

# HNI CORPORATION

## AUDIT COMMITTEE CHARTER

### **I. Purposes of the Audit Committee**

The Audit Committee (the "Committee") shall: (i) assist the HNI Corporation (the "Corporation") Board of Directors (the "Board") in fulfilling the Board's oversight responsibilities with respect to: (a) the integrity of the financial statements of the Corporation and the Corporation's accounting and financial reporting processes and financial statement audits, (b) the Corporation's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence, and (d) the performance of the Corporation's internal audit function and independent auditor; and (ii) prepare the Committee's report, made pursuant to the federal securities laws, to be included in the Corporation's annual proxy statement (the "Audit Committee Report").

### **II. Organization**

#### ***A. Charter***

Consistent with the New York Stock Exchange listing requirements and federal securities laws, this Charter will be included on the Corporation's website, and will be made available upon request sent to the Corporation's Secretary.

#### ***B. Membership; Qualifications***

The Committee shall consist of at least three independent, outside Directors.

Each member of the Committee shall meet the independence, experience, and financial literacy requirements under the listing standards of the New York Stock Exchange, the Corporation's Categorical Independence Standards, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission"). At least one member of the Committee must have accounting or related financial management expertise, as the Board interprets such qualifications in its business judgment. Such requirement, at the discretion of the Board, may be satisfied by including a Committee member that satisfies the definition of an audit committee financial expert set out in Item 407(d) of Regulation S-K. The Board, on the recommendation of the Public Policy and Corporate Governance Committee, shall appoint the members and the Chairperson of the Committee. The Board may replace the Committee members.

No member of the Committee shall serve on the audit committees of more than two other public companies. Further, each member of the Committee shall evaluate carefully the existing demands on his or her time before accepting appointment to any other audit committee or re-appointment to the Committee.

#### ***C. Compensation***

Consistent with the listing standards of the New York Stock Exchange, director fees shall be the sole compensation paid by the Corporation to Committee members. The total amount and form of compensation paid to Committee members shall be determined from time to time by the Board in consultation with the Public Policy and Corporate Governance Committee and otherwise in accordance with the independence criteria of the New York Stock Exchange listing standards and Section 301 of the Sarbanes-Oxley Act of 2002.

#### ***D. Meetings***

The Committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Committee may also take action permitted hereunder by unanimous written consent.

The Committee will meet with management, the internal auditor, and the independent auditor at least once each quarter in separate private sessions to discuss any matter that the Committee, management, the internal auditor or the independent auditor or such other persons believe should be discussed privately.

#### ***E. Agenda***

The Chairperson of the Committee will, in consultation with the other members of the Committee, the Corporation's independent auditor, and the appropriate officers of the Corporation, be responsible for calling meetings of the Committee, establishing an agenda therefor and supervising the conduct thereof. Each Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting.

#### ***F. Resources; Advisors; Reports from Management***

The Committee shall have the resources, including funding in such amount as the Committee deems necessary, and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews, and other procedures, and to retain independent counsel or other experts or consultants to the extent the Committee determines it to be necessary or appropriate to assist the Committee in fulfilling its responsibilities. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee. The Committee shall obtain regular reports from members of the Corporation with day-to-day responsibility for the areas related to the Committee's functions.

#### ***G. Delegation***

Except as otherwise prohibited by law or the Corporation's Articles of Incorporation or By-laws, the Committee may delegate its responsibilities to subcommittees or individuals.

### **III. Responsibilities**

The Committee will:

#### ***A. Retain Independent Auditor***

Have the sole authority to: (i) appoint and replace the Corporation's independent auditor; and (ii) to approve all audit engagement fees, terms and services, as well as non-audit engagements with the Corporation's independent auditor. The Committee is to exercise this authority in a manner consistent with Sections 201, 202, and 301 of the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder by the Commission and the New York Stock Exchange. The Committee may delegate the authority to grant any pre-approvals required by such sections to one or more members of the Committee as it designates, subject to the delegated member or members reporting any such pre-approvals to the Committee at its next scheduled meeting. The Committee will have direct oversight authority and responsibility for the work of the independent auditor (including resolution of disagreements between management and the auditor regarding financial reporting), and the independent auditor shall report directly to the Committee.

