



## Audit Committee

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF FABRINET

Adopted by the Board of Directors of Fabrinet on January 25, 2010.

#### 1. Purpose; Limitations on Duties

The purpose of the Audit Committee (this "Committee") of the Board of Directors (the "Board") of Fabrinet (this "Company") is to assist the Board in fulfilling its responsibilities for generally overseeing: (a) the Company's accounting and financial reporting processes as well as the integrity of the Company's financial statements (including, without limitation, internal control over financial reporting); (b) this Company's compliance with ethics policies and legal and regulatory requirements; (c) the independent auditors' qualifications and independence; (d) the performance of this Company's internal audit function and independent auditors; (e) audits of the financial statements of this Company; and (f) prepare the disclosure required by applicable law and the rules of the United States Securities and Exchange Commission (the "SEC").

While this Committee has the responsibilities and powers set forth in this charter (this "Charter"), it is not the duty of this Committee to plan or conduct audits or to determine that this Company's financial statements and disclosures are complete and accurate and are in accordance with United States generally accepted accounting principles ("GAAP") and applicable rules and regulations. These are the responsibilities of management and the independent auditors of this Company.

#### 2. Membership; Appointment; Expertise and Independence

This Committee shall be comprised of three or more members of the Board. All members of this Committee shall meet the independence requirements of applicable law and the rules of the SEC and the New York Stock Exchange ("NYSE") in effect from time to time, including the items listed in NYSE Listed Company Manual Section 303A.02 and Rule 10A-3(b)(1) promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to exceptions allowed by such rules and any waivers granted by such authorities. The members of this Committee shall be appointed by and serve at the discretion of the Board. The Board shall appoint the chairperson of this Committee (the "Chair"). From time to time, the Chair may establish such other rules as are necessary and proper for the conduct of the business of this Committee. Subject to any alternate nominating procedures set forth in this Company's Amended and Restated Memorandum and Articles of Association, as may be amended from time to time (the "Organizational Documents"), this Company's Nominating and Corporate Governance Committee may make recommendations to the Board regarding appointments to this Committee. As required by NYSE Listed Company Manual Section 303A.07, each member of this Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to this Committee. In addition, at least one member of the Committee must have accounting or related financial management expertise, as the

Board interprets such qualification in its business judgment. In addition, no member of this Committee may simultaneously serve on the audit committee of more than three public companies (including this Committee), unless the Board (i) shall have affirmatively determined that such simultaneous service would not impair the ability of that Committee member to effectively serve on the Committee and (ii) discloses such determination either on or through this Company's website or in its filings with the SEC as required by applicable law.

#### 3. Removal

The entire Committee or any individual director on this Committee may be removed from office with or without cause by the affirmative vote of the majority of the Board.

#### 4. Specific Responsibilities and Duties

The Board delegates to this Committee the express responsibility and authority to do the following, to the fullest extent permitted by applicable law and the Organizational Documents:

##### 1. Independent Auditors.

- a. **Selection; Fees.** Be solely and directly responsible for the appointment, compensation, retention, evaluation and oversight of the work of the independent auditors (including, without limitation, resolution of disagreements

between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for this Company and, where appropriate, the termination and replacement of such firm. Such independent auditors shall report directly to and be ultimately accountable to this Committee. This Committee has the ultimate authority to approve all audit engagement fees and terms with the costs of all engagements to be borne by this Company.

