RFM CORPORATION
AUDIT COMMITTEE CHARTER
(As Revised in January 2020)

1. PURPOSE

There shall be a Committee of the Board called the Audit Committee (or the "Committee"). The Audit Committee shall assist the Board in fulfilling its oversight responsibilities in respect of:

- The integrity of RFM Corporation's ("RFM" or the "Company") financial statements
- RFM's risk management and internal control environment
- RFM's compliance with legal and regulatory requirements and with its code of ethics
- The performance, qualifications and independence of the external auditors
- The performance of the internal audit function

It is the responsibility of the Audit Committee to maintain free and open communication with any member of RFM Management, external auditors and the internal auditors to ensure that all parties are aware of their responsibilities and to discuss any matter that the Committee or any of the foregoing persons or firms believe should be discussed privately

2. COMPOSITION

Upon the recommendation of the Corporate Governance Committee, the Committee shall be composed of at least three (3) members of the Board of Directors, wherein two (2) of whom shall be independent directors, including the Chairman, preferably with accounting, auditing, or related financial management background or experience commensurate with the size, complexity of operations and risk profile of the Company.

The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

3. MEETINGS

- Whenever possible, the Audit Committee shall meet a week before the scheduled board meeting but in no case shall it be less than four times a year.
- All members of the Audit Committee are expected to attend each meeting.
- Meetings of the Audit Committee may be attended by the Finance Head, Controller, Accounting Manager, Corporate Legal Counsel, the lead partner of the external auditors, and other Directors and executives at the invitation of the Committee.
- The Audit Committee may also meet routinely in private sessions with any of the Internal Auditor, the external auditors, and management, or any combination of these.

4. AUTHORITY

The Audit Committee is authorized by the Board to investigate any matter within its terms of reference, using at RFM's expense, resources from within RFM or from external legal, accounting or other advisers as the Audit Committee considers necessary. The Audit Committee is also authorized to seek information from any RFM Director, corporate officer or employee, and from any adviser, agent or representative of RFM, for the purpose of fulfilling its duties and the Board shall, if so requested, direct such persons to cooperate with the Audit Committee.

5. OVERSIGHT RESPONSIBILITIES

The Committee's responsibilities shall include, but not be limited to the following matters, with a view to bringing any relevant issues to the attention of the Board:

The Integrity of RFM's Financial Statements:

- Regular review of RFM's internal and external financial reporting systems and applicable information technology security
- Review of major accounting and reporting issues, including any significant changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, compliance with accounting standards and compliance with recent professional and regulatory tax, legal and regulatory pronouncements, and understand their impact on the Company's financial statements.
- Review of any material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material effect on RFM, its subsidiary companies and related entities.
- Review of RFM's quarterly and annual financial statements
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review of RFM's practices with regard to the release and publication of financial information to the markets.

Risk Management and Internal Control Arrangements:

The Audit Committee shall review RFM's overall control philosophy for risk assessment and risk management, its processes and outcomes specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Company, and crisis management. This function shall include requiring submission from Management of information on risk exposures and risk management activities.

Compliance with Legal and Regulatory Requirements:

The Committee shall review any proposals to amend RFM's Manual of Corporate Governance. The Committee shall review any instances of non-compliance with legal and regulatory requirements that may be brought to its attention by the Corporate Compliance Officer, Controller, Accounting Manager, the Head of Internal Audit, Internal Auditor, the external auditors or any other party and shall review the effectiveness of the system for monitoring compliance and the results of management's investigation and follow-up of any instances of non-compliance. The Committee shall also obtain regular updates from management and company legal counsel regarding compliance matters.

External Auditors' Nomination, Performance, Qualifications and Independence

The Audit Committee is the body responsible for overseeing relations with the external auditors, including specifically:

Appointment, Remuneration and Services

- Nomination of the external auditors for shareholder approval
- Approval of external auditor's remuneration
- Pre-approval of all audit services
- Pre-approval of non-audit services and approval of related disclosures to shareholders
- Review and confirm independence and qualifications of external auditors in relation to audit and non-audit services.

Activities

- Review the external auditor's proposed audit scope and approach
- Review of the external auditors' Report to the Board and management's response
- Resolution of disagreements between the external auditors and management regarding financial reporting
- Review with the external auditors of any audit problems or difficulties, and management's response
- Review the performance of the external auditors
- As necessary, meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately

Internal Audit Function

The Audit Committee shall perform oversight function over RFM's Corporate Audit Division ("IA Activity"). Such function shall include the following:

Performance of IA Activity:

- Review of the IA Activity's Status Reports on Risk Management & Control and actions taken to resolve the issues noted.
- Review and approval of the IA Activity's :
  - ✓ Internal Audit Charter
  - ✓ Annual audit plan, Coverage and Scope of audit
  - ✓ Proposal for Audit Review of major activity outside the plan
  - ✓ IA activity's performance relative to its plan
  - ✓ Organizational structure, budget and resource requirements
- Approve the appointment and replacement of the Internal Audit Manager
- Evaluate the performance of Internal Audit Manager and concur with the annual compensation and salary adjustment.
- As the need arises, meet separately with the Internal Audit Manager to discuss matters that the Audit Committee or the IA Activity believes should be discussed privately.

Enterprise Risk Management

The Audit Committee shall also perform the function of a Board Risk Oversight Committee until such time that a separate Committee is established. . As such, it is responsible for the oversight of the company's Enterprise Risk Management system to ensure its functionality and effectiveness.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Provide an open avenue of communication between internal audit, the external auditors and the board of directors. However, it shall ensure that the external and internal auditors act independently of each other.
- Review any other reports the company issues that relate to committee responsibilities.

6. REPORTING, SELF-ASSESSMENT AND PERFORMANCE EVALUATION

- The Audit Committee shall report the outcome of all its meetings to the Board. The Secretary will prepare minutes of all meetings of the Audit Committee and these shall be promptly circulated to the Board.
- The Audit Committee shall review and confirm that all the responsibilities set out in the current Terms of Reference have been carried out.
- The Audit Committee shall review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- The Audit Committee shall assess its performance on an annual basis through a self-assessment worksheet which shall be validated by the Company's Compliance Officer. The entire assessment process should be documented and should form part of the records of the Company from time to time.

7. ANNUAL STOCKHOLDER'S MEETING

At least one member of the Audit Committee shall attend the RFM Annual Stockholder's Meeting or other special stockholder's meeting to answer any questions referred to him/her by the Chairman.

Approved by:

Ms. Lilia R. Bautista
Chairman, Audit Committee

Noted by:



Mr. Jose S. Concepcion, Jr.
Chairman, Board of Directors