



SEC FORM-ACGR (FOR PC/RI)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

1. For the year: 2022
2. SEC Registration Number: 0000002023
3. BIR Tax Identification Number: 000-508-844-000
4. Exact Name of the Issuer as specified in its charter: UNIVERSITY OF THE EAST
5. Province, Country or other jurisdiction of incorporation or organization:
Manila, Philippines
6. Address of Principal Office: 2219 C. M. Recto Avenue, Barangay. 404,
Zone 41, Sampaloc, City of Manila
7. Postal Code: 1008
8. Issuer's telephone number, including area code: +63-2-8735-5471
9. Former name, former address, and former fiscal year, if changed since last report: N.A.
10. Industry Classification Code (For SEC's use only)

ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS			
RECOMMENDATION	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
THE BOARD'S GOVERNANCE RESPONSIBILITIES			
Principle 1. ESTABLISHING A COMPETENT BOARD			
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 growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.			
Recommendation 1.1			
1	COMPLIANT	<i>The UE Board is composed of the following:</i>	
		<i>Chairman & CEO LUCIO C. TAN, Businessman/Educator</i>	
		<i>Vice Chairman DAVID O. CHUA, Businessman/Educator</i>	
2	COMPLIANT	<i>*ZOSIMO M. BATTAD, Educator/Agripreneur</i>	
		<i>**JAIME J. BAUTISTA, CPA/Businessman</i>	
3	COMPLIANT	<i>***LUCAS P. BERSAMIN, Former Supreme Court Chief Justice</i>	
		<i>CORAZON DE LA PAZ-BERNARDO, CPA/Auditor</i>	
		<i>*FE C. ENRILE-BACSA, Physician/Educator</i>	
		<i>ESTER A. GARCIA, Educator/Former CHED Chairman</i>	
		<i>RAMON B MAGSAYSAY JR., Educator/Former Senator</i>	
		<i>JUANITA T. TAN LEE, CPA/Businesswoman</i>	
		<i>VIVIENNE K. TAN, Businesswoman/Educator</i>	
		<i>DANTE O. TINGA, Former Supreme Court Justice</i>	
		<i>WILSON T. YOUNG, CPA/Businessman.</i>	
		<i>Their qualifications and managerial & business experiences are contained in the Information Statement submitted to the SEC and stockholders.</i>	
		<i>*Elected as Board Member on 25 October 2022.</i>	
		<i>**Served as Board Member until June 2022.</i>	
		<i>***Served as Board Member until September 2022.</i>	
Recommendation 1.2			
1	COMPLIANT	<i>Dr. Lucio C. Tan is a Filipino billionaire businessman and educator with interests in banking, airline, real estate industries, beverages, and education. He has been involved in various social responsible</i>	

			<p>programs and has benevolent personal philanthropy works, particularly in the academic sector.</p> <p>https://en.wikipedia.org/wiki/Lucio_Tan</p>	
Recommendation 1.3				
1	The company provides a policy on training of directors.	COMPLIANT	<p>As provided under Article 14 of the 2020 UE Amended Manual on Corporate Governance, a director is required to attend a seminar on corporate governance conducted by a recognized private or government institute.</p> <p>The Board Members attended a webinar entitled “Key Developments in the Code of Corporate Governance, Enterprise Risk Management and Business Continuity Management” conducted by SGV. on 14 September 2022.</p>	
2	The company has an orientation program for first-time directors.	COMPLIANT		
3	The company has relevant annual continuing training for all directors.	COMPLIANT		
Recommendation 1.4				
1	The Board has a policy on board diversity.	NON-COMPLIANT		<p>To discourage group thinking, the Board ensures the efficiency of collective decision making and optimal problem solving. The Board is composed of 6 male and 5 female members, with their ages ranging from 54 years old as the youngest and 88 years old as the oldest.</p>
Recommendation 1.5				
1	The Board is assisted by a Corporate Secretary.	COMPLIANT	<p>During the Organization Meeting of the Board on 08 November 2022, Mr. Divinofiel E. Jaras was elected as Corporate Secretary. Mr. Jaras is the University’s Corporate Secretary since 1990.</p>	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	NON-COMPLIANT		<p>During the Organization Meeting of the Board, Mr. Divinofiel E. Jaras was elected as Corporate Secretary and at the same time as Compliance Officer. He conscientiously performed both the duties and responsibilities of the Corporate Secretary and Compliance Officer as provided in the UE By-Laws and Manual on Corporate Governance.</p>

