



APPROVED BY THE BOARD

pm 6/16/15

FIRST METRO ASSET MANAGEMENT, INC. (FAMI) AUDIT COMMITTEE CHARTER

Committee Name Audit Committee

Short Name AUDITCOM

Nature Board-Level Committee

Objective To come up with written charter or terms of reference which clearly sets out the AUDITCOM's authority and duties, as well as the reporting relationship with the Board of Directors.

Duties and
Responsibilities Statement of Policy

As an extension of the Board of Directors, the AUDITCOM shall assist the Board of Directors in fulfilling its statutory and fiduciary responsibilities, enhancing shareholder value, and protecting shareholders' interest through (a) effective oversight of outsourced internal and external audit functions, (b) transparency and proper reporting, (c) compliance with laws, rules and regulations; and code of conduct, and (d) adequate and effective internal controls.

Composition and Qualifications

The members of the AUDITCOM are appointed annually by the Board of Directors. It shall be composed of at least three (3) Board members, at least two (2) of whom shall be independent directors, including the Chairman, preferably with accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Company.

Authority

The AUDITCOM shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.

Primary Responsibilities

1. Provide effective oversight of external and outsourced internal audit functions;
2. Ensure transparency and proper reporting with emphasis on the reports' integrity, timeliness and compliance with standards;
3. Ensure compliance with Company policies, and applicable laws, rules and regulations and code of conduct; and

4. Ensure adequate and effective internal controls.

Duties and Responsibilities

1. Effective Oversight of External and Outsourced Internal Audit Functions

- a. Be responsible for the appointment of the internal auditor or outsourcing of internal audit function as well as the independent external auditor and external service providers. In the case of the internal auditor, Management may appoint or outsource the internal auditor subject to the concurrence of the AUDITCOM;
- b. Review the annual plan (including scope and frequency) of the external auditors and the outsourced audit function;
- c. Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- d. Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report;
- e. Receive and review reports of internal/external auditors and other regulatory agencies to monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting, operational and compliance controls, risk management and information technology security on a going-concern basis and communicate the same through-out the Company to ensure that Management is taking appropriate corrective actions in a timely manner in addressing control weaknesses and non-compliance with policies, laws and regulations and other issues identified by the auditors;
- f. Recommend enhancements in the audit processes;
- g. Ensure that the internal auditors shall have free and full access to all the Company's records, properties and personnel relevant to the internal audit activity, and that the outsourced internal audit be given latitude in determining the scope of internal auditing examinations, performing work, and communicating results;
- h. Review annually the AUDITCOM Charter to reassess its adequacy, implement best practices and propose necessary changes thereto;
- i. Conduct a regular performance appraisal of the AUDITCOM and external auditors, and monitor the effectiveness of the outsourced internal audit arrangement;