



CENTRO ESCOLAR UNIVERSITY

Office of the Corporate Secretary

March 2, 2011

MS. JANET ENCARNACION
Head, Disclosure Department
The Philippine Stock Exchange, Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Dear Ms. Encarnacion:

Attached herewith is a copy of CEU Revised Manual on Corporate Governance which was filed with the Securities and Exchange Commission last February 23, 2011.

For your guidance.

Very truly yours,

SERGIO F. APOSTOL
Corporate Secretary & Compliance Officer

Manila

9 Mendiola Street, San Miguel, Manila
Tel. No.: (632) 735-6861 to 71
Telefax: (632) 735-6860; 736-8857
E-mail: ceuadmission@ceu.edu.ph

Makati

• 258 Sen. Gil Puyat Ave., Makati City
Tel. Nos.: (632) 843-0300; 889-7491
Telefax: (632) 889-8169
• 103 Esteban St., Legaspi Village, Makati City
Tel. Nos.: (632) 893-2461; 893-2464; 841-0229
E-mail: papanlasigui@ceu.edu.ph

Malolos

KM. 44 McArthur Highway, Malolos, Bulacan
Tel. Nos.: (6344) 662-8439; 662-4779
Telefax: (6344) 791-6359
E-mail: jmalvaro@ceu.edu.ph

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REVISED MANUAL ON CORPORATE GOVERNANCE CENTRO ESCOLAR UNIVERSITY

The Board of Directors and Management of Centro Escolar University hereby commit themselves to the principles and best practices contained in this Revised Manual, and acknowledge that the same serves as their guide to the attainment of their corporate goals.

1 OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

2 COMPLIANCE SYSTEM

2.1. Compliance Officer

2.1.1. To insure adherence to corporate principles and best practices, the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct Chairman of the Board.

2.1.2. The duties of the Compliance Officer shall include the following:

- Monitor compliance, by the University with the Revised Code of Corporate Governance (the “Code) and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- Appear before the Commission when summoned in relation to compliance with the Code;

- Determine violation/s of the Manual and recommend penalty for violation thereof upon further review and approval of the Board;
 - Issue a certification every January 30th of the every year on the extent of the University's compliance with this Manual and the Code for the completed year, and if there are any deviations to explain the reason for such deviations; and
 - Identify, monitor and control compliance risks.
- 2.1.3. The appointment of the Compliance Officer shall be immediately disclosed to the Securities and Exchange Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

2.2. Plan of Compliance

2.2.1. Board of Directors

The Board is primarily responsible for the governance of the University. In setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

2.2.1.1. General Responsibility

It is the Board's responsibility 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 best interests of its stockholders.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

2.2.1.2. Specific Duties and Functions

To ensure a high standard of best practice for the corporation and its stockholders, the Board should conduct itself with honesty and integrity in the performance of among others, the following duties and functions.

- Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of

sound corporate strategies and policies. Appoint competent, professional, honest and highly motivated management officers. Adopt an effective succession planning program for Management.

- Determine the University's purpose, its vision and mission and formulate strategies to carry out its objectives;
- Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- Ensure the University's faithful, compliance with all applicable laws, regulations and best business practices;
- Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the University's CEO or chief financial officer shall exercise oversight responsibility over this program.
- Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- Adopt a system of checks and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the University's internal control system to maintain its adequacy and effectiveness;
- Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
- Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

- Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
- Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associated, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of their duties and responsibilities;
- Establish and maintain an alternative dispute resolution system in the University that can amicably settle conflicts or differences between the University and its stockholders and the University and third parties, including the regulatory authorities; and
- Appoint a Compliance Officer who shall have the rank of at least Vice President. In the absence of such appointment, the corporate secretary, preferably a lawyer, shall act as Compliance Officer.

2.2.1.3. Duties and Responsibilities of a Director

The duties and responsibilities of a director shall include the following:

- To conduct fair business transactions with the University and ensure that his personal interest does not conflict with the interests of the University;
- To devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
- To act judiciously;
- To exercise independent judgment;

- To have a working knowledge of the statutory and regulatory requirements that affect the University, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission, and where applicable, the requirements of relevant regulatory agencies.
- To observe confidentiality;
- To ensure the continuing soundness, effectiveness and adequacy of the University's control environment.

