

FPH
GOVERNANCE SELF ASSESSMENT FORM
(January 1 to December 31, 2011)

This questionnaire is intended to assess the performance of the Board as a whole, during the period 1 January to 31 December 2011 (CY 2011).

INSTRUCTIONS

Please go over each guide question carefully and assign a number from 1 – 10 [the lowest (1) meaning strongly disagree and the highest (10) meaning strongly agree] which reflects your personal view of the degree of your company's compliance to the following corporate governance mechanisms.

I. THE BOARD

Please rate the performance of the Board based on the following criteria

Guide Questions on the BOARD	Score [1-10]
1) The Board has a policy, with appropriately updated Guidelines, to promote the good corporate values in dealings with clients and other parties. ⁱ	
2) The Board has a sustained program of corporate social responsibility that enhances the good reputation of the corporation before the general public. ⁱⁱ	
3) The Board sets -- and periodically reviews as well as updates -- the corporation's philosophy and mission and vision. ⁱⁱⁱ	
4) The Board annually sets and reviews the corporation's strategic and business plans. ^{iv}	
5) The Board sets and reviews the corporation's financial objectives, plans and actions. ^v	
6) The Board regularly monitors corporate performance against the strategic and business plans, and against annual financial objectives and operating plans/targets. ^{vi}	
7) The Board includes non-financial aspects in its monitoring functions. ^{vii}	
8) The Board has a performance evaluation system in place. ^{viii}	
9) The performance evaluation system includes an evaluation of Board performance itself. ^{ix}	
10) The performance evaluation system is also used to evaluate the performance of top management, and to select, monitor and compensate the CEO and other senior officers. ^x	
11) The Board has a succession plan for the senior management. ^{xi}	
12) The Board reviews and approves all material transactions that are not in the ordinary course of business. ^{xii}	
13) The Board has a formal mechanism to search for and invite independent directors. ^{xiii}	
14) The Board is committed to have a working Board of Directors, whose size and composition would be conducive to active participation of all members. ^{xiv}	
15) The Board has clear guidelines on the amount of time and effort directors spend on board matters. ^{xv}	
Guide Questions on the CHAIRMAN	
1) The Manual for Corporate Governance clearly indicates the main responsibility of the Chairman as being focused on the proper governance of the corporation through the Board of Directors. ^{xvi}	
2) The Chairman ensures an efficient, effective functioning of the Board. ^{xvii}	
3) The Chairman ensures active participation and sufficiently deep professional involvement	

of all members of the Board. ^{xviii}	
4) The Chairman encourages and actively solicits views and opinions of other members of the Board in the process of arriving at a decision. ^{xix}	
5) The Chairman ensures that all members of the Board are given sufficient information to enable them to study issues carefully and responsibly that come up to the Board. ^{xx}	
6) The Chairman allows for, and even encourages, the expression of independent views that may be different from those proposed by top management. ^{xxi}	
Guide Questions on MEMBERS OF THE BOARD	
1) The directors know that as members of the Board they represent the interest of the corporation itself and all shareholders without distinction. ^{xxii}	
2) The directors know that their duty of loyalty to the corporation demand that they always act honestly and in good faith. ^{xxiii}	
3) The directors attend and actively participate, after due and diligent preparation, in Board meetings and other deliberative activities of the Board. ^{xxiv}	
Guide Questions on BOARD MEETINGS	
1) The Board meets to consider various aspects of the annual business plan. ^{xxv}	
2) The Board has a performance evaluation system, which enables it to assess its own governance mechanism and performance. ^{xxvi}	
3) The Board monitors performance and relate actual performance with both the business plan and targets as well as with the strategic plan. ^{xxvii}	
4) The Board assesses the risk of the portfolio the corporation carries. ^{xxviii}	
Guide Questions on BOARD COMMITTEES AND BOARD MATTERS	
1) The Board has a fully functioning Audit Committee, made up mostly of independent directors. ^{xxix}	
2) There is a system of checks and balance in the Executive Committee. ^{xxx}	
3) The compensation structure of directors is fair and adequate in view of the duties and responsibilities assigned to the Board. ^{xxxi}	
4) The compensation structure of directors attracts and retains qualified independent directors. ^{xxxii}	
5) The corporation discloses the philosophy and process used in determining director compensation in its annual statement to all shareholders. ^{xxxiii}	

ⁱ The Corporate Code of Conduct provides the principles and guidelines in the conduct of the business of the company. In addition, pursuant to ISO 9001 requirements, the Treasury and Purchasing Departments have their own respective guidelines/procedure in dealing with our lenders and suppliers. The Administration Group also has guidelines in dealing with third party service providers and suppliers.

ⁱⁱ Corporate Social Responsibility, Corporate Code of Conduct. The company does its corporate social responsibility projects, through HRMG as well as through LGFI, of which it is a member.

ⁱⁱⁱ Section 4.3 of the Manual for Corporate Governance provides, among other things, that the Board determines the corporation's purpose and values, its vision and mission as well as its strategies. The company does these things during the annual budget and performance review sessions. This is also part of the strategic planning session.

^{iv} Ibid.

^v Ibid.

^{vi} Monthly performance reports are rendered to the Board during the monthly regular board meetings. The company also conducts annually its budget and performance review.

^{vii} These are normally threshed out during discussions. These are also taken up during meetings of the Audit and Risk Management Committees.

