



**SEC FORM – I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**A. Use of Form I-ACGR**

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

**B. Preparation of Report**

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) <b>“Recommendations”</b> – derived from the CG Code for PLCs;</p> <p>(2) <b>“Supplement to Recommendation”</b> – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) <b>“Additional Recommendations”</b> – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) <b>“Optional Recommendation”</b> – practices taken from the ASEAN Corporate Governance Scorecard</p> <p><b>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</b></p>	<p>The company shall <b>indicate compliance or non-compliance</b> with the recommended practice.</p>	<p>The company shall provide additional information to <b>support their compliance</b> with the recommended CG practice</p>	<p>The PLCs shall <b>provide the explanations for any non-compliance</b>, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include <b>how the overall Principle being recommended is still being achieved</b> by the company.</p> <p><b>*“Not Applicable” or “None” shall not be considered as sufficient explanation</b></p>

**C. Signature and Filing of the Report**

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



## SEC FORM - I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended ..... **December 31, 2017**
2. SEC Identification Number ..... **1093** 3. BIR Tax Identification No. .... **240-000-531-126**
4. Exact name of issuer as specified in its charter ..... **CENTRO ESCOLAR UNIVERSITY**
5. **PHILIPPINES** .....  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **NO. 9 MENDIOLA ST., SAN MIGUEL, MANILA** ..... **1005** .....  
Address of principal office Postal Code
8. **(02) 735-68-61 to 71** .....  
Issuer's telephone number, including area code
9. **Not Applicable** .....  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			EXPLANATION
COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION		
<b>The Board's Governance Responsibilities</b>			
<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	Website: <a href="http://corporate.ceu.edu.ph">http://corporate.ceu.edu.ph</a>	
2. Board has an appropriate mix of competence and expertise.	Compliant	Website: see Definitive Information Statement 2017 or SEC 20-IS under Item 5. Directors and Executive Officers page 6 to 9 in link below.	
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	<a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view</a>	
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	Website: see definitive information statement 2017 or SEC 20-IS under items 5. Directors and Executive Officers page 6 to 9 in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view</a>	
<b>Recommendation 1.3</b>			

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>Compliant</p>	<p>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 in link below.   <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p>2. Company has an orientation program for first time directors.</p>	<p>Compliant</p>	<p>Website: see Company Disclosure under Other Disclosures to the Securities and Exchange Commission (the "Commission" or "SEC") or the Philippine Stock Exchange (the "Exchange" or "PSE") in link below.   <a href="http://corporate.ceu.edu.ph/static/files/CEU%20Letter%20Additional%20Certificate%2010.28.2015.pdf">http://corporate.ceu.edu.ph/static/files/CEU%20Letter%20Additional%20Certificate%2010.28.2015.pdf</a></p>	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>Non-Compliant</p>		<p>Directors attend the required annual continuing training with providers accredited by the SEC.</p>
<p><b>Recommendation 1.4</b></p>			

1. Board has a policy on board diversity.	Compliant	<p>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, page 3 under Composition of the Board in link below.</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FINAL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FINAL-05312017.pdf</a></p> <p>Out of 9 directors 2 are female and 7 are male</p>	
<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.	Non-Compliant		The Company will adopt/create a policy on board diversity
<b>Recommendation 1.5</b>			
1. Board is assisted by a Corporate Secretary.	Compliant		
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<p>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, page 14 to 15 under 6 Corporate Secretary in link below.</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FINAL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FINAL-05312017.pdf</a></p> <p>See information on the Corporate Secretary in the Definitive Information Statement under Item 5. Directors and Executive Officers, page 9 in link below.</p> <p><a href="https://drive.google.com/file/d/0BwpVLcyQ912vNDq4azhWYU1a2ZpMVhskNkdoYTFicXJNQ3Zl/view">https://drive.google.com/file/d/0BwpVLcyQ912vNDq4azhWYU1a2ZpMVhskNkdoYTFicXJNQ3Zl/view</a></p>	

3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	See CEU's latest Annual Corporate Governance Report (ACGR), page 19 to 20 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a>	Materials will be distributed via internet Using Email.
<b>Optional: Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Non-Compliant	Notice of Minutes and agenda is sent Via email Materials are distributed on the date of board meeting	
<b>Recommendation 1.6</b>			
1. Board is assisted by a Compliance Officer.	Compliant	Please see website page 16 in link below	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant	<a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a>	
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	See CEU's latest ACGR, page 19 to 20 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a>	
<b>Principle 2: 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.</b>			
<b>Recommendation 2.1</b>			

<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>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, in link below.</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	
<p><b>Recommendation 2.2</b></p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>		<p>The Board oversees development, review and approval of the company's business objectives and strategy and monitors its implementation during the monthly board meetings.</p> <ol style="list-style-type: none"> <li>1. Attendance of Directors in monthly meeting.</li> <li>2. Notice of Board Meeting</li> <li>3. Agenda Items for BOD Meeting.</li> </ol>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>			
<p><b>Supplement to Recommendation 2.2</b></p>			