#### ***B. Quality Control of Independent Auditor***

At least annually, obtain and review a report by the Corporation's independent auditor describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the five preceding years, respecting one or more independent audits carried out by the firm; and (iii) any steps taken to deal with any such issues. The Committee shall require that the Corporation's independent auditor provide such report as a condition to the engagement of the independent auditor.

### ***C. Review Independence of Auditor***

In connection with the retention of the Corporation's independent auditor, at least annually review the information provided by management and the independent auditor relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the independent auditor. In addition, the Committee shall: (i) ensure the independent auditor submit at least annually a formal written report delineating all relationships between the independent auditor and the Corporation consistent with applicable independence standards; (ii) discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor; and (iii) take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's qualifications, performance, and independence. The Committee will also, at least annually: (a) review and evaluate the lead audit partner of the independent auditor; (b) take such steps as may be required by law with respect to regular rotation of the lead audit and lead reviewing partners of the independent auditor (i.e., five years); and (c) set clear hiring policies for employees or former employees of the independent auditor, which include the restrictions set forth in Section 206 of the Sarbanes-Oxley Act of 2002 and any rules thereunder by the Commission.

### ***D. Review Audit Plan***

Review with the independent auditor the overall plan, scope, and fees for the annual audit and other examinations including responsibilities, budget, and staffing.

### ***E. Conduct of Audit***

Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 (as amended from time to time) ("SAS No. 114") relating to the conduct of the audit. Review with the independent auditor any audit problems or difficulties the auditor encountered in the course of the audit work and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information, any disagreements with management, and significant issues discussed with the independent auditor's national office. This review shall be conducted outside the presence of the Corporation's officers, management, or other personnel. The Committee shall resolve any disagreements between the Corporation's management and the independent auditor.

### ***F. Review of Audit Results***

Review with the independent auditor the report of its annual audit, or proposed report of its annual audit, the accompanying management letter, if any, the reports of its review of the Corporation's interim financial statements conducted in accordance with SAS No. 114, and the reports of the results of such other examinations outside of the course of the independent auditor's normal audit procedures that the independent auditor may from time to time undertake. The terms of any engagement of an independent auditor shall provide that, in connection with reporting the results of any audit to the Committee, the independent auditor will provide a report to the Committee addressing those matters required by Section 204 and 404 of the Sarbanes-Oxley Act of 2002, any rules and regulations thereunder by the Commission and as appropriate: (i) a review of major issues regarding (a) accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and (b) the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) a review of analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative Generally Accepted Accounting Principles ("GAAP") methods on the financial statements; and (iii) a review of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation. The Committee will review the report and discuss the contents thereof

with the independent auditor, senior management, and the internal audit staff of the Corporation prior to release of any audited information.

***G. Discuss Financial Statements and Disclosures***

Meet to review and discuss with appropriate officers of the Corporation and the independent auditor the annual audited and quarterly unaudited financial statements of the Corporation, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the disclosures regarding internal controls and other matters required to be reported to the Committee by Section 302 of the Sarbanes-Oxley Act of 2002, and any rules thereunder by the Commission.

***H. Annual Report on Form 10-K***

Based on the reviews and discussions referred to in this Charter, recommend to the Board whether the annual audited financial statements should be included in the Corporation's Annual Report on Form 10-K.

***I. Review Earnings Press Releases***

Review and discuss earnings and other financial press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies (which review may occur after the issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).

***J. Review Internal Audit Plans and Senior Internal Audit Executive***

Review with the independent auditor, the senior internal auditing executive and appropriate members of the internal auditing staff, plans and scope of ongoing internal audit activities, including responsibilities, budget, and staffing of the internal audit function. The Chairperson of the Committee will review and approve the appointment, replacement and annual performance evaluation of and any compensation changes for the senior internal audit executive as presented by management.

***K. Review Internal Audit Reports***

Meet separately and periodically with the senior internal auditing executive and appropriate members of the staff of the internal auditing department to review and discuss reports of audit activities, examinations, and results thereof of the internal auditing department.

