorized signatory, were present during the Annual Stockholders' Meeting held on 20 October 2018.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<p>An alternative dispute mechanism is made available by the Board, whenever warranted, to resolve intra-corporate disputes in an amicable and effective manner.</p> <p>Please see Manual on Corporate Governance, page 7 (par. VI, 4).</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a></p>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	<p>The use of an alternative dispute resolution system (like arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof) in the Philippines had been institutionalized by law, i.e., Republic Act No. 9285, and by Supreme Court issuances.</p> <p>And more recently, the Revised Corporation Code (Section 181) now provides that arbitration is the alternative dispute mechanism for corporations:</p> <p>“An arbitration agreement may be provided in the articles of incorporation or by-laws of a corporation. Xxx.”</p>	

Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Investor Relation Officer:  Mr. Juan Miguel R. Montinola Tel. No. 849-4151 Fax No. 735-5648 Email add: <a href="mailto:investors@feu.edu.ph">investors@feu.edu.ph</a>	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO is present at every shareholders' meeting, including the one held last 20 October 2018.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	No anti-takeover measure or similar device that may entrench ineffective management or the existing controlling shareholder group was presented to the Board in 2018.  If one comes up in the future, the Board will not approve nor allow it.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	33.41% is FEU's public float per its Public Ownership Report as of 31 December 2018  Please see FEU's Public Ownership Report as of 31 December 2018 in the link below.  <a href="https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/FEU%20Public%20Ownership%20Report%20as%20of%20December%2031,%202018.pdf">https://investors.feu.edu.ph/reports%20new%20format/2019/01152019/FEU%20Public%20Ownership%20Report%20as%20of%20December%2031,%202018.pdf</a>	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the	Compliant	Please see Manual on Corporate Governance, page 7 (par. VI)	



company beyond the Annual Stockholders' Meeting		<a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=11</a>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
<b>Duties to Stakeholders</b>			
<b>Principle 14:</b> The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The top 3 shareholders of FEU are:</p> <ol style="list-style-type: none"> <li>1. Seyrel Investment and Realty Corporation - 28.63%</li> <li>2. Sysmart Corporation - 21.52%</li> <li>3. Desrey, Inc. - 8.00%</li> </ol> <p>Please see the top 20 stockholders in the link below.</p> <p><a href="https://investors.feu.edu.ph/investorr.asp">https://investors.feu.edu.ph/investorr.asp</a></p> <p>Please see FEU's policies and programs for its stakeholders in the link below, page 7:</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Annual%20on%20Corporate%20Governance.pdf#page=11</a></p>	
<b>Recommendation 14.2</b>			
1. Board establishes clear policies and programs to provide a mechanism	Compliant	Please see Manual on Corporate Governance, pages 7-8 in the link below.	

<p>on the fair treatment and protection of stakeholders.</p>		<p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a></p> <p>Please see also Code of Business Conduct and Ethics on Treatment of Business Partners and Third Parties, pages 9-10 in the link below.</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=10">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf#page=10</a></p>	
<b>Recommendation 14.3</b>			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>Compliant</p>	<p>The following are the contact details which stockholders can use to voice their concerns and/or complaints for possible violation of their rights:</p> <ol style="list-style-type: none"> <li>1. Investor Relations Office <a href="mailto:investors@feu.edu.ph">investors@feu.edu.ph</a></li> <li>2. Office of the Corporate Secretary 2<sup>nd</sup> Floor Administration Building Far Eastern University Tel. No. 849-4000 local 106 <a href="mailto:sgarcia@feu.edu.ph">sgarcia@feu.edu.ph</a></li> </ol> <p>The Policy on Whistle Blowing of FEU does not only cover FEU employees and faculty, but also FEU service providers and their employees, FEU clients, and other FEU campuses, page 2.</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf</a></p>	

Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	<p>An alternative dispute mechanism is made available by the Board, whenever warranted, to resolve intra-corporate disputes in an amicable and effective manner.</p> <p>Please see Manual on Corporate Governance, page 7 (par. VI, 4).</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=11</a></p> <p>Also, the Revised Corporation Code (Section 181) now provides that arbitration is the alternative dispute mechanism for corporations:</p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	The company did not and does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue.	
2. Company respects intellectual property rights.	Compliant	FEU respects intellectual property rights. It sees to it that its own intellectual property rights are registered with the proper regulators.	