<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>Compliant</p>	<p>See the Mission Vision in link below.  <a href="http://corporate.ceu.edu.ph/mission">http://corporate.ceu.edu.ph/mission</a>  The Board of Directors of CEU reviews and approves the mission and vision of the University every year, during the annual organizational meeting.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>Compliant</p>	<p>Monthly board meetings discuss the financial and budget performance.</p>	
<b>Recommendation 2.3</b>			
<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>Compliant</p>	<p>Website: see page 6, Definitive Information Statement under Item 5. Directors and Executive Officers in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ9I2vNDg4azhWTUU1a2ZpMVhsNkdoYTFtCXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ9I2vNDg4azhWTUU1a2ZpMVhsNkdoYTFtCXJNQ3ZN/view</a></p>	
<b>Recommendation 2.4</b>			

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	Compliant	<p>Website: see page 4, Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 under 3.3 Duties and Functions of the Board in link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>			
<b>Recommendation 2.5</b>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	Compliant	<p>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017. Page 13, under 4.3 Remuneration Committee in link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	Compliant		
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	Compliant		
<b>Optional: Recommendation 2.5</b>			
<p>1. Board approves the remuneration of senior executives.</p>		Provide proof of board approval	

<p>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.</p>		<p>Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.</p>	
<p><b>Recommendation 2.6</b></p>			
<p>1. Board has a formal and transparent board nomination and election policy.</p>	<p>Compliant</p>	<p>Website: see Company Disclosures, SEC Filings, SEC Form 20-IS, Item 4. Voting Securities and Principal Holders Thereof in link below</p>	
<p>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYfTcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYfTcXJNG3ZN/view</a></p>	
<p>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</p>	<p>Compliant</p>	<p>and also in the Manual on Corporate Governance, Page 19, Stockholders' benefits and rights and protecting of minority stockholders' interest in link below</p>	
<p>4. Board nomination and election policy includes how the board shortlists candidates.</p>	<p>Non-Compliant</p>	<p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20n%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20n%20Corporate%20Governance%20AL-05312017.pdf</a></p>	

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		
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		
<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.	Non-Compliant		CEU does not use professional search firms when searching for candidates to the board of directors.
<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	Website: see page 21 to 22 in link below of ACGR 2016 <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a>	

<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>	<p>see page 38 and 39 SEC Form 17-A Annual Report in Audited FS in link below regarding related party transactions.</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ9J2vRW9qVXV2NmNfbXM/view?usp=sharing">https://drive.google.com/file/d/0BwpVLcvQ9J2vRW9qVXV2NmNfbXM/view?usp=sharing</a></p>	
<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	<p>Compliant</p>		
<b>Supplement to Recommendations 2.7</b>			

<p>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.</p>	<p>Non-Compliant</p>		<p>The Board does not define a threshold for disclosure and approval of RPTs. The Board evaluates RPT transactions on a case-to-case basis to ensure that it does not pose a significant risk to the Company and influence its decision.</p>
<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.</p>	<p>Non-Compliant</p>		<p>The Board believes that the lack of a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings does not pose a significant risk to the Company.</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>	<p>Compliant</p>	<p>Website: see page 16 of Revised Manual on Corporate Governance of Centro Escolar University</p> <p>In link below  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	

<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 Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>The Company has a performance evaluation instrument to evaluate performance of the managers, department heads. Performance of Top Management is being assessed based on Financials, Budget and Operations Reports.</p>	
<p><b>Recommendation 2.9</b></p>			
<p>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.</p>	<p>Compliant</p>	<p>The Company has a performance evaluation instrument to evaluate performance of the managers, department heads. Performance of Top Management is being assessed based on Financials, Budget and Operations Reports every Board Meetings.</p>	
<p>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.</p>			
<p><b>Recommendation 2.10</b></p>			

1. Board oversees that an appropriate internal control system is in place.	Compliant	<p>Website: see page 11, Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, under 4.1 Audit Committee in link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		
3. Board approves the Internal Audit Charter.	Non-Compliant		The Company has yet to adopt an Internal Audit Charter. Once an Internal Audit Charter is drafted, it will be presented to the Board for its approval.
<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	<p>Website: see Risk Management System in link below</p> <p><a href="http://corporate.ceu.edu.ph/riskmanagement">http://corporate.ceu.edu.ph/riskmanagement</a></p>	



<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	Compliant		
<b>Recommendation 2.12</b>			
<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	Non-Compliant		<p>The Board of director will create the board Charter, currently the board is guided by the Company's Manual on Corporate Governance. The Manual on Corporate Governance also provides and guides directors on how to discharge their functions.</p>
<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	Non-Compliant		<p>The Board has yet to adopt a Board Charter. Currently, the Board is guided by CEU's Manual on Corporate Governance.</p>
<p>3. Board Charter is publicly available and posted on the company's website.</p>	Non-Compliant		<p>Once the Board Charter has been approved, it would be uploaded to the Company's website.</p>
<b>Additional Recommendation to Principle 2</b>			
<p>1. Board has a clear insider trading policy.</p>	Non-Compliant		<p>The Company has yet to adopt a separate insider trading policy. It is currently guided by the rules and regulations on insider training under the law.</p>
<b>Optional: Principle 2</b>			