***L. Review Systems of Internal Accounting Controls***

Review with the independent auditor, the Corporation's senior internal auditing executive, the Corporation's General Counsel, and, if and to the extent deemed appropriate by the Chairperson of the Committee, members of their respective staffs, the adequacy of the Corporation's internal accounting controls, the Corporation's financial, auditing, and accounting organizations and personnel, and the Corporation's policies and compliance procedures with respect to business practices, as required by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, and any rules thereunder by the Commission. This shall include a review of: (i) the internal control report prepared by management: (a) regarding management's responsibility for establishing and maintaining an adequate internal control structure and procedures for financial reporting, and (b) containing an assessment, as of the end of the Corporation's most recent fiscal year, of the effectiveness of the internal control structure and procedures of the Corporation for financial reporting; and (ii) the independent auditor's opinion on the effectiveness of management's assessment of internal controls over financial reporting and the independent auditor's analysis of matters requiring modification to management's certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

***M. Review Recommendations***

Review with the senior internal auditing executive and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditor and the senior internal auditing executive, as well as such other matters, if any, as such persons or other officers of the Corporation may desire to bring to the attention of the Committee.

***N. Securities Exchange Act***

Obtain from the independent auditor any information the independent auditor is required to provide to the Committee pursuant to Section 10A(b) of the Exchange Act.

***O. Compliance and Ethics Program Oversight***

Provide oversight of the elements of the Corporation's compliance and ethics program specifically delegated to the Committee by the Board, including regular review of the Corporation's compliance with applicable laws, regulations and the Corporation's Integrity Manual ("Code of Business Conduct and Ethics"). The Corporation's senior internal auditing executive, and as necessary, the Corporation's General Counsel, will be the Committee's main contact with management with respect to this responsibility.

***P. Discuss Risk Management Policies***

Discuss policies with respect to risk assessment and risk management, including a discussion of the Corporation's major financial risk exposures and the steps management has taken to monitor and control these exposures.

***Q. Establish Complaint Procedures; Discuss Proceedings/Complaints***

Establish and periodically review procedures for: (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002 and any rules thereunder by the Commission and the New York Stock Exchange. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies, and any employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

***R. Discuss Material Legal Matters***

Discuss with the Corporation's General Counsel legal matters that may have a material impact on the financial statements.

***S. Review Other Matters***

Review such other matters in relation to the accounting, auditing, and financial reporting practices and procedures of the Corporation as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.

***T. Board Reports***

Make regular reports of its activities and, as appropriate, recommendations to the Board in such manner and at such times as the Committee deems appropriate, but in no event less than once per year. Such report shall include a review of any issues that arise with respect to (i) the quality or integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal or regulatory requirements; (iii) the performance and independence of the Corporation's independent auditors; (iv) the performance of the Corporation's internal audit function; or (v) any other significant compliance-related matters.

#### ***U. Audit Committee Report***

Prepare, with the assistance of management, the independent auditor and outside legal counsel, and approve the Audit Committee Report and recommend its approval by the Board.

#### ***V. Review Committee Performance***

Prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter, and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such a manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

#### ***W. Review Transactions with Related Persons***

In conjunction with the Corporation's General Counsel and the Corporation's Related Person Policy, review, approve, or ratify transactions with related persons per the Corporation's policy for review of transactions between the Corporation and its directors, executive officers, and other related persons.

#### ***X. Review Committee Charter***

Review the Committee's Charter annually, and recommend changes, if any, to the Public Policy and Corporate Governance Committee of the Board.

### **IV. General**

While the Committee has the responsibilities and powers set forth in this Charter, the Committee's function is one of oversight. It is not the duty of the Committee to plan or conduct audits, or to determine whether the Corporation's financial statements are complete and accurate or are in accordance with GAAP. This is the responsibility of management and the Corporation's independent auditor. It is also the duty of management to conduct investigations and to assure compliance with laws and regulations and the Corporation's Code of Business Conduct and Ethics.

### **V. History**

Adopted by the Board of Directors on February 11, 2004.

Amended November 11, 2004, November 11, 2005, February 14, 2007, November 9, 2007, November 7, 2008, November 19, 2009 and November 12, 2010.