		<p>Please see Code of Business Conduct and Ethics, item 6.1 in the link below, page 9:</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a></p>	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	HRD has facilitated the conduct of Tamaraw Employees Customer Services-Experience (TECSX) workshops to train front liners on the importance of proper handling of both external and internal customers. Related policies to be developed.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	All policies implemented by the Financial Services Division through the Purchasing Department are published in the common drive within the internal FEU network.	
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p>The Board establishes policies, programs and procedures that encourage FEU employees to actively participate in the realization of FEU's goals and in its governance.</p> <p>Please see Manual on Corporate Governance, page 8 (par. B1)</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20M">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20M</a></p>	

		<a href="#">anual%20on%20Corporate%20Governance.pdf#page=12</a>	
<b>Supplement to Recommendation 15.1</b>			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	<p>FEU's reward/compensation policy provides for a merit increase system for employees who have delivered an excellent performance within a fiscal year.</p> <p>Each year, quality objectives are developed by each Division/Department which are aligned to the strategic plans of the company. Effective FY 2019-2020, individual target setting will be part of the annual performance review process and documentation.</p>	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	<p>FEU has existing policies and practices on health, safety and welfare of its employees. These policies are currently being reviewed and updated.</p> <p>For FY 2018-2019, two fire/earthquake drills have been conducted. This is planned to be increased to 4 fire/earthquake drills in the coming fiscal years. Prior to the start of the academic year, several safety orientations have been conducted both for employees, faculty and students.</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a></p>	
3. Company has policies and practices on training and development of its employees.	Compliant	Each Fiscal Year, HRD plans out training and development programs addressing identified skills. As part of the new Performance Management System,	

		<p>individual development plans will be documented from which that Learning &amp; Development Plans for the coming fiscal year will be based.</p> <p>Some of programs implemented include:</p> <ul style="list-style-type: none"> <li>• Customer Service Excellence</li> <li>• Problem Solving Decision Making</li> <li>• 7-Habits of Highly Effective People</li> <li>• Employee and Faculty Orientations</li> <li>• Fire and Safety Orientations</li> <li>• DLECCT Training for faculty</li> </ul> <p>Furthermore, identified employees and faculty have attend external conferences and workshops.</p>	
<b>Recommendation 15.2</b>			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	<p>The anti-corruption policy is contained in the Code of Business Conduct and Ethics. See link below.</p> <p><a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a></p> <p>Please see also the Manual on Corporate Governance, page 8 (par. B2).</p> <p><a href="https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=12">https://investors.feu.edu.ph/reports%20new%20format/2019/05242019/FEU%20Manual%20on%20Corporate%20Governance.pdf#page=12</a></p>	
2. Board disseminates the policy and program to employees across the organization through trainings to	Compliant	<p>Policies and programs that has been approved by the board are disseminated through the concerned units in cooperation with the Human Resources Division which</p>	

embed them in the company's culture.		organizes orientation programs to different employee groups.	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	Please see Code of Business Conduct and Ethics, items 5.3 and 5.5 in the link below, page 8:  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_codeethics.pdf</a>	
<b>Recommendation 15.3</b>			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	Please see Whistle Blowing Policy in the link below.  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf</a>	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	Please refer to Whistle Blowing Policy in the link below.  <a href="https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf">https://investors.feu.edu.ph/documents/corpgovernance/feu_policy1.pdf</a>	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	Whistleblowing incidents are reported to the Board, and the Board is periodically updated on the developments of the said incidents. The incidents are finally resolved with the guidance of the Board and a Board action.	
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			
1. Company recognizes and places importance on the	Compliant	FEU, through its Volunteerism Services Office, fully exercises its involvement in the	

interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.		community through unified and collaborative efforts called <b>“TAMBayanihan”</b> among its genuine and dedicated volunteers called <b>“TAMBayani”</b> . Its Corporate Social responsibility Programs are focused on the areas of education, culture, livelihood skills development, environment and disaster, emergency response and relief operation. Please click this link:  <a href="https://feuvso.weebly.com/projects.html">https://feuvso.weebly.com/projects.html</a>	
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#### Optional: Principle 16

1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	<b>1. Compliant with DENR Requirements such as the following:</b>  1.a Accreditation of DENR Pollution Control Officer (PCO). Current PCO: Engr. Francis M. Valerio  1.b Compliance to DENR Compliance Monitoring Report (CMR). Frequency of Submission of report: Twice a Year  1.c Compliance to DENR Quarterly Monitoring Report (SMR). Frequency of Submission of Report: Four Times a Year  1.d Compliance to DENR Permit to Operate of Air Pollution Source Installations (APSI) (Testing of Gen Set @ Technology Building)  1.e Compliance to DENR Hazardous Waste Generator Registration I.D.	
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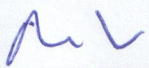