<p>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.</p>	<p>Non-Compliant</p>	<p>There is no policy on granting loans to directors</p>	<p>There is no policy on granting loans to directors</p>
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>Material transactions approved by the board of directors are disclosed with the PSE and is available on PSE's website: <a href="http://www.edge.pse.com.ph">www.edge.pse.com.ph</a></p>	<p>Material transactions approved by the board of directors are disclosed with the PSE and is available on PSE's website: <a href="http://www.edge.pse.com.ph">www.edge.pse.com.ph</a></p>
<p><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.</p>			
<p><b>Recommendation 3.1</b></p>			
<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>Compliant</p>	<p>Website: see page 10, Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, under 4 Board Committees in link below <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	<p>Website: see page 10, Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, under 4 Board Committees in link below <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>
<p><b>Recommendation 3.2</b></p>			

<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>	<p>Compliant</p>	<p>Website: see page 11, Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017, under 4.1 Audit Committee in link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p> <p>Number 6. of Duties and responsibility of Audit Committees Stated " Organize an internal audit department, and consider the appointment of an independent internal auditor, and the terms and conditions of its engagement and removal."</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>	<p>Compliant</p>	<p>Website: see Sec Filing 17-C Current Report Under Results of organizational meeting held last July 28, 2017 in link below.</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF">http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF</a></p>	

<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>See Website in link below  <a href="http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF">http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF</a>  Page 6 to 11 in link below  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view</a></p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>The Chairman of the Audit Committee, Dr. Emil Q. Javier, is an Independent Director. Please see page 7 in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view</a>  and Certification of Independent Director in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zn/view</a></p>	

**Supplement to Recommendation 3.2**

<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>Compliant</p>	<p>See page 11 to 12 of Audit Committee in link below.  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p> <p>The Audit Committee approves all non-audit services conducted by the external auditor.</p> <p>Website: see page 7 Management's Discussion and Analysis (MD&amp;A) of Definitive Information Statement in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1aZzPmVhsNkdoYTFtCXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1aZzPmVhsNkdoYTFtCXJNQ3ZN/view</a></p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>Compliant</p>	<p>In 2017, The committee met with the External Auditors (SGV) to discuss the result of the Audited Financial Statement for the fiscal year ended March 31, 2017.</p>	
<b>Optional: Recommendation 3.2</b>			
<p>1. Audit Committee meet at least four times during the year.</p>	<p>Non-Complaint</p>	<p>Page 31  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a></p>	<p>Recommendation will be adopted year 2019</p>
<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>		

<b>Recommendation 3.3</b>		
<p>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.</p>	Non-compliant	<p>The Board has not yet established a separate Corporate Governance Committee. At present, the BOD itself handles the performance of corporate governance responsibilities. The functions of the Nomination and Remuneration Committee are retained by said committee.</p>
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	Non-compliant	<p>The Board has not yet established a separate Corporate Governance Committee. At present, the BOD itself handles the performance of corporate governance responsibilities.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	Non-compliant	<p>The Board has not yet established a separate Corporate Governance Committee. At present, the BOD itself handles the performance of corporate governance responsibilities.</p>
<b>Optional: Recommendation 3.3.</b>		
<p>1. Corporate Governance Committee meet at least twice during the year.</p>	Non-compliant	<p>The Board has not yet established a separate Corporate Governance Committee. At present, the BOD itself handles the performance of corporate governance responsibilities.</p>
<b>Recommendation 3.4</b>		

<p>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.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate BROC. At present, the functions of a BROC are handled by the BOD itself.</p>
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate BROC. At present, the functions of a BROC are handled by the BOD itself.</p>
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate BROC. At present, the functions of a BROC are handled by the BOD itself.</p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate BROC. At present, the functions of a BROC are handled by the BOD itself.</p>
<p><b>Recommendation 3.5</b></p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate RPT Committee. At present, the functions of an RPT Committee are handled by the BOD itself.</p>

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Non-compliant</p>		<p>The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate RPT Committee. At present, the functions of an RPT Committee are handled by the BOD itself.</p>
<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>Non-compliant</p>		<p>The Committees are deliberating on the Charters to be adopted by each respective committee. Once approved by the Board, these will be uploaded to the Company's website.</p>
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Non-compliant</p>		<p>The Committees are deliberating on the Charters to be adopted by each respective committee. Once approved by the Board, these will be uploaded to the Company's website.</p>
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Non-compliant</p>		<p>The Committees are deliberating on the Charters to be adopted by each respective committee. Once approved by the Board, these will be uploaded to the Company's website.</p>
<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.</p>			
<p><b>Recommendation 4.1</b></p>			



<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>	Compliant	<p>Meetings of the Board, Committees and shareholders are conducted in person. Directors attend and discuss matters provided in the agenda of the respective meetings.</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	Compliant		<p>The Board of directors review all materials of current Committee meetings</p>
<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	Compliant	<p>Directors ask questions or seek clarification/explanation on matters discussed during the Board and Committee meetings. These are included in the minutes of meetings.</p>	
<b>Recommendation 4.2</b>			
<p>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 proposals/views, and oversee the long-term strategy of the company.</p>	Compliant	<p>Website: see pages 37 to 39, Annual Report  <a href="https://drive.google.com/file/d/0BwplVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwplVLcvQ912vRW9qVXV2NmNfbXM/view</a>  The company does not have a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p>	
<b>Recommendation 4.3</b>			
<p>1. The directors notify the company's board before accepting a directorship in another company.</p>	Compliant		
<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		
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant		
3. Board of directors meet at least six times during the year.	Compliant	Board meetings are scheduled every last Friday of the month. See page 24, latest ACGR in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a>	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Non-compliant	Minimum quorum for board decisions is a majority.	