3	The Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	<i>The Corporate Secretary is not a member of the Board.</i>	
4	The Corporate Secretary attends annual training/s on corporate governance.	COMPLIANT	<i>The Corporate Secretary attended a webinar on Corporate Governance conducted by SGV on 14 September 2022.</i>	
Recommendation 1.6				
1	The Board is assisted by a Compliance Officer.	COMPLIANT	<i>The Corporate Secretary, Mr. Divinofiel E. Jaras, was elected by the Board as Compliance Officer.</i> <i>He is not a member of the Board.</i>	
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3	The Compliance Officer is not a member of the board.	COMPLIANT		
4	The Compliance Officer attends annual training/s on corporate governance.	COMPLIANT	<i>The Compliance Officer attended a webinar on Corporate Governance conducted by SGV on 14 September 2022.</i>	
Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD				
The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company's articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.				
Recommendation 2.1				
1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	COMPLIANT	<i>The Board exercises sound judgement and decision-making for the best interest of the University and its stockholders/stakeholders as specified in Article IX of the University's Amended By-Laws.</i> https://www.ue.edu.ph/mla/by-laws/	
Recommendation 2.2				
1	The Board oversees the development and approval of the company's business objectives and strategy.	COMPLIANT	<i>The Board exercises sound judgement and decision-making for the best interest of the University and its stockholders/stakeholders as specified in Article IX of the University's Amended By-Laws.</i> https://www.ue.edu.ph/mla/by-laws/	
2	The Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<i>The Board Selection and Nomination Committee applies best corporate practices in the selection and nomination of key officers to ensure competent and qualified officers who can add to the continuous and consistent growth of the University.</i>	
2	The Board adopts a policy for the retirement of directors and key officers.	COMPLIANT		

			<i>The University has a standing policy on retirement of its directors, officers, management and rank-and-file employees.</i>		
Recommendation 2.4					
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	COMPLIANT	<i>As provided in its Amended By-Laws, the Academic and Administrative Officers receive competent compensation as may be fixed and determined by the Board, based on the level of their duties and responsibilities for the efficient operation of the University.</i>		
2	The Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT			
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		<i>The Board's Compensation Committee formulates the remuneration sufficient to attract and retain the services of qualified officers and directors.</i>	
			<i>The University disallows any officer or director to decide his own remuneration.</i>		
Recommendation 2.5					
1	The Board has a formal and transparent board nomination and election policy.	COMPLIANT	<i>The Board's Nomination Committee, composed of five (5) voting members, one of whom is an independent director, reviews and evaluates the qualifications of all persons nominated to the Board, and assesses the effectiveness of the Board's process and procedures in the election or replacement of directors.</i>		
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT			
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	COMPLIANT		<i>In addition, the Committee pre-screens and shortlist all nominees in accordance with the qualifications and disqualifications set forth in the Manual on Corporate Governance, the Revised Corporation Code of the Philippines and the Securities Regulation Code.</i>	
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	COMPLIANT			
5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	COMPLIANT			
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	COMPLIANT			
Recommendation 2.6					
1	The Board has overall responsibility in ensuring that there is a policy and system governing	COMPLIANT	<i>All officers and members of the Board always observe the conduct of fair business transactions with the University and ensure that his personal interest does not conflict with the interest of the University.</i>		

	related party transactions (RPTs) and other unusual or infrequently occurring transactions.		<i>Through its Full Business Interest Disclosure form as part of the pre-employment requirements, all incoming officers and directors are compelled to declare under the penalty of perjury all their existing business interest that may directly or indirectly conflict against the performance of their duties and responsibilities in the University.</i>	
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
Recommendation 2.7				
1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	COMPLIANT	<i>The Board, through its Selection and Nomination Committee, ensures that the most qualified and fitted individual is appointed for the position.</i>	
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	COMPLIANT	<i>The Manual on Corporate Governance provides for the implementation of the internal self-rating system that measures the performance of the Board and management in accordance with University policies.</i>	
Recommendation 2.8				
1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	COMPLIANT	<i>The University has a performance evaluation system that includes standards or criteria for assessment and submission of its results to management every six months.</i>	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.9				
1	The Board ensures that an appropriate internal control system is in place.	COMPLIANT	<i>The Board's Audit Committee, as provided in the Manual on Corporate Governance, performs oversight functions over the University's</i>	

