

H.B. FULLER COMPANY AUDIT COMMITTEE CHARTER

Purpose

The Committee is appointed by the Board to assist the Board in monitoring:

- the **integrity of the financial statements** of the Company,
- the **compliance** by the Company with legal and regulatory requirements,
- the independence, qualifications and performance of the Company's internal and independent **auditors**,
- the adequacy of **internal controls**, and
- the adequacy of **risk management** policies and procedures.

Membership

- The Committee shall have a minimum of **three directors** as members.
- The members of the Committee shall meet the **independence** and experience requirements of the **New York Stock Exchange** ("NYSE").
- At least one member shall meet the **"financial expert"** requirements of federal law and applicable regulations. The member who serves as the "financial expert" on the Committee shall not serve on more than three audit committees of publicly traded corporations, unless the Board determines such service is consistent with the member's duties to the Company and discloses such reasons in the Company's annual proxy statement.
- The Board will appoint a Chairperson(s) and other members to this Committee annually.

Duties and Responsibilities

In addition to such other matters the Board or Corporate Governance Committee may assign, the Committee shall perform the following duties and responsibilities. In the event that any deficiencies are noted by the Committee, the Committee shall monitor the process of corrections and follow up and report any significant unresolved issues to the Board for appropriate action.

Review of Financial Information and Disclosure

- Discuss with management the Company's regular earnings press releases, as well as the Company's approach to earnings guidance and other financial presentations provided to analysts, rating agencies and investors.
- Review a summary prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
- Review with the independent auditor all critical accounting policies and practices used by the Company and alternative treatments of financial information within GAAP that would result in material differences from the current presentation. This review will include all alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the independent auditor, as well as any material written communications between the auditor and management of the Company, including the independent auditor's assessment of management's annual report on the adequacy of the Company's internal controls.
- Review, prior to the filing thereof, the Company's quarterly reports on Form 10-Q and the matters required to be discussed by the applicable Statement of Auditing Standards.
- Review the certifications of the Chief Executive Officer and Chief Financial Officer of the periodic reports of the Company as filed with the Securities and Exchange Commission, including any reported significant internal control defects and acts of fraud.
- Review the annual audited financial statements and annual report on Form 10-K with management and the independent auditor.
- Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement and disclose the name of the member who meets the "financial expert" requirements of federal law and applicable regulations.

Independent Auditor

- Appoint the independent auditor.
- Approve the scope of the independent auditor's annual engagement examination.
- Approve the terms and fees of all audit and non-audit engagements with the independent auditors, such approval to occur prior to the provision of any such services.
- Receive periodic reports from the independent auditor regarding the auditor's independence, discuss such reports with the auditor, and, if so determined by the Committee, take appropriate action to satisfy itself of the independence of the auditor.

- Evaluate, together with the Board, the experience, qualifications and performance of the independent auditor and, if so determined by the Committee, replace the independent auditor.
- Obtain from the independent auditor assurance that they are not aware of any illegal act or other facts implicating Section 10A of the Securities Exchange Act of 1934, as amended.
- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including: the adoption of, or change to, the Company's significant auditing and accounting principles and practices, the management letter provided by the independent auditor and the Company's response to that letter, any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Recommend policies to the Board with respect to the Company hiring current or former employees of the independent auditor.

Internal Audit

- Review and approve the appointment and replacement of the senior internal auditing executive and review the performance of the senior internal auditing executive and make recommendations to appropriate Company management.
- Review and discuss with the independent auditors the internal audit department responsibilities, budget and staffing.
- Review the internal audit plan.
- Review significant internal audit reports to management.

Compliance

- Advise the Board with respect to the Company's (including subsidiaries and foreign affiliated entities) policies and procedures and compliance with applicable laws and regulations and with the Company's code of conduct.
- Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Insure the Board establishes and maintains a code of business conduct and ethics, including procedures to verify compliance with such code and the receipt, retention and resolution of violations, including any complaints regarding accounting and auditing matters. These procedures must include the ability for an employee or other persons to report on a direct confidential and/or anonymous basis to the Committee.

Risk Management

- Review the Company's risk management policies and procedures to assess their adequacy and appropriateness in the context of the Company's business and operating environment.

Retirement Plan

- The Committee shall review the performance of retirement plan assets and determine whether actual funding meets actuarial requirements for such plans pursuant to the Company's established funding policy.

Governance

- The Committee shall review and reassess the adequacy of this charter at least once each year and recommend any proposed changes to the Board for approval.
- The Committee shall make regular reports to the Board.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's code of conduct.

In connection with the exercise of its duties and responsibilities, the Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Committee Meetings and Action

- The Committee shall meet at least quarterly with the Chief Financial Officer, the senior internal auditing executive and the independent auditor in separate executive sessions.
- The Committee shall meet at least biannually with the Vice President, Corporate Controller, and the Chief Administrative Officer, General Counsel.
- A majority of the Committee members will be a quorum for the transaction of business.
- The action of a majority of those present at a meeting at which a quorum is present will be the act of the Committee.
- Any action required to be taken at a meeting of the Committee will be deemed the action of the Committee if all of the Committee members executed, either before or after the action is taken, a written consent and the consent is filed with the Corporate Secretary.
- The Committee may delegate to one or more members the authority to approve the provisions to the Company of audit and non-audit services by the independent auditor, provided that any such services are reported and ratified by the Committee at its next regularly scheduled meeting.
- The Chairman will report from time to time to the Board on Committee actions and on the fulfillment of the Committee's duties under its Charter.
- The Committee shall conduct an annual performance evaluation in accordance with the applicable regulations of the NYSE and report the results from such evaluation to the Board.
- The Committee Secretary will keep minutes of all Committee meetings, which will be distributed to all Board members.
- Staff support, including recordkeeping, will be provided by the internal audit department.

❖ *Last Revised September 28, 2005 (reviewed and approved)*

❖ *Reviewed and approved October 5, 2006.*