**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs  
**Recommendation 5.1**

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>Non-Compliant</p>	<p>see website in link below:  <a href="http://corporate.ceu.edu.ph/static/files/CEU%20Annual%20Stockholder%2007262016.PDF">http://corporate.ceu.edu.ph/static/files/CEU%20Annual%20Stockholder%2007262016.PDF</a></p> <p>The University has two (2) independent directors in compliance with its Articles of Incorporation, Manual on Corporate Governance, the Implementing Rules of the Securities Regulation Code and the Revised Code in Corporate Governance. The University complies with the minimum requirement under the relevant regulation.</p>	<p>The Board believes that having two (2) independent directors does not affect the exercise of independent judgment on corporation and proper oversight of managerial performance.</p>
<p><b>Recommendation 5.2</b></p>			
<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>See SEC 20-IS - Certification of Independent Director in link below.  <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1a2ZpMVhsNkdoYTfTcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1a2ZpMVhsNkdoYTfTcXJNG3ZN/view</a></p> <p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p>	
<p><b>Supplement to Recommendation 5.2</b></p>			

<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	Compliant	<p>See page 6, Definitive Information Statement in link below.  <a href="https://drive.google.com/file/d/0BwPVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwPVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view</a></p>	
<b>Recommendation 5.3</b>			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	Compliant	<p>See page 7, Definitive Information Statement in link below.  <a href="https://drive.google.com/file/d/0BwPVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwPVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view</a></p> <p>See page 4, latest ACGR in link below.  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a></p>	
<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	compliant		<p>The company complies with SEC Memorandum Circular No. 4 Series of 2017 regarding the term limit of independent directors.</p>
<p>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.</p>	Compliant	<p>There is no independent director that is retained as an independent director after nine years.</p>	
<b>Recommendation 5.4</b>			

<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Compliant</p>	<p>Chairman – Basilio C. Yap  President &amp; Chief Academic Office -  Ma. Cristina D. Padolina</p> <p>See link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF">http://corporate.ceu.edu.ph/static/media/CEUOrgMeeting7282017.PDF</a></p>	
<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>Compliant</p>	<p>Please see page 14 link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p> <p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p>	
<b>Recommendation 5.5</b>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>Non-Compliant</p>		<p>The Board will designate a lead director in the organizational meeting after this year's annual stockholders' meeting.</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	There were no transactions involving directors with material interest in a transaction affecting the corporation.	
<b>Recommendation 5.7</b>			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
2. The meetings are chaired by the lead independent director.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Optional: Principle 5</b>			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	The corporation does not have a CEO.	
<b>Principle 6: 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.</b>			
<b>Recommendation 6.1</b>			
1. Board conducts an annual self-assessment of its performance as a whole.		Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			

5. Every three years, the assessments are supported by an external facilitator.		Identify the external facilitator and provide proof of use of an external facilitator.	
<b>Recommendation 6.2</b>			
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.		Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders	
2. The system allows for a feedback mechanism from the shareholders.			
<b>Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</b>			
<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	See link below <a href="http://corporate.ceu.edu.ph/codeofbusiness">http://corporate.ceu.edu.ph/codeofbusiness</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees. See link below	
3. The Code is disclosed and made available to the public through the company website.	Compliant	<a href="http://corporate.ceu.edu.ph/codeofbusiness">http://corporate.ceu.edu.ph/codeofbusiness</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	See link below <a href="http://corporate.ceu.edu.ph/codeofbusiness">http://corporate.ceu.edu.ph/codeofbusiness</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.		Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.		Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
<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	Disclosures are uploaded to the PSE's EDGE System and uploaded to the company's website: <a href="http://www.corporate.ceu.edu.ph">www.corporate.ceu.edu.ph</a>	
<b>Supplement to Recommendations 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	SEC Form 17-A Within 105 days While the quarterly report are within 45 days	
<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	See pages 45 to 47, Annual Report, Item 11. Security Ownership of Certain Beneficial Owners and Management in link below. <a href="https://drive.google.com/file/d/0BwvpYLcvQ912yRW9qVXV2NmNfbXM/vie">https://drive.google.com/file/d/0BwvpYLcvQ912yRW9qVXV2NmNfbXM/vie</a>	
<b>Recommendation 8.2</b>			
<p>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.</p>	Non-Compliant		The Company will adopt a policy requiring all directors and officers to disclose/report to the Company any dealings in the company's shares within three (3) business days).
<p>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.</p>			
<b>Supplement to Recommendation 8.2</b>			