2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	COMPLIANT	<i>internal control, audit process and monitoring compliance with applicable laws, rules and regulations.</i>	
3	The Board adopts an Internal Audit Charter.	COMPLIANT	<i>The University adopted its Internal Audit Charter which was approved by the Board's Audit Committee.</i> https://www.ue.edu.ph/mla/internal-audit-charter/	
Recommendation 2.10				
1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	<i>The Board's Risk Management Committee advises the Board on possible internal and external risk exposures and workable strategies for overcoming such risks.</i>	
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.	COMPLIANT	<i>The Board's Risk Management Committee advises the Board on possible internal and external risk exposures and workable strategies for overcoming such risks.</i>	
Recommendation 2.11				
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	COMPLIANT	<i>The Board Charter is included in the University's Manual on Corporate Governance. It serves as guide for the Directors in the performance of their responsibilities, duties and functions. It is publicly available through the UE website.</i> https://www.ue.edu.ph/mla/manual-on-corporate-governance/	
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	COMPLIANT		
3	The Board Charter is publicly available.	COMPLIANT		
Principle 3. ESTABLISHING BOARD COMMITTEES				
The 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, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.				
Recommendation 3.1				
1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	<i>The University's Board Committees have been established to assist in complying with the principles of good corporate governance.</i>	

Recommendation 3.2				
1	The 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.	COMPLIANT	<i>The Board Audit Committee provides oversight functions over the University's financial reporting, internal control system, internal and external audit process and monitoring compliance with applicable laws and regulations and internal policies.</i>	
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	NON-COMPLIANT		<i>The Audit Committee is composed of five (5) members, with only two (2) Independent Directors including the Chairperson.</i> <i>The Committee ensures an effective and efficient internal control framework.</i>
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	<i>The members of the Audit Committee are: Corazon S. de la Paz-Bernardo, Chair, Auditor, Independent Trustee Fe C. Enrile-Bacsal, Businesswoman, Independent Trustee David O. Chua, Businessman/Financial Analyst Vivienne K. Tan, Entrepreneur/Financial Analyst Wilson T. Young, CPA/Auditor</i>	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	NON-COMPLIANT		<i>Aside from being the Audit Committee Chairman, Corazon S. de la Paz-Bernardo was elected by the Board as Chairman of the Board's Selection and Nomination Committee that pre-screens, interviews and nominates qualified and competent officers for unfilled positions.</i>
Recommendation 3.3				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<i>At its Organization Meeting held on 08 November 2022, the Board elected the members of the Corporate Governance Committee tasked to ensure the Organization's compliance with and proper observance of corporate governance principles and practices.</i>	

2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	COMPLIANT	<i>The Corporate Governance Committee is composed of five (5) members chaired by Former Senator Ramon B. Magsaysay, Jr., an independent director. The Committee ensures compliance with the corporate governance principles and objectives.</i>	
Recommendation 3.4				
1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	<i>The Board's Risk Management Committee performs oversight functions to ensure the effectiveness of the University's corporate policies and its operations.</i>	
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	NON-COMPLIANT		<i>The Board's Risk Management Committee is composed of five (5) members chaired by Dr. Ester A. Garcia. She is not an independent director. However, the Committee maintains its functionality and effectiveness.</i>
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	<i>All members of the Risk Management Committee possess the needed skills and experiences to efficiently address and manage possible risks.</i>	
Recommendation 3.5				
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.	COMPLIANT	<i>The Board Committees' Charters are included in the University's Manual on Corporate Governance.</i> https://www.ue.edu.ph/mla/manual-on-corporate-governance/	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	COMPLIANT		

Principle 4. FOSTERING COMMITMENT				
To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.				
Recommendation 4.1				
1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	<i>All Directors attend and participate in all Board meetings in accordance with SEC rules and regulations.</i> <i>The materials for the Board meeting are sent to the members at least one week before the scheduled meeting for their review and study.</i> <i>The Directors have the freeness of speech and to ask questions during all meetings.</i>	
2	The Directors review meeting materials for all Board and Committee meetings.	COMPLIANT		
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT		
Recommendation 4.2				
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	COMPLIANT	<i>The Members of the Board observed the optimum number of directorship in other companies and they do not compromise their capacity to diligently perform their duties and responsibilities as Board members.</i>	
Recommendation 4.3				
1	The Directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<i>All directors are aware of notifying the Board before accepting directorship in other companies.</i>	
Principle 5. REINFORCING BOARD INDEPENDENCE				
The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.				

