

**Financial Institutions, Inc.**  
**Board of Directors**  
**Audit Committee Charter**  
**Approved by Board of Directors: June 19, 2019**

AUTHORITY and PURPOSE

The Board of Directors of Financial Institutions, Inc. ("FII") has established the Audit Committee (the "Committee") to assist the Board in fulfilling its oversight and fiduciary responsibilities over FII and its subsidiaries (collectively, the "Company"). The primary role of the Audit Committee is to:

- Serve as an independent and objective party to monitor the financial reporting process and system of internal controls.
- Review and assess the performance of the internal audit department and the independent accountants (independent auditor).
- Monitor the independent auditor's qualifications, independence and performance.
- Provide an open forum for communication among the independent auditor, financial and senior management, the internal audit department, and the Board of Directors.

The Audit Committee shall have the authority to fund its activities as it determines.

The Audit Committee will fulfill its roles by carrying out the described duties and responsibilities.

COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be "independent," as defined by the NASDAQ listing standards and the Securities and Exchange Commission (the "SEC"), and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee must be financially literate at the time of appointment. At least one member of the Committee shall be deemed an "audit committee financial expert", or the Company will provide the applicable disclosure that the Committee does not include such an expert, as required by the SEC.

MEETINGS

The Audit Committee will meet at least four times annually, or more frequently as circumstances warrant. Meetings shall allow for independent and separate discussions with the independent auditor, senior management and the internal audit personnel as deemed necessary to ensure candid and open communication.

DUTIES AND RESPONSIBILITIES

The following are the specific areas and actions that the Audit Committee is responsible for:

- The selection, evaluation, replacement, compensation and oversight of the work of the independent auditor, considering its independence and effectiveness.
- The evaluation of the independent auditor's adherence to independence requirements, partner rotation requirements and lead partner performance.

- The evaluation of permissibility of all services to be performed by the independent auditor, as well as pre-approval of those engagements deemed to be allowable, including the fees and other compensation to be paid (for both audit and non-audit services), in accordance with the established pre-approval procedures.
- The review and approval of the scope of the annual audit with the independent auditor.
- Providing oversight of management with respect to Sarbanes -Oxley certifications and reports regarding internal controls over financial reporting.
- The review and discussion with management and the independent auditor of the quarterly financial statements and earnings releases prior to filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- The review and discussion with management and the independent auditor of the annual audited financial statements, including disclosures to be made in management's discussion and analysis, and recommendations to the Board as to whether the audited financial statements should be included in the Form 10-K.
- Periodically review and discuss the adequacy and effectiveness of internal controls over financial reporting and the disclosure controls and procedures and management's reports thereon.
- Reviewing and discussing with management critical accounting policies and critical accounting estimates.
- Preparing a report for inclusion in the proxy statement that confirms that the committee has:
  - Reviewed and discussed with management the annual financial statements, including any report, opinion or review rendered by the independent auditor.
  - Discussed the matters requiring communications with the independent auditor.
  - Received the written disclosures from the independent auditor on independence matters as required by the applicable sections of the Public Company Accounting Oversight Board.
  - Discussed independence issues with the independent auditor.
  - Recommended to the Board of Directors that the audited financial statements be filed with the SEC.
- The review of recommendations made by independent auditors and the monitoring of management's response to such recommendations.
- Discussion of the coordination of audit effort with the internal auditor and independent auditor to assure completeness of coverage, reduction of unnecessary redundant work, and the effective use of audit resources.
- The review and approval of the scope of the internal audit activities, the audit plan and personnel needs, on an annual basis.
- The review of internal audit reports and management's remedial responses as warranted.
- The review and pre-approval of the engagement and compensation of any other public accounting firm, technology experts, or similar consultants employed for the purpose of the issuance of audit reports, risk management tests, or related work, considering their independence and effectiveness, as well as the approval of the fees and other compensation to be paid.
- As required by the NASDAQ listing standards, approve and communicate policies prohibiting related party transactions unless they are first reviewed and approved by the Audit Committee.
- Reviewing codes of conduct applicable to officers, directors and employees.

- Establishing procedures for receiving, retaining and handling complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Reporting Committee activities/actions to the Board of Directors at each meeting of the Board following a Committee meeting.
- Performing any other activities consistent with this charter, FII's By-laws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

#### ADVICE FROM THIRD PARTY ADVISERS

The Committee may seek, in its sole discretion and authority, appropriate third party expert advice and approve the related fees and terms; including legal counsel opinions, when matters of a significant and material nature arise that cannot be resolved in the normal course of business.

#### EVALUATION

The Committee shall annually review its own performance by distributing to its members a written self-assessment, which shall be separate from the member's self-assessment of full Board activity. The Chairman shall report the evaluation results to the Board.

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.