2.2.1.4. Qualifications and Disqualifications of Directors

Qualifications

- He is a stockholder of record in the books of the University, owning at least one (1) share of the capital stock of the University of which he is a director which shall stand in his name on the books of the University. He must continuously own at least one (1) share of stock during his term, otherwise he shall automatically cease to be a director.
- He shall have high educational attainment and/or sufficiently relevant experience in managing the business and/or owns shares equivalent to a seat of one (1) Director.

Disqualifications

- Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that
 - (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code;
 - (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading adviser, or floor broker; or
 - © arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them.

- Any person who by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court of administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization.

- Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts.
- Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any

other law administered by the Commission or BSP, or any of its rule, regulation or order.

- Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation.
- Any person judicially declared as insolvent.
- Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above.
- Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.

The Board may, from time to time, provide for additional qualifications, disqualifications and grounds for temporary disqualification of a director, consistent with the Corporation Code, the University's By-Laws and this Manual.

2.2.2. Board Committees

- To aid in complying with the principles of good corporate governance, the Board shall constitute an Audit Committee.

2.2.2.1. Audit Committee

2.2.2.1.1. The Audit Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. The independent director shall be the committee chairman. Each member shall preferably have accounting and finance backgrounds, have adequate understanding at least, or competence at most, of the University's operations, financial management systems and environment. One member of the committee should have an audit experience.

2.2.2.1.2. Include in Duties and Responsibilities

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform, their respective audit functions.
- Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources, and budget necessary to implement it.
- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;

- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with this duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal auditor, he shall be free from interference by outside parties.

2.2.2.2. The Board may also organize other committees such as Nomination Committee in accordance with the Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC)

2.2.3. The Corporate Secretary

2.2.3.1. The Corporate Secretary is an officer of the company and as such, he is expected to perform his duties efficiently and diligently.

2.2.3.2. The Corporate Secretary shall :

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation.
- Be loyal to the mission, vision and objectives of the corporation.
- Work fairly and objectively with the Board, Management and stockholders.
- Have appropriate administrative and interpersonal skills.
- If he is not at the same time the corporation's legal counsel , be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities.
- Have a working knowledge of the operations of the corporation.
- Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
- Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
- Ensure that all Board procedures, rules and regulations are strictly followed by the members.

- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.
- Perform other duties which the Board may deem fit.

2.2.4. External Auditor

- 2.2.4.1. The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee. An external auditor shall ensure an environment of good corporate governance as reflected in the financial records and reports of the University.
- 2.2.4.2. The reason/s for any resignation, dismissal or cessation from service of an external auditor, and the date thereof, shall be reported in the University's annual and current reports.
- 2.2.4.3. The external auditor of the University shall not at the same time serve as internal auditor to the same client. The University shall ensure that other non-audit work will not be in conflict with the functions of the external auditor.
- 2.2.4.4. The University's external auditor shall either be rotated or the handling partner shall be changed every five (5) years or earlier.
- 2.2.4.5. If an external auditor believes that the statements made in the University's annual report, information statement or proxy statement that were filed during his engagement is incorrect or incomplete, he shall present his views on the reports.

2.2.5. Internal Auditor

- 2.2.5.1. The University shall have an independent internal audit function in place. This function shall be performed by an Internal Auditor or a group of Internal Auditors, through which the Board, seminar management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.

2.2.5.2. The Internal Auditor shall report to the Audit Committee.

2.2.5.3. The minimum internal control mechanisms for management's operational responsibility shall center on the CEO, ultimately accountable for the University's organizational and procedural controls.

2.2.5.4. The scope and particulars of a system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

3 ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

4 ACCOUNTABILITY AND AUDIT

A) The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- (i) The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
- (ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained;
- (iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.
- (iv) The corporation should consistently comply with the financial reporting requirements of the Commission;
- (v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal; audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

- B) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the University, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectively of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

5 COMMUNICATION PROCESS

- 5.1. This manual shall be available for inspection by any stockholder of the Corporation at reasonable hours on business days.
- 5.1. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 5.2. An adequate number of printed copies of this Manual must be reproduced under the supervision of HRD, with a minimum of at least one (1) hard copy of the Manual per department.