Recommendation 5.1				
1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	COMPLIANT	<i>The Board is now composed of eleven (11) members with four (4) executive directors and seven (7) non-executive directors who possesses all the necessary qualifications and business experiences.</i>	
Recommendation 5.2				
1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	NON-COMPLIANT		<p><i>The stockholders, at its annual meeting held on 25 October 2022, elected three (3) independent directors.</i></p> <p><i>The Board ensures the exercise of objective and independent judgement on its corporate affairs and proper oversight of managerial performance, including prevention of conflict of interest and balancing of competing demands of the University.</i></p>
Recommendation 5.3				
1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	COMPLIANT	<i>All Independent Directors possesses all the qualifications and none of the disqualifications as declared in the Information Statement submitted to the SEC.</i>	
Recommendation 5.4				
1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	NON-COMPLIANT		<i>The two (2) Independent Directors who have served the maximum term limit were retained and re-elected by the Stockholders at its meeting held on 25 October 2022.</i>
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	COMPLIANT	<i>In view of their exemplary performances and qualifications, and upon recommendation of the Board, the Stockholders, during its Annual Meeting held on 25 October 2022, approved to retain and re-elect Corazon S. de la Paz-Bernardo and Ramon B. Magsaysay, Jr. as Independent Directors of the University for fiscal year 2022-2023.</i>	

Recommendation 5.5				
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	NON-COMPLIANT		<p><i>Dr. Lucio C. Tan is the Chairman of the Board and Chief Executive Officer of the University of the East.</i></p> <p><i>As provided in the University's By-Laws, the Chairman of the Board is also the Chief Executive Officer of the University.</i></p>
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	COMPLIANT	<p><i>The University By-Laws clearly defines the duties and responsibilities of the Chairman of the Board and CEO.</i></p> <p>https://www.ue.edu.ph/mla/by-laws/</p>	
Recommendation 5.6				
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	NON-COMPLIANT		<p><i>While the Chairperson is not an independent director and the Chairman and CEO is held by one person, and the absence of a lead director, the Board encourages expression of independent views and perspectives among its members. It discourages abuse of power and authority and in case of conflict of interests, the best interest of the University is always upheld.</i></p>
Recommendation 5.7				
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the deliberations for the same, and recuse from voting on the approval of transaction.	COMPLIANT	<p><i>The Board upholds the principle of transparency, full disclosure and abstention from participating in deliberations on matters involving personal business/gain.</i></p>	
Recommendation 5.8				
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 directors present.	NON-COMPLIANT		<p><i>The presence of Executive Directors in NEDs meetings is important and needed for purposes of providing working knowledge and advise.</i></p>

2	The meetings are chaired by the lead independent director, if applicable.	NON-COMPLIANT		<i>There is no lead Independent director.</i>
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Principle 6. ASSESSING BOARD PERFORMANCE

The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1	The Board conducts an annual self-assessment of its performance as a whole.	NON-COMPLIANT		<i>The Board has taken steps to formulate an internal self-rating system that will appraise and assess the Board’s performance, individually and as a whole, and the performances of each committees.</i>
2	The Chairperson conducts an annual self-assessment of his performance.	NON-COMPLIANT		
3	The individual members conduct a self-assessment of their performance.	NON-COMPLIANT		
4	Each committee conducts a self-assessment of its performance.	NON-COMPLIANT		

Recommendation 6.2

1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	NON-COMPLIANT		<i>To maintain the high standard of best practices for the University, the Board shall pursue with honesty and integrity in the performance of their duties and responsibilities.</i>
2	The system allows for a feedback mechanism from the shareholders/members.	NON-COMPLIANT		

Principle 7. STRENGTHENING BOARD ETHICS

The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

1	The 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	COMPLIANT	<i>The University adopted a “Code of University of the East” in 1992 and was revised in 2007. It is currently undergoing further revisions before it is uploaded to the University website.</i>	
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	and practices in internal and external dealings of board members.		<i>The members of the Board are fully aware of maintaining professionalism and observing ethical behavior in their transactions within and outside the University and its stakeholders.</i>	
2	The Code is properly disseminated to the members of Board.	COMPLIANT		
3	The Code is disclosed and made available to the public through the company website.	COMPLIANT		
Recommendation 7.2				
1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<i>Supplementary to the University Code, Management issued General Orders on Procedural Rules Governing Disciplinary cases in the University.</i> <i>A number of administrative and legal cases involving violations of the Code have been filed against erring personnel.</i>	
DISCLOSURE AND TRANSPARENCY				
Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES				
The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.				
Recommendation 8.1				
1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	<i>All information about the University's financial condition, results and business operations are contained in the Annual Report which was provided to the Securities and Exchange Commission, shareholders and other stakeholders of the University.</i>	
Recommendation 8.2				
1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	NON-COMPLIANT		<i>Presently, there no existing policy on the matter but the University, through the Office of the Corporate Secretary, maintains the records and closely monitors the University's shares of stock with regard to any dealings of its directors and officers to assure that all stock transactions are in accordance with the SEC guidelines.</i>