- b. **Report.** At least annually, obtain and review a report by the independent auditors describing: (i) the independent auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and this Company, in order to assess the auditors' independence.
  - c. **Hiring.** Set hiring policies for employees or former employees of the independent auditor.
  - d. **Scope of Audit.** Review, evaluate and approve the annual engagement proposal of the independent auditors, including, without limitation, the proposed scope and approach of the annual audit and assessment of the Company's internal control over financial reporting.
  - e. **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all audit services and all non-audit services permitted to be performed by the independent auditors. Such pre-approval may be given as part of this Committee's approval of the scope of the engagement of the independent auditors on an engagement-by-engagement basis or pursuant to pre-established policies. In addition, the authority to pre-approve non-audit services may be delegated by this Committee to one or more of its members, but such member's or members' non-audit service approval decisions must be reported to this full Committee at the Committee's regularly scheduled meetings.
  - f. **Auditor Independence.**
    - i. **Obtain Written Statement.** At least annually, obtain and review a formal written statement from the independent auditors delineating all relationships between the independent auditors and this Company, consistent with applicable laws and regulations, including Public Company Accounting Oversight Board Rule 3526.
    - ii. **Discuss Additional Relationships.** Review and discuss with the independent auditors on a periodic basis any other relationships or services (including permissible non-audit services) that may affect their objectivity and independence.
    - iii. **Audit Partner Review and Rotation.** Oversee the rotation of the independent auditors' lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.
    - iv. **Company's Employees.** Ensure that this Company does not employ any employees or former employees of the independent auditors in cases where such employment would cause independence issues to arise for the independent auditors.
  - g. **Review Problems.** Review regularly with the independent auditors any audit problems or difficulties that the independent auditors may have encountered in the course of their audit work, and management's responses, including, without limitation, the following: (i) any restrictions on the scope of activities or access to requested information; (ii) any significant disagreements with management; and (iii) any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting. Additionally, the review should include discussion of the responsibilities, budget and staffing of the Company's internal audit function.
  - h. **Evaluation of Independent Auditors.** Review the effectiveness of the independent audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services being provided. This evaluation should include the review and evaluation of the lead partner of the independent auditor. In addition to assuring the regular rotation of the lead audit partner as required by applicable law, the Committee should further consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee should present its conclusions with respect to the independent auditor to the full Board.
2. **Financial Reporting.**
- a. **Annual Financials.** Meet to review and discuss with management and the independent auditors this Company's annual financial statements, including any material changes in accounting principles or audited financial statements, the adequacy and effectiveness of internal control over financial reporting, the Company's Annual Report on Form 10-K, including the specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other matters that this Committee deems material, prior to the public release of such information. Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act. Recommend to the Board whether the annual audited financial statements should be included in this Company's Annual Report on Form 10-K filed with the SEC.
  - b. **Reports on Internal Control Over Financial Reporting.** Review and discuss with this Company's management and the independent auditors (i) the adequacy and effectiveness of this Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal control over financial reporting reported to this Committee by the independent auditor or management; (ii) this Company's internal audit procedures; and (iii) the adequacy and effectiveness of this Company's disclosures controls and procedures, and management reports thereon.
  - c. **Quarterly Financials.** Review and discuss with management and the independent auditors this Company's

quarterly financial statements, the results of the independent auditors' reviews of the quarterly financial statements, including the Company's Quarterly Report on Form 10-Q and the specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and other matters that this Committee deems material prior to the public release of such information.

- d. **Accounting Principles.** Review with management and the independent auditors material accounting principles applied in financial reporting, including, without limitation, any material changes from principles followed in prior years and any items required to be communicated by the independent auditors in accordance with Statement of Auditing Standards No. 114.
  - e. **Judgments.** Review reports prepared by management or by the independent auditors relating to significant internal control deficiencies or financial reporting issues and judgments made in connection with the preparation of this Company's financial statements, including, if requested by this Committee, an analysis of the effect of alternative acceptable accounting methods on this Company's financial statements.
  - f. **Regulatory & Accounting Initiatives.** Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
  - g. **Related-Party Transactions.** On an ongoing basis, review all proposed related-party transactions for potential conflict-of-interest situations and approve or reject such proposals in this Committee's sole discretion. The term "related-party transactions" refers to transactions that would be required to be disclosed pursuant to GAAP and Item 404 of Regulation S-K promulgated by the SEC.
  - h. **Press Releases.** Discuss earnings press releases with management, including, without limitation, the type and presentation of information to be included in earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies.
3. **Risk Management.** Periodically discuss with management, internal auditors and the independent auditors the Company's: (i) major risk exposures; (ii) policies with respect to risk assessment and risk management; and (iii) plans or processes to monitor, control and minimize such risks and exposures.
4. **Financial Reporting Processes.**
- a. **Internal and External Controls.** In consultation with this Company's independent auditors, internal auditors, and financial and accounting personnel, review the integrity, adequacy and effectiveness of this Company's accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
  - b. **Communications with Independent Auditors.** Obtain and review timely reports from the independent auditors regarding:
    - i. all critical accounting policies and practices to be used by this Company;
    - ii. all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors; and
    - iii. all other material written communications between the independent auditors and management, including, without limitation, any reported internal control deficiencies or material weaknesses, other management letter comments and schedule of unadjusted differences.
  - c. **Chief Executive Officer and Chief Financial Officer Certifications.** Review the processes involved in the CEO and CFO certifications filed with this Company's Annual Report on Form 10-K and Quarterly Report on Form 10-Q.
  - d. **Disclosure Controls and Procedures.** The Committee shall periodically review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures.
5. **Legal and Regulatory Compliance.**
- a. **SEC Report.** Prepare, or cause the preparation of, and approve the annual report of this Committee included in this Company's proxy statement as required by the proxy rules under the Exchange Act.
  - b. **Reports from Others.** Obtain such reports from management, auditors, counsel, tax advisors or any regulatory agency as this Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on this Company's financial statements and the consideration of those matters in preparing the financial statements.
  - c. **Code of Ethics; Waivers.** To the extent not specifically set forth as the responsibility of this Company's Nominating and Corporate Governance Committee, approve and monitor this Company's compliance with a code of conduct or ethics required by the NYSE or applicable law and covering the conduct and ethical behavior of directors, officers and employees, and approve in advance any amendments to it or waivers of it for directors, executive officers and senior financial officers.
  - d. **Complaints.** Establish procedures for the receipt, retention and treatment of complaints received by this Company regarding the Company's financial statements and reporting, accounting, internal accounting controls or auditing matters, including, without limitation, the confidential, anonymous submission by this Company's employees of concerns regarding questionable accounting or auditing matters.
  - e. **Investment Policy.** Periodically review and approve this Company's cash investment policy.
6. **Evaluation of this Committee.** Annually evaluate the performance of this Committee. The criteria for the evaluation of the performance of this Committee shall be reviewed with the Chairman of the Board from time to time. The criteria and performance reviews shall be retained by the Chair (or legal counsel to this Company at the Chair's election) for so long as recommended by legal counsel to this Company.
7. **Review and Publication of this Charter.** Review and reassess the adequacy of this Charter annually and recommend