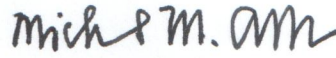
		<p>1.f Compliance to Waste Segregation</p> <p><b>2. Part of FEU Green Projects</b></p> <p>2.1 Harvesting of Rain Water and Drinking Fountain Waste Water. Use for Watering Plants and Flushing at Water closets and Urinals.</p> <p>2.2 Air Handling Unit Condensate Capture and Reuse.</p> <p>2.3 Conversion of Direct Expansion Air Con Units (Split Type Units) to Chilled Water System. This system resulted to less carbon emission of generating electricity at power plants due to higher efficiency of the chiller plants.</p> <p>2.4 Continuous take good care of our existing plants and trees to improve air quality within the FEU Campus</p> <p>2.5 Operation of capacitor banks for power factor corrections to improve power quality and efficiency.</p> <p>2.6 Conversion of lighting system by replacing of fluorescent bulb into LED.</p> <p><b>3. Part of FEU Operation</b></p> <p>3.1 Conducting Preventive Maintenance to ensure the efficient operation of equipment and machine.</p>	
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		3.2 Energy conservation thru scheduled/routine inspection to secure that all equipment, lightings and other devices are switched-OFF/Shut down.	
2. Company exerts effort to interact positively with the communities in which it operates	Compliant	<p><b>1. PROJECT REHABILITATION: U-Belt Area Communities</b></p> <p>Project Components:</p> <ul style="list-style-type: none"> <li>• Livelihood Program - (<i>Hepa Lane to Happy Lane</i>)</li> <li>• Street Lighting</li> <li>• Streetscaping</li> <li>• Major road, pedestrian and alley repairs.</li> </ul> <p>A project initiated together with the Manila local government (LGU's strongly supported by the City Hall under the leadership of Director Dennis Alcoreza and Barangay Chairman Filomena G. Cinco with the joint effort among the stakeholders comprising the U-Belt community. The primary objectives are as follows: Develop a Common Vision; Create a Gateway to improvement; Promote synergy and cooperation among neighborhood; Create a healthy and safe environment; Traffic Decongestion; and Advocate Peace and order.</p> <p><a href="https://www.feuvso.weebly.com/projectrehabilitation.html">https://www.feuvso.weebly.com/projectrehabilitation.html</a></p> <p><u>Seminar-Workshop on Food Safety for Morayta Vendors (in relation to Project Rehabilitation)</u></p>	

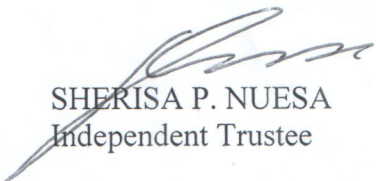
		<a href="https://feuvso.weebly.com/projrehab_goodfoodsafety.html">https://feuvso.weebly.com/projrehab_goodfoodsafety.html</a>  <b>2. Project SHIFT: "Giving Back the Tamaraws' Way"</b>  Week-long series of skills development seminars for Service Personnel. 236 participants (from logistics and service personnel attended various skills development seminars.  <a href="https://www.feuvso.weebly.com/projectshift.html">https://www.feuvso.weebly.com/projectshift.html</a>	
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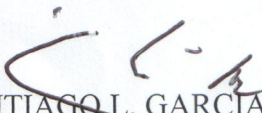
Pursuant to the requirement of SEC Memorandum Circular No. 15, Series of 2017, this Integrated Annual Corporate Governance Report (I-ACGR) is signed by the required signatories in the City of Manila, Metro Manila on \_\_\_\_\_, 2019.

  
AURELIO R. MONTINOLA, III  
Chairman of the Board of Trustees &  
Chief Executive Officer

  
MICHAEL M. ALBA  
President &  
Chief Operating Officer

  
EDILBERTO C. DE JESUS  
Independent Trustee

  
SHERISA P. NUESA  
Independent Trustee


  
SANTIAGO L. GARCIA, JR.  
Corporate Secretary &  
VP for Compliance

SUBSCRIBED AND SWORN to before me this MAY 28 2019 day of \_\_\_\_\_ 2019,  
affiants exhibiting to me their respective Tax Identification Number (TIN), as follows:

<u>NAME</u>	<u>TIN</u>
Aurelio R. Montinola, III	135-558-086
Michael M. Alba	157-483-273
Edilberto C. De Jesus	103-104-968
Sherisa P. Nuesa	132-204-906
Santiago L. Garcia, Jr.	135-551-256

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Series of 2019.

NOTARY PUBLIC

  
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Notary Public for Manila  
Until December 2019  
PTR No. 8024550; 01.07.2019; Manila  
IBP No. 058488; 01.03.2019; PPLM  
Roll No. 35145; May 27, 1988  
Compliance No. V 0021389; May 4, 2016  
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