<p>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 market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>Any trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders are disclosed to the SEC using SEC Form 23-A or 23-B, as the case may be, and to the PSE using the EDGE System (<a href="http://www.edge.pse.com.ph">www.edge.pse.com.ph</a>) and in the Corporation's website in link below.</p> <p><a href="http://corporate.ceu.edu.ph/secfilings">http://corporate.ceu.edu.ph/secfilings</a></p>	
<b>Recommendation 8.3</b>			
<p>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.</p>	<p>Compliant</p>	<p>Material information on individual board members are disclosed in pages 6 to 9 of the Definitive Information Statement</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view</a></p> <p>and pages 37 to 39 in the Annual Report</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwpVLcvQ912vRW9qVXV2NmNfbXM/view</a></p>	

<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>Compliant</p>	<p>Material information on key executives are disclosed in pages 9 to 11 of the Definitive Information Statement</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ9J2yNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ9J2yNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNQ3ZN/view</a></p> <p>and pages 39 to 40 in the Annual Report</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ9J2yRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwpVLcvQ9J2yRW9qVXV2NmNfbXM/view</a></p>	
<b>Recommendation 8.4</b>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>Non-Compliant</p>		<p>The company will consider adopting this recommendation for the year 2019</p>
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Non-Compliant</p>		<p>The company will consider adopting this recommendation for the year 2019</p>

<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Non-Compliant</p>		<p>The remuneration of the President and the five (5) most highly compensated executive officers are shown on page 13 of the Definitive Information Statement in link below.</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFIcXJNQ3Zl/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFIcXJNQ3Zl/view</a></p>
<b>Recommendation 8.5</b>			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>See Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 in link below.</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>RPTs are disclosed in page 47 of the Annual Report and in Note 21 of the Notes to Financial Statements</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwpVLcvQ912vRW9qVXV2NmNfbXM/view</a></p>	
<b>Supplement to Recommendation 8.5</b>			
<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>		<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</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 arms' length.		Provide link or reference where this is disclosed, if any	
<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 acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Material facts or events are promptly disclosed with the PSE in link below. <a href="http://www.edge.pse.com.ph">www.edge.pse.com.ph</a>	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Non-Compliant		To date, there is no material transaction which will require the evaluation of the fairness of the transaction price.
<b>Supplement to Recommendation 8.6</b>			
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	See page 6 of the Definitive Information Statement in link below. <a href="https://drive.google.com/file/d/0BwpVLcvQ912VNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912VNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view</a>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		

3. Company's MCG is posted on its company website.	Compliant	<a href="#">AL-05312017.pdf</a>	
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	There is no change in the Company's corporate governance practices.	
<b>Optional: Principle 8</b>			
1. Does the company's Annual Report disclose the following information:		Website: See SEC filing	
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant	Page 31 to 32 of Key performance indicator	
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors	Compliant		

<p>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.</p>	Compliant	<p>See page 48 of the Annual Report in link below.  <a href="https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view</a></p>	
<p>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.</p>	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<p>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.</p>	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<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).</p>	Compliant	<p>See page 27 of the Annual Report in link below.  <a href="https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view</a></p>	

**Principle 9:** 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.

**Recommendation 9.1**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>Compliant</p>	<p>See Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p>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.</p>	<p>Compliant</p>	<p>Minutes of Stockholders Meeting <a href="http://corporate.ceu.edu.ph/static/files/CEUASMMminutes07252017.PDF">http://corporate.ceu.edu.ph/static/files/CEUASMMminutes07252017.PDF</a></p>	
<p>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.</p>	<p>Compliant</p>	<p>Website: see page 14, Definitive Information Statement 2017 or SEC 20-IS under Item 7. Independent Public Accountants in link below. <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1a2ZpMVhsNkdoYTFtcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDq4azhWTUU1a2ZpMVhsNkdoYTFtcXJNG3ZN/view</a></p> <p>There was no change in or disagreement with the external auditor on accounting and financial disclosure</p>	

**Supplement to Recommendation 9.1**



<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>Compliant</p>	<p>Website: see page 14, Definitive Information Statement 2017 or SEC 20-IS under Item 7. Independent Public Accountants in link below.</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zl/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFtcXJNQ3Zl/view</a></p>	
<p><b>Recommendation 9.2</b></p>			
<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>	<p>Non-Compliant</p>		<p>The Company is drafting the Audit Committee Charter</p>
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>Non-Compliant</p>		<p>The Company is drafting the Audit Committee Charter</p>
<p><b>Supplement to Recommendations 9.2</b></p>			

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.	Non Compliant		The Company is drafting the Audit Committee Charter
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Non Compliant		The Company is drafting the Audit Committee Charter
<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	There are no non-audit services performed by the Company's external auditor	
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.	Compliant	See page 19, Revised Manual on Corporate Governance of Centro Escorial University May 31, 2017 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a>	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.		See page 36, Annual Report in link below. <a href="https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view">https://drive.google.com/file/d/0BwPVLcvQ912vRW9qVXV2NmNfbXM/view</a>	

