

## **Herman Miller – Audit Committee Charter –2007**

### **Purpose**

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors by overseeing (1) the quality and integrity of the Company's accounting and financial reporting processes and the audits of the Company's financial statements, (2) the performance of the Company's Business Risk group, including the internal audit function, and independent auditor, (3) the Company's disclosure controls and system of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board of Directors have established, and (4) the company's process for identifying and managing significant business risks which could affect the company's financial results and position.

The Committee shall provide an open avenue of communication among the independent auditors, financial and senior management, the Business Risk group and the Board of Directors.

### **Membership**

The Committee shall be comprised of three or more members of the Board of Directors, each of whom (1) must qualify as an independent director under the listing standards of the NASDAQ, Section 301 of the Sarbanes-Oxley Act, and the rules of the Securities and Exchange Commission, (2) shall be free from any relationship to the Company that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee, and (3) shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All members of the Committee shall meet the NASDAQ requirements to be able to read and understand fundamental financial statements. In addition, at least one member shall have met the NASDAQ standard for financial sophistication. The Board of Directors shall attempt to appoint at least one member of the Committee who is an "Audit Committee Financial Expert" under the criteria established by the Securities and Exchange Commission. The members shall be nominated by the Nominating and Governance Committee and appointed annually to one-year terms by the Board. The Nominating and Governance Committee shall recommend, and the Board shall designate, one member of the Committee as Chair. A member of the Committee shall not simultaneously serve on the audit committee of more than two other public companies.

### **Meetings and Procedures**

Meetings of the Committee shall be subject to the Committee procedure rules set forth in the Company's Bylaws, rules established by the Board, and its own rules of procedure (including the Administrative Guidelines schedule), which shall be consistent with those Bylaws and the following:

1. The Committee shall meet at least four (4) times annually and more frequently as circumstances require. At least four (4) scheduled meetings of the Committee shall include an executive session of the Committee, absent members of management and on such terms and conditions as the Committee may elect. In addition, the Committee may meet periodically with

management, the head of the Company's Business Risk group and the independent auditors in separate executive sessions to discuss any matters that the Committee or the Business Risk department or independent auditors believe should be discussed privately.

2. Following each of its meetings, the Committee shall deliver a report (verbal or written) on the meeting to the Board, including a description of actions taken by the Committee.
3. Minutes will be prepared for each meeting by a legal non-employee resource and will be maintained as a permanent part of corporate records.
4. At least annually, the Committee will review this Charter and update it as necessary.

### **Responsibilities and Duties**

The Company's management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing the Company's financial statements. Consequently, the Audit Committee's role is one of oversight and does not provide any expert assurance or certification as to the Company's financial statements or the work of the independent auditors or that of the Business Risk group. However, the independent auditors and director of Business Risk are directly accountable to the Audit Committee. The Committee shall have the following responsibilities and duties:

#### *Documents and Reports*

1. Review the Company's annual financial statements and any financial reports submitted to the SEC or to the public, including any report issued by the independent auditors.
2. Review the management letter and other reports from the independent auditors, reports issued to Audit Committee from the Business Risk group, management's responses, and subsequent updates on actions taken.
3. Recommend to the Board whether the Company's annual financial statements should be included in the Annual Report on Form 10-K.
4. Cause to be prepared and approve the Committee's report to be included in the Company's proxy statement.
5. Review with financial management, Business Risk and the independent auditors the quarterly report on Form 10-Q prior to filing.
6. Review quarterly earnings press releases with management prior to dissemination.
7. Discuss with management financial information and earnings guidance provided to external parties (e.g., analysts and rating agencies), if not previously discussed with the Executive Committee or Board of Directors.
8. Review management's assessment and report and the independent auditors' attestation and report on the effectiveness of the Company's internal controls over financial reporting.

#### *Independent Auditors*

1. Appoint, retain or remove, approve the compensation of, and provide oversight of the work of the Company's independent auditor and appoint and approve the compensation of any public accounting firm engaged for the purpose of preparing or issuing an audit report of the Company's financial statements, or the Company's internal controls, or performing other audit,

- review or attest services of the Company, including resolution of disagreements between management and the independent auditors regarding financial reporting. The independent auditors shall report directly to the Committee.
2. On an annual basis, review and evaluate the qualifications and performance of the independent auditors.
  3. On an annual basis, receive from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard 1. The Committee will actively engage in a dialog with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor. The Committee will take appropriate action to oversee the independence of the independent auditor.
  4. Administer the Company's Audit and Non-Audit Services Pre-Approval Policy.
  5. Hold timely discussions with the independent auditors regarding:
    - (a) Significant accounting policies and practices;
    - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
    - (c) Other material written communications between the independent auditor and management including, but not limited to, schedule of unadjusted differences; and
    - (d) Items disclosed by the auditor as required in SAS No. 61 or SAS No. 100, including the auditor's judgment as to the quality of the Company's accounting principles, significant reporting issues and management's judgments and accounting estimates made in connection with the preparation of the financial statements.
    - (e) The establishment, documentation, effectiveness, and audit of the Company's internal financial controls required by Sarbanes Oxley Section 404 and the PCAOB.
  6. At least annually, obtain and review a report by the independent auditor describing:
    - (a) The firm's internal quality control procedures; and
    - (b) Any material issues raised by the most recent internal quality-control review of the firm or by any inquiry or investigation of the firm by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
    - (c) All relationships between the independent auditor and the Company.

#### *Financial Reporting Processes*

1. Review the integrity of the Company's financial reporting process, both internal and external, giving consideration to the disclosure controls, and consultation with management, the independent auditors and the director of Business Risk.
2. Review and discuss significant changes in the Company's procedures concerning internal controls over financial reporting.
3. Consider and approve, as appropriate, material changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the director of Business Risk.
4. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures necessary to receive and respond to confidential and

anonymous submissions by Company employees regarding questionable accounting or auditing matters; consider risk factors for potential fraudulent financial reporting.

5. Approve the annual EVA calculation including the actual improvement and bonus factor.

#### *Business Risk Group/Internal Audit*

1. Review the audit plan, activities, organizational structure and qualifications of the Company's Business Risk group including a periodic review of the department's and the director's performance, and approve the appointment of the director.
2. Periodically review any significant difficulties, disagreements with management, or scope restrictions encountered in the course of that group's work.

#### *Legal and Business Risks*

1. Review, with the Company's counsel, legal compliance matters.
2. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
3. Discuss the Company's process for identifying and managing significant business and financial risk exposures and steps taken by management to control or mitigate those exposures.

#### *Other*

1. Perform an annual self-assessment relative to the Audit Committee's purpose, duties and responsibilities set forth in this Charter.
2. To the extent it deems appropriate, and with or without full Board approval, obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.
3. Monitor the development of the company's insurance programs, except director and officer insurance, and their adequacy to safeguard against extraordinary liabilities and losses.
4. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

#### *Funding*

The Company shall provide appropriate funding, as determined by the Audit Committee, for payments of:

1. Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. Compensation to any advisors employed by the Audit Committee pursuant to the Charter; and
3. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.