any proposed changes to the Board for approval. Publish this Charter as required by the rules and regulations of applicable law and as otherwise deemed advisable by this Committee, including making this Charter available on or through this Company's website.

8. **Other Actions.** Take such other actions consistent with this Charter, the Organizational Documents and governing law as may be necessary or appropriate to fulfill this Committee's purpose (as stated above) and as may be requested or required by the Board from time to time.

## **5. Meetings**

This Committee shall meet with such frequency, and at such times, as the Chair or a majority of this Committee determines. This Committee shall also meet as and when necessary to act upon any other matters within its jurisdiction under this Charter. A special meeting of this Committee may be called by the Chair and shall be called promptly upon the request of any two members of this Committee. The agenda of each meeting shall be prepared by the Chair and circulated to each member of this Committee prior to the meeting date, if practicable. In addition, this Committee shall meet at any time that the independent auditors believe communication to this Committee is required. Unless this Committee or the Board adopts other procedures, the provisions of the Organizational Documents applicable to meetings of committees of the Board shall govern meetings of this Committee.

## **6. Executive Sessions**

This Committee shall meet with the independent auditors, internal auditors (or other personnel responsible for this Company's internal audit function) and management in separate executive sessions regularly (with such frequency as it determines) to discuss any matters that this Committee or these groups believe should be discussed privately.

## **7. Reporting to Board**

The Committee should report regularly to the full Board and review any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

## **8. Minutes**

Minutes of each meeting of this Committee shall be kept with the regular corporate records of this Company. This Committee shall report to the Board regularly and also whenever requested to do so by the Board.

## **9. Subcommittees**

This Committee shall have the power to appoint subcommittees.

## **10. Retention of Advisors and Counsel**

This Committee shall have the power, in its sole discretion, to obtain advice and assistance from, and to retain at this Company's expense, such independent legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding, determined by it, from this Company.

## **11. Administrative Expenses**

This Committee may determine the level and cost of ordinary administrative expenses necessary or appropriate in carrying out its duties, with such costs to be borne by this Company.

## **12. Reliance Permitted**

In carrying out its duties, this Committee shall act in reliance on management, independent public accountants, internal auditors, and outside advisors and experts, as it deems necessary or appropriate to enable it to carry out its duties.

## **13. Investigations**

This Committee has the authority to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.

#### **14. Required Participation of Employees**

This Committee shall have unrestricted access to this Company's employees, independent public accountants, internal auditors, inside and outside counsel, and may require any of this Company's employees, independent public accountants, internal auditors, and inside and outside counsel to attend a meeting of this Committee or to meet with any members of this Committee or representatives of this Committee's counsel, advisors or experts.

#### **15. Rules and Procedures**

Except as expressly set forth in this Charter, the Organizational Documents, or as otherwise provided by law or the rules of the NYSE, this Committee shall establish its own rules and procedures.