<b>Additional Recommendation to Principle 9</b>		
1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	Provide information on company's external auditor, such as:  1. Sycip Gorres Velayo & Co Abarca, Josephine Adrienne A. 0466-AR-3 2. 09-Feb-2016 3. 08-Feb-2019 4. <b>Josephine Adrienne A Abarca</b> 6760 Ayala Ave., Makati City, Philippines <u><a href="tel:+6328948317">+632 894-8317</a></u>  Please see link below in the website of SEC.  <u><a href="http://www.sec.gov.ph/wp-content/uploads/2018/03/2018OGAFeb_Grp-A_EA.pdf">http://www.sec.gov.ph/wp-content/uploads/2018/03/2018OGAFeb_Grp-A_EA.pdf</a></u>
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).		Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.		
<b>Recommendation 10.1</b>		

<p>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 (ESG) issues of its business, which underpin sustainability.</p>	<p>Compliant</p>	<p>CEU complies with environmental laws. Its buildings are inspected regularly by the Office of the Mayor of Manila for sanitation and other safety measures, and the University pays the corresponding regulatory fees.</p> <p>page 25 of SEC 17-A 2017 in link below</p> <p><a href="https://drive.google.com/file/d/0BwvpVLcvQ912vRW9qVXV2NmNfbXM/view?usp=sharing">https://drive.google.com/file/d/0BwvpVLcvQ912vRW9qVXV2NmNfbXM/view?usp=sharing</a></p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>Compliant</p>	<p>Pages 4-15</p> <p><a href="https://drive.google.com/file/d/0BwvpVLcvQ912vRW9qVXV2NmNfbXM/view?usp=sharing">https://drive.google.com/file/d/0BwvpVLcvQ912vRW9qVXV2NmNfbXM/view?usp=sharing</a></p>	

**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**

<p>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.</p>	<p>Compliant</p>	<p>The company has no media and analysts' briefings.</p> <p>Currently, the Company's medium of communication are:</p> <p>Company Website E-mail Telephone/Fax Posting/Mail News Release</p> <p>Website Link: <a href="http://corporate.ceu.edu.ph/secfilings">http://corporate.ceu.edu.ph/secfilings</a></p>	
<b>Supplemental to Principle 11</b>			
<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>Compliant</p>	<p>Please see link below <a href="http://corporate.ceu.edu.ph/">http://corporate.ceu.edu.ph/</a></p>	
<p>a. Financial statements/reports (latest quarterly)</p>	<p>Compliant</p>		
<p>b. Materials provided in briefings to analysts and media</p>	<p>Non-Compliant</p>		
<p>c. Downloadable annual report</p>	<p>Compliant</p>		
<p>d. Notice of ASM and/or SSM</p>	<p>Compliant</p>		
<p>e. Minutes of ASM and/or SSM</p>	<p>Compliant</p>	<p>The company will consider adopting this recommendation for the year 2019</p>	

f. Company's Articles of Incorporation and By-Laws	Compliant		
<b>Additional Recommendation to Principle 11</b>			
1. Company complies with SEC-prescribed website template.	Compliant		
<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.		The University has an adequate and effective internal control system in the conduct of its business.  Page 37	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	Page 34 <a href="http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20ACGR%202016.pdf</a>	

<b>Supplement to Recommendations 12.1</b>			
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.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Optional: Recommendation 12.1</b>			
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.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Recommendation 12.2</b>			
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.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Recommendation 12.3</b>			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
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.	Non-Compliant		The company will consider adopting this recommendation for the year 2019

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Recommendation 12.4</b>			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Non-Compliant		The Board believes that the Company's size, risk profile and complexity of operations does not require the establishment of a separate risk management function to identify, assess and monitor key risk exposures.
<b>Supplement to Recommendation 12.4</b>			
1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	Identify source of external technical support, if any.  This is not applicable since the Board believes that there are sufficient resources available internally for risk management.	
<b>Recommendation 12.5</b>			
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).	Non-Compliant		The company will consider adopting this recommendation for the year 2019
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<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.	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<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	See pages 19 to 22. Revised Manual on Corporate Governance of Centro Escolar University, 11. Stockholders' Benefits and Rights and Protection of Minority Interest in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	See Revised Manual on Corporate Governance of Centro Escolar University in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant		
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	CEU has 372,414,400 outstanding common shares which is listed with the PSE.	

<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>Compliant</p>	<p>See page 15, Revised Manual on Corporate Governance of Centro Escolar University, Item 19. Voting Procedures in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	<p>The company will consider adopting this recommendation for the year 2019</p>
<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.</p>	<p>Non-Compliant</p>		
<p>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.</p>	<p>Compliant</p>	<p>Section 2, Article I of CEU's By-laws provide that stockholders owning at least one-fourth (1/4) of the subscribed capital stock of the University may call a special shareholders' meeting.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>Compliant</p>	<p>See pages 19 to 22, Revised Manual on Corporate Governance of Centro Escolar University, 11. Stockholders' Benefits and Rights and Protection of Minority Interest in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	