6. TRAINING PROCESS

- 6.1. If necessary, funds shall be allocated by the CFO or an equivalent corporate officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

- 6.2. A director may, before assuming his position, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

7. REPORTORIAL OR DISCLOSURE SYSTEM OR COMPANY'S CORPORATE GOVERNANCE POLICIES

- 7.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer;
- 7.2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, board changes, related party transactions, shareholdings of directors and changes of ownership.
- 7.3. Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy.
- 7.4. All disclosed information shall be released via the approved stock exchange procedure for corporate announcements as well as through the annual report.
- 7.5. The Board shall commit at all times to fully disclose information on material dealings. It shall cause the filing of all required information for the interest of the stakeholders.

8 SHAREHOLDERS' BENEFIT

The University recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as covenant of good governance between the University and all its investors:

8.1. INVESTORS' RIGHT AND PROTECTION

8.1.1. Rights of Investors/Shareholders

The Board respects the rights of the shareholders in accordance with the Corporation code.

8.1.2. Voting Right

- 8.1.2.1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code and the University's By-Laws.
- 8.1.2.2. Cumulative voting may be used in the election of directors.
- 8.1.2.3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

8.1.3. Pre-emptive Right

All Shareholders shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class in proportion to their respective shareholdings unless such right is denied in the University's Articles of Incorporation or an amendment thereto. This right shall be subject to the limitations/exceptions prescribed under the Corporation Code.

8.1.4. Power of Inspection

Shareholders shall be allowed to inspect corporate books and records in accordance with the Corporation Code. They shall be furnished with the University's Annual Report/s (SEC Form 17-A filed with the SEC) upon request to the Office of the Corporate Secretary. Shareholders shall also be furnished with a copy of the Audited financial Statements (which form part of SEC Form 17-IS or SEC Form 20 filed with the SEC).

8.1.5. Right to Information

- 8.1.5.1. The Shareholders shall be provided, upon request, with the latest available reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

8.1.5.2. Any shareholder shall be granted the right to propose the holding of a meeting and to propose items in the agenda of the meeting, in accordance with Section 50 of the Corporation Code and provided the items are for legitimate business purposes.

8.1.6. Right to Dividends

8.1.6.1. Shareholders shall have the right to receive dividends subject to the discretion of the Board, and in accordance with the Corporation Code.

8.1.6.2. The University shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

8.1.7. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

8.1.8. Promotion and Enhancement of Rights

It shall be the duty of the directors to promote Shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of Shareholders' voting rights and the solution of problems through collective action by the appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to Shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of information necessary for Shareholders to make informed decisions subject to legal constraints.

The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholder's meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

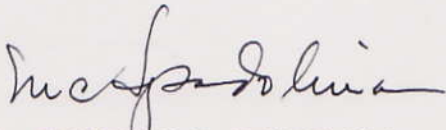
9 MONITORING AND ASSESSMENT

- 9.1. Each committee shall report regularly to the Board of Directors
- 9.2. The compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Part 10 of this Manual.
- 9.3. The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided by the Code. The establishment of the evaluation or self-rating system, including the features thereof, may be disclosed in the University's annual report (SEC Form 17-A) or in such form of report that is applicable to the University. The adoption of such performance evaluation system must be approved by the Board.
- 9.4. This Manual shall be subject to annual review by the Board unless the Board determines that it should be reviewed at more frequent intervals. All business processes and practices being performed within any department or business unit of Centro Escolar University that are not consistent with any portion of this Manual shall be discontinued unless they are changed to the extent necessary to be compliant with this Manual.

10 PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL

To strictly observe and implement the provisions of this manual, the Compliance Officer shall be responsible for determining violation/s after notice and hearing and shall recommend to the Board the imposable penalty for such violation, subject to further review and approval of the Board.

Signed:



MA. CRISTINA D. PADOLINA
President and Vice Chairman of the Board