^{viii} Section 8: Self-Assessment, Manual for Corporate Governance – The Board of Directors shall formulate parameters and periods for assessment of its performance consistent with good corporate governance requirements.

^{ix} Ibid.

^x Section 6.2.1, Manual for Corporate Governance – In matters of compensation and remuneration, the Board shall set a remuneration policy that creates a reward system to recruit, retain and motivate high quality executives and employees; Section 6.2.2, Manual for Corporate Governance – The Compensation and Remuneration Committee has the powers and functions over the compensation and remuneration of the corporate officers other than the Chairman; There is a Compensation & Remuneration for the Chairman's Compensation which sets a remuneration policy for the Chairman/Chief Executive Officer. The company has a performance management system for top management.

^{xi} Section 12 of the Manual for Corporate Governance provides that the company shall adopt, among other things, succession planning for senior management and key positions in the corporation. The Performance Management System (PMS) is linked with succession planning, i.e. identifies successors based on evaluation.

^{xii} The Board holds regular monthly meetings where all material transactions are approved or ratified in case of Executive Committee approval

^{xiii} Section 6.1.4, Manual for Corporate Governance provides for the qualifications of an Independent Director and the method for nomination & election of independent directors. The Nomination and Election Committee meets and discusses the qualifications of nominees. In case of vacancies, the Nomination and Election Committee discusses possible nominees for the Board's consideration.

^{xiv} Article II, Section 1 of the By-laws provides that there are 15 directors. Section 4.5 of the Manual for Corporate Governance provides that the Board will hold monthly regular meetings and may convene for special meetings as may be required by business exigencies. Directors must attend such meetings, either in person or via teleconference or videoconference or by any other technological means as may be allowed by law, except when a justifiable reason prevents his attendance.

^{xv} The Board, as a whole, manages the Corporation. It also carries out other specific functions through committees created with directors as members. Section 4.5 of the Manual for Corporate Governance provides that the Board will hold monthly regular meetings and may convene for special meetings as may be required by business exigencies. Directors must attend such meetings, either in person or via teleconference or videoconference or by any other technological means as may be allowed by law, except when a justifiable reason prevents his attendance. Section 4.6.1 of the Manual for

Corporate Governance provides that a director must exercise sound judgment in accepting other directorships outside the corporation. A director may accept directorships outside the corporation which, in his opinion, does not hinder him from his obligation to diligently perform his duties and functions in the corporation.

^{xvi} Section 9.2 of the Manual for Corporate Governance provides, among other things, that the Chairman should assist in ensuring compliance with the Manual. Section 3.2 of the Manual also provides that the Compliance Officer should submit a report to the Chairman on or before January 30th of the year, or at such time as he may be required, on the extent of the Corporation's compliance with this Manual for the completed year.

^{xvii} Among other things, Section 9.2 of the Manual for Corporate Governance provides that the Chairman, in consultation with the Chief Executive Officer or the President, as the case may be, prepares the agenda of the meetings. The Chairman encourages and seeks the opinion of members, especially on material issues that the company is involved in.

^{xviii} The Chairman encourages an exchange of ideas and opinions on matters for consideration.

^{xix} Ibid.

^{xx} Ibid.

^{xxi} Ibid.

^{xxii} Section 4.2 of the Manual for Corporate Governance provides that it is the Board's duty and responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the corporation.

^{xxiii} Section 4.6.1 of the Manual for Corporate Governance provides that the director's office is one of trust and confidence, that he shall always act in a manner characterized by transparency, accountability and fairness and be guided by best practices. Everybody has attended the seminar on corporate governance.

^{xxiv} Section 4.5. of the Manual mandates the Board to properly discharge Board functions by meeting regularly. The exchange of independent views shall be encouraged and shall be given due consideration and all such meetings shall be duly minuted. Directors are required to devote the necessary time and attention to discharge his duties by attending, and actively participating in, Board meetings. He should also exercise independent judgment.

^{xxv} The company has a mid-year and annual budget meeting.

^{xxvi} The company has a mid-year and annual budget meeting. In addition, monthly performance reports are given to the directors during the monthly regular meetings.

^{xxvii} Ibid.

^{xxviii} Section 4.6.2 of the Manual mandates the Board to identify key risk areas and key performance indicators and monitor these factors with due diligence. Furthermore, the company has a mid-year and annual budget meeting. In addition, monthly performance reports are given to the directors during the monthly regular meetings. The Board has also delegated these functions to the Audit Committee and the Risk Management Committee.

^{xxix} There are 3 independent directors out of 6 directors in the Audit Committee. It is chaired by an independent director. Five members have financial backgrounds and one member provides the legal resource.

^{xxx} One of the members in the Executive Committee is a non-executive director, i.e. not an officer of the company.

^{xxxi} The By-laws provides that the Board may direct the distribution of net earnings arising from the successful operation of the business to the directors and officers. In addition, under Section 6.2.1 of the Manual for Corporate Governance, in matters of compensation and remuneration, the Board shall set a remuneration policy that creates a reward system to recruit, retain and motivate high quality executives and employees. A Compensation and

Remuneration Committee is created to be in charge of studying and recommending an appropriate rewards system pursuant to Section 6.2.3 of the Manual.

^{xxxii} Ibid.

^{xxxiii} While the company discloses this in the Information Statement and Annual Report, the rationale and process is not discussed.