7. Company has a transparent and specific dividend policy.	Compliant	<p>Website: see Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017</p> <p>Under 11.1 Rights of Stockholders Number 5 in link below</p> <p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	
<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	<p>SGV &amp; Co. assisted in the counting of votes at the Annual Shareholders' Meeting.</p> <p>Website: see page 15, Definitive Information Statement 2017 or SEC 20-IS under Item 19. Voting Procedures in link below.</p> <p><a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDa4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDa4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view</a></p>	
<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	Website: see Agenda included in the Definitive Information Statement 2017 or SEC 20-IS in link below. <a href="https://drive.google.com/file/d/0BwplVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view">https://drive.google.com/file/d/0BwplVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view</a>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Website: see Notice of Stockholder s' meeting in link below <a href="http://corporate.ceu.edu.ph/static/media/CEU%20Notice%20ofStockholdersmeeting2017.PDF">http://corporate.ceu.edu.ph/static/media/CEU%20Notice%20ofStockholdersmeeting2017.PDF</a>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Website: see Definite Information Statement 2017 under Item 5 Directors and Executive Officers in link below <a href="https://drive.google.com/file/d/0BwplVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view">https://drive.google.com/file/d/0BwplVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYTFTcXJNG3ZN/view</a>	
b. Auditors seeking appointment/re-appointment	Compliant	Website: see link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20Notice%20ofStockholdersmeeting2017.PDF">http://corporate.ceu.edu.ph/static/media/CEU%20Notice%20ofStockholdersmeeting2017.PDF</a>	
c. Proxy documents	Compliant		Sample
<b>Optional: Recommendation 13.2</b>			

1. Company provides rationale for the agenda items for the annual stockholders meeting	Non-Compliant		The company will consider adopting this recommendation for the year 2019
<b>Recommendation 13.3</b>			
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	Results of the Annual Stockholders' Meeting is disclosed and made publicly available the next working day through the PSE EDGE System <a href="http://edge.pse.com.ph">edge.pse.com.ph</a>	
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	Website: see Minutes of Stockholders' Meeting in link Below. <a href="http://corporate.ceu.edu.ph/Minutes">http://corporate.ceu.edu.ph/Minutes</a>	
<b>Supplement to Recommendation 13.3</b>			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Website: see page 14, Definitive Information Statement 2017 or SEC 20-IS under Item 7. Independent Public Accountants in link below. <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYtFTcXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDg4azhWTUU1a2ZpMVhsNkdoYtFTcXJNQ3ZN/view</a> SGV partner: Abarca, Josephine Adrienne A.	
<b>Recommendation 13.4</b>			

<p>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.</p>	<p>Compliant</p>	<p>See Revised Manual on Corporate Governance of Centro Escolar University May 31, 2017 in link below. <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p><a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance%20AL-05312017.pdf</a></p>	
<p><b>Recommendation 13.5</b></p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name: Cesar F. Tan 2. Tel. Number: 7356861 loc 202 3 Fax Number: 735596 4. E-mail address : cftan@ceu.edu.ph</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>Compliant</p>	<p>The IRO was present during the ASM</p>	
<p><b>Supplemental Recommendations to Principle 13</b></p>			
<p>1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group</p>	<p>Non-Compliant</p>		<p>The company will consider adopting this recommendation for the year 2019</p>

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Non-Compliant	Pursuant to the Amended Rule on Public ownership, the University has a public float of 26.73% as of December 31, 2017.	
<b>Optional: Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Basic shareholder right are disclosed in the Company's Manual on Corporate Governance  Pages 19-20  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20Qn%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20Qn%20Corporate%20Governance_FIN_AL-05312017.pdf</a>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Non-Compliant	There is no electronic voting for those Absent during stockholders meeting But if the stockholder cannot attend the meeting personally he/she may designate representative by submitting a PROXY instrument in accordance with Section 58 of Corporation Code.  Please see link below <a href="https://drive.google.com/file/d/0BwpVLcvQ912vNDG4azhWTUU1a2ZpMVhsNkdoYTFtCXJNQ3ZN/view">https://drive.google.com/file/d/0BwpVLcvQ912vNDG4azhWTUU1a2ZpMVhsNkdoYTFtCXJNQ3ZN/view</a>	The company will consider adopting this recommendation for the year 2019
<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>			

<p>1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.</p>	<p>Compliant</p>	<p>Pages 19-21  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	
<p><b>Recommendation 14.2</b></p>			
<p>Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	<p>Compliant</p>	<p>Pages 19-21  <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</a></p>	
<p><b>Recommendation 14.3</b></p>			
<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 Stakeholders may reach the Investor Relations Officer/Compliance Officer to voice their concerns and or complaints for possible violation of their rights.   Contact person: Cesar F. Tan  Phone number: 7356861  E-mail address: cftan@ceu.edu.ph</p>	



<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Non-complaint		The company will consider adopting this recommendation for the year 2019
<b>Additional Recommendations to Principle 14</b>			
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	There were no requests for exemption by the Company.	
2. Company respects intellectual property rights.	Compliant	The Company fully respects any intellectual property rights.	
<b>Optional: Principle 14</b>			
1. Company discloses its policies and practices that address customers' welfare	Compliant	Student welfare is addressed through the Student Handbook and constant dialogue with the student government representatives.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures		Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	