Recommendation 8.3				
1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	<i>The University's corporate governance policies, programs and procedures are contained in its Amended Manual on Corporate Governance which was submitted to the Securities and Exchange Commission on 28 September 2020.</i>	
2	The company's MCG is submitted to the SEC.	COMPLIANT		
3	The company's MCG is posted on the company website.	COMPLIANT		https://www.ue.edu.ph/mla/manual-on-corporate-governance/
Recommendation 8.4				
1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	COMPLIANT	<i>The latest Annual Corporate Governance Report (ACGR) of the University will be posted in UE website after submission to the SEC.</i>	
2	The company's ACGR is submitted to the SEC.	COMPLIANT		https://www.ue.edu.ph/mla/annual-corporate-governance-report/
3	The company's ACGR is posted on the company website.	COMPLIANT		
Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY				
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				
1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	COMPLIANT	<i>The Audit Committee ensures that the External Auditor strictly complied with all the provisions of Rule 68 of the Revised Securities Regulation Code and other relevant Auditing standards in the Philippines.</i>	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	COMPLIANT	<i>The appointed independent external auditor for the last seventeen fiscal years, 2006 to 2022, was Sycip Gorres Velayo & Co. (SGV).</i>	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	COMPLIANT	<i>The reappointment of SGV, with the corresponding Audit fees, were recommended by the Audit Committee and approved by the Board.</i>	

Recommendation 9.2				
1	The Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	<i>The Audit Committee's duties and responsibilities are contained in section F of the University's Amended Manual on Corporate Governance.</i> https://www.ue.edu.ph/mla/manual-on-corporate-governance/	
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		
Recommendation 9.3				
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	COMPLIANT	<i>Before the start of every audit, the University's Board Audit Committee reviews, discusses with the external auditor and approves the audit plans which comprise the scope of audit services and related fees.</i> <i>There were no changes in and disagreements with the independent auditor on accounting and financial disclosures.</i>	
2	The 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		
Principle 10. INCREASING FOCUS ON NON-FINANCIAL AND SUSTAINABILITY REPORTING				
The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.				
Recommendation 10.1				
1	The Board has a clear and focused strategy on the disclosure of non-financial information.	COMPLIANT	<i>The University's disclosures on non-financial information, strategic (long-term goals) and operational objectives (short-term goals) are</i>	

2	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	COMPLIANT	included in the Information Statement given to stockholders and submitted to the SEC.
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Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent and timely manner of disseminating relevant information to the public.	COMPLIANT	The University can be reached thru: https://www.ue.edu.ph/mla/
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INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS

Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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 system.

Recommendation 12.1

1	The company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	As provided in the Amended Manual on Corporate Governance, the Management formulates, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the set guidelines of the University.
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	https://www.ue.edu.ph/mla/manual-on-corporate-governance/

Recommendation 12.2

1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	The University maintains an in-house Internal Audit Department that reviews, audits and assesses the efficiency and effectiveness of the internal control system of the University.
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CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS				
Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS				
The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.				
Recommendation 13.1				
1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	<i>Article 7 of the University's Amended Manual on Corporate Governance provides all the shareholders' rights pursuant to the Revised Corporation Code.</i> https://www.ue.edu.ph/mla/manual-on-corporate-governance/	
Recommendation 13.2				
1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	COMPLIANT	<i>The Notice of Annual and Special Stockholders Meeting are sent to the stockholders in their recorded addresses in accordance with the required number of days before the scheduled meeting.</i>	
Recommendation 13.3				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	NON-COMPLIANT		<i>As part of the agenda for the next Annual Stockholders meeting, the stockholders were provided with a copy of the Minutes containing the actions and the results of votes taken during the previous annual and/or special stockholders meeting.</i>
2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	NON-COMPLIANT		<i>The Minutes of the Annual and Special Stockholders Meeting were being submitted for the Stockholders approval before making it available in public.</i>

Recommendation 13.4				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	<p><i>Page 5, 'letter j.', of the UE's Amended Manual on Corporate Governance.</i></p> <p>https://www.ue.edu.ph/mla/manual-on-corporate-governance/</p>	
Recommendation 13.5				
1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	COMPLIANT	<p><i>The Office of the Corporate Secretary is in charge of receiving and answering queries from the stockholders and their heirs regarding their holdings.</i></p> <p><i>The office can be reached through telephone nos.: 8735-8563, Fax: 8735-6972, and e-mail: cs@ue.edu.ph.</i></p>	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	COMPLIANT	<p><i>The Corporate Secretary or his substitute is always present during Special and Annual Stockholders' Meetings.</i></p>	
DUTIES TO STAKEHOLDERS				
Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS				
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.				
Recommendation 14.1				
1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p><i>The Board promotes, maintains and enhances cooperation between its stockholders, students, faculty and employees to the best welfare of all its stakeholders and of the University.</i></p> <p><i>Article 7 of the Amended Manual on Corporate Governance</i></p> <p>https://www.ue.edu.ph/mla/manual-on-corporate-governance/</p>	
Recommendation 14.2				
1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	COMPLIANT	<p><i>Article 4, C.2.e. of the Amended Manual on Corporate Governance.</i></p> <p>https://www.ue.edu.ph/mla/manual-on-corporate-governance/</p>	

Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION			
A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.			
Recommendation 15.1			
1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	<p><i>In recognition of their indispensable role and contribution to its sustainable growth, the University maintains collective bargaining agreements with the faculty association (UEFA) and the employee's association (UEEA).</i></p> <p><i>The University promotes the safety and welfare of its faculty and employees and conducts trainings and development for their continued growth and advancements.</i></p> <p><i>To encourage camaraderie among its personnel, the University conducts regular team-building activities for its faculty and employees.</i></p> <p><i>Article 11 of the Amended Manual on Corporate Governance.</i> https://www.ue.edu.ph/mla/manual-on-corporate-governance/</p>
Recommendation 15.2			
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	COMPLIANT	<i>All regular employees are provided with 'Employees' Manual' that serve as their guide on the proper conduct and ethics within and outside of the University.</i>
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	<i>The University conducts trainings on ethical standards for its employees.</i>
Recommendation 15.3			
1	The Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	COMPLIANT	<i>The University adopted General Order No. 02, series of 2010, containing the Rules and Procedures governing academic and administrative complaints pertaining to offenses committed and filed by the members of the UE community.</i>
2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	<i>Complaints against students are directed to the Student Affairs Office, complaints against faculty are addressed to the College Dean, and complaints against employees' complaints are filed at the Department of Human Resources & Development.</i>

3	The Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The result of the investigation is implemented in accordance with the above-stated general order.	
Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY				
The company should be socially responsible in all its dealings with the communities in which 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.				
Recommendation 16.1				
1	The 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	<p><i>In addition to its Constitutional mandate to provide quality education to students as Higher Education Institution, the University, through its Office of Extension and Community Outreach undertakes to deliver its outreach programs as part of its Corporate Social Responsibility.</i></p> <p>https://www.ue.edu.ph/mla/office-of-extension-and-community-outreach/ https://www.ue.edu.ph/mla/manual-on-corporate-governance/</p>	

Pursuant to the full disclosure requirements of Republic Act No. 8799, otherwise known as the Securities Regulation Code, this Annual Corporate Governance Report for the year 2022, is signed on behalf of the University of the East, by thereunto duly authorized persons listed below, in the City of Manila, on JUNE 27, 2023.

(SGD)

LUCIO C. TAN

Chairman of the Board and
Chief Executive Officer

(SGD)

ZOSIMO M. BATTAD

President & Chief Academic Officer

(SGD)

CORAZON S. DE LA PAZ-BERNARDO

Independent Director

(SGD)

FE C. ENRILE-BACSAL

Independent Director

(SGD)

RAMON B. MAGSAYSAY, Jr.

Independent Director

(SGD)

DIVINOFIEL E. JARAS

Corporate Secretary and Compliance Officer

SUBSCRIBED AND SWORN to before me this JUNE 27, 2023, in the City of Manila, affiants exhibiting to me their competent evidence of identity, as follows:

<u>Name</u>	<u>Tax Identification Number</u>
LUCIO C. TAN	101 011 700
ZOSIMO M. BATTAD	-----
CORAZON S. dela PAZ-BERNARDO	110 070 500
FE C. ENRILE-BACSAL	111 000 000
RAMON B. MAGSAYSAY, Jr.	100 170 100
DIVINOFIEL E. JARAS	-----

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ATTY. ANTONIO G. MALONZO
NOTARY PUBLIC
887 P. Corason St. Sampaloc, Manila
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