<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	Pages 1-2 <a href="http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf">http://corporate.ceu.edu.ph/static/media/CEU%20New%20Manual%20on%20Corporate%20Governance_FIN_AL-05312017.pdf</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	The company has ranking system and with equivalent increased in remuneration based on annual performance evaluation.	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	CEU campuses have clinics that provide for the welfare of personnel and students.	
3. Company has policies and practices on training and development of its employees.	Compliant	CEU provides Training and development of its employees	
<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	Non-Teaching Personnel and Teaching Personnel Manual	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	CEU provides an Employee Orientation program.	
<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	Non-Teaching Personnel and Teaching Personnel Manual	
<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	Non Compliant	There is no whistleblowing policy.	The company will consider adopting this recommendation for the year 2019
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.	Non Compliant		The company will consider adopting this recommendation for the year 2019
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Non Compliant		The company will consider adopting this recommendation for the year 2019
<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 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.	Compliant	Website: see Corporate Governance under Corporate Social Responsibility in link below <a href="http://corporate.ceu.edu.ph/socialire sponsibility">http://corporate.ceu.edu.ph/socialire sponsibility</a>	
<b>Optional: Principle 16</b>			

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>Website: see the link below  <a href="http://corporate.ceu.edu.ph/socialreponsibility">http://corporate.ceu.edu.ph/socialreponsibility</a></p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>Website: see the link below  <a href="http://corporate.ceu.edu.ph/socialreponsibility">http://corporate.ceu.edu.ph/socialreponsibility</a></p>	

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Manila on May 30, 2018.

SIGNATURES

*Basilio C. Yap*  
**BASILIO C. YAP**  
 Chairman of the Board  
*Emil Q. Javier*  
**EMIL Q. JAVIER**  
 Independent Director

*Cesar F. Tan*  
**CESAR F. TAN**  
 Compliance Officer

*MA. CRISTINA D. PADOLINA*  
**MA. CRISTINA D. PADOLINA**  
 Vice Chairman/President

*(see attached undertaking)*  
**ANGEL C. ALCALA**  
 Independent Director

**SERGIO F. APOSTOL**  
 Corporate Secretary

**SUBSCRIBED AND SWORN to before me this 30<sup>th</sup> day of May 2018, affiants exhibiting to me their government issued IDs, as follows:**

NAME	Government ID	Date Issue	Place Issue
BASILIO C. YAP	Passport No. EC3334678	Feb. 2, 2015	Manila
MA, CRISTINA D. PADOLINA	Passport No. P3754596A	July 22, 2017	DFA, MCR West
EMIL Q. JAVIER	Passport No. P4047095A	Feb. 6, 2016	Manila
ANGEL C. ALCALA	Passport No. EC3866446	Feb. 7, 2015	Manila
CESAR F. TAN	Passport No. EC1088843	May 14, 2014	Manila
SERGIO F. APOSTOL	Passport No. EC7889755	Feb. 6, 2016	Manila

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 Page No. 87  
 Book No. 111  
 Series of 2018.

**ATTY. GARY CAMITAN AURE**

NOTARY PUBLIC, ROLL NO. 60777  
 P.O. No. 108121 issued on Jan. 14, 2015 valid Dec. 31, 2018 Manila  
 REP. License No. 044223 issued on Feb. 2, 2016  
 Commission No. 2018-77 issued on Feb. 23, 2018 valid Dec. 31, 2019 Manila  
 ROLLE No. 14210541 issued on March 1, 2018 valid until April 14, 2019  
 Office Address: Room 205 2F BGC Bldg. Seaside Center San Sebastian St. Ermita, Manila  
 TIN No. 185-335-346





# CENTRO ESCOLAR UNIVERSITY

May 30, 2018

**Assistant Director Rachel Esther J. Gumtang-Remalante**  
Officer-In-Charge, Corporate Governance and Finance Department  
**SECURITIES AND EXCHANGE COMMISSION (SEC)**  
G/F Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City

**SUBJECT: Integrated Annual Corporate Governance Report for the Year 2017  
Centro Escolar University**

Dear Assistant Director Gumtang-Remalante,

In compliance with SEC Memorandum Circular No. 15, Series of 2017, the Company shall submit its Integrated Annual Corporate Governance Report (I-ACGR) on or before May 30, 2018. However, the same will not bear the signature of one of its Independent Directors, Dr. Angel C. Alcala and the signature of the Corporate Secretary Atty. Sergio F. Apostol, since they are out of town in Dumaguete City and Leyte.

We undertake to re-submit the I-ACGR once completely signed.

We are hoping for your kind consideration on this matter. Thank you.

Very truly yours,

  
**CESAR F. TAN**  
Acting Compliance Officer

MANILA AND MALOLOS CAMPUSES



MANILA CAMPUS



MANILA AND MALOLOS CAMPUSES



• CHED Center of Excellence in Teacher Education • CHED Center of Development in Business Education • HIGHEST NUMBER of programs at HIGHEST LEVEL of accreditation, Level IV, by PACUCOA certified by FAAP: Biology, Psychology, Pharmacy, Business Administration, Dentistry, Optometry, Nutrition and Dietetics, Liberal Arts (Mass Communication and Political Science), Education, and Medical Technology