

## **HEIDRICK & STRUGGLES INTERNATIONAL, INC.**

### **Audit & Finance Committee Charter**

#### **A. Name**

There shall be a committee of the Board of Directors (the "Board") of Heidrick & Struggles International, Inc. (the "Company"), which shall be called the Audit & Finance Committee.

#### **B. Purpose**

As described in more detail below, the purpose of the Audit & Finance Committee is as follows. The Audit & Finance Committee shall be directly responsible for the appointment of, compensation of and oversight over the work of the Company's independent auditors. The Audit & Finance Committee shall monitor (1) the integrity of the financial statements of the Company; (2) the independent public accountant's qualifications and independence; (3) the performance of the Company's internal audit function and independent auditors, including the adequacy and effectiveness of the Company's internal controls; and (4) the financial structure and condition of the Company. The Audit & Finance Committee shall review and approve the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual meeting proxy statement.

#### **C. Organization and Procedure**

The Audit & Finance Committee shall be appointed by the Board and shall be comprised of no fewer than three Board members satisfying the membership requirements set forth below.

The members of the Audit & Finance Committee shall be appointed by the Board, considering the recommendation of the Nominating and Board Governance Committee and further considering the views of the Chairman of the Board and the Chief Executive Officer, as appropriate. The members of the Audit & Finance Committee shall serve until their successors shall be duly appointed and qualified or until their earlier resignation or removal. Unless a Chairperson is elected by the full Board, the members of the Audit & Finance Committee may designate a Chairperson by majority vote of the full Committee membership.

The Audit & Finance Committee shall meet as often as it determines is appropriate, but not less frequently than four times per year. The Audit & Finance Committee periodically will hold private meetings with the internal auditor and the independent auditor (without management) and will hold private meetings with management as appropriate. Meeting agendas will be prepared by the Chief Financial Officer and the Corporate Secretary, in consultation with the Audit & Finance Committee Chairperson, and provided in advance to members, along with appropriate briefing materials.

The Board shall have the power at any time to change the membership of the Audit & Finance Committee and to fill vacancies in it. Except as expressly provided in this Charter, the Amended and Restated Bylaws of the Company or the Corporate Governance Guidelines of the Company, or as otherwise provided by The NASDAQ Stock Market, Inc. ("NASDAQ"), the Audit & Finance Committee shall fix its own rules of procedure.

#### **D. Statement of Policy**

The Audit & Finance Committee shall provide assistance to the Board in fulfilling the Board's responsibilities to the shareholders and other security holders of the Company regarding corporate

accounting and reporting practices, including the quality and integrity of the financial reports of the Company. In doing so, the Audit & Finance Committee should strive to maintain free and open means of communication between the Audit & Finance Committee Members, independent auditors and financial management of the Company.

While the Audit & Finance Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit & Finance Committee to prepare financial statements, plan or conduct audits or determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

#### **E. Membership Requirements**

The following criteria for membership on the Audit & Finance Committee shall be followed:

1. Each member of the Audit & Finance Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.
2. At least one member of the Audit & Finance Committee shall be an "audit committee financial expert" as defined in the applicable SEC rules.
3. Each member of the Audit & Finance Committee shall meet the independence requirements of the Company's Director Independence Standards and the applicable NASDAQ and SEC rules for being a member of an audit committee, subject to any exceptions authorized under the rules; as such rules are amended from time to time.

#### **F. Committee Authority and Delegation**

The Audit & Finance Committee shall have the sole authority to appoint or replace the independent auditors and shall approve all audit engagement fees and terms. The Audit & Finance Committee shall also have the sole authority to approve the provision of any permissible non-audit services by the independent auditors and the fees with respect thereto. The Audit & Finance Committee shall consult with management but shall not delegate these responsibilities, except that pre-approvals of permissible non-audit services may be made by the Chairperson of the Audit & Finance Committee in accordance with the rules of the SEC.

The Audit & Finance Committee shall be given the resources and assistance necessary to discharge its responsibilities, including unrestricted access to Company personnel and documents and the Company's independent auditors. The Audit & Finance Committee shall have the authority to retain and fund legal, accounting or other consultants to advise it, and to conduct or authorize investigations into any matters within its scope of responsibilities. The Audit & Finance Committee may request any officer or employee of the Company, the independent auditor, the Company's outside counsel, the Audit & Finance Committee's counsel or others to attend a meeting of the Audit & Finance Committee or to meet with any members of, or consultants to, the Audit & Finance Committee.

The Audit & Finance Committee may delegate its authority under this charter as follows:

1. The Committee may delegate any of its duties and responsibilities to (a) one or more of its members; (b) a subcommittee consisting of one or more of its members; or (c) another of the Company's directors, unless otherwise prohibited by applicable law or listing standards.

2. Any such member, subcommittee or other director will provide periodic verbal or written reports, as the Committee may direct from time to time, regarding any activities taken pursuant to such delegation.
3. The Committee may terminate or revoke any such delegation at any time.

## **G. Committee Responsibilities**

The Audit & Finance Committee shall have the following responsibilities:

1. *The Audit.* Meet and review with management and the independent auditor the following:
  - a. The scope and plan, and coordination of audit efforts.
  - b. The results of the audit of the Company's annual financial statements and the review of the Company's quarterly financial statements.
  - c. Any problems, difficulties or differences encountered in the course of audit work, including any disagreements with management or restrictions on the scope of activities or access to requested information and responses thereto (the Audit & Finance Committee also shall resolve such disagreements).
  - d. Any changes required in the planned scope of the audit plan.
  - e. Critical accounting policies and practices used by the Company in preparing its financial statements.
  - f. 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.
  - g. The independent auditor's judgments about the quality, not just the acceptability, of accounting principles as applied in the Company's financial reporting, including the consistency of the Company's accounting policies and their application and the clarity and completeness of the Company's financial statements and related disclosures.
  - h. The independent auditor's reasoning in determining the appropriateness of (i) changes in the Company's accounting practices or policies, (ii) Company estimates, judgments and uncertainties, (iii) unusual transactions and (iv) accounting policies relating to significant financial statement items.
  - i. Material communications between the independent auditor and management, including any management letter.
  - j. Any other matters related to the conduct of the audit which are to be communicated to the Audit & Finance Committee under generally accepted auditing standards, particularly Statement of Auditing Standards ("SAS") No. 61, as may be modified or supplemented, or the rules of the SEC.
  - k. Any accounting adjustments that were noted or proposed by the independent auditors but were passed (as immaterial or otherwise).

- I. The scope and results of testing done by the independent auditor to support its attestation reports required under Section 404 of the Sarbanes-Oxley Act of 2002.
2. *Company Reporting.* The Audit & Finance Committee shall do the following with respect to the Company's reporting obligations:
  - a. Advise financial management and the independent auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
  - b. Recommend to the Board whether the annual audited financial statements should be included in the annual report on Form 10-K for filing with the SEC.
  - c. Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," before the filing of the Company's Form 10-K and Form 10-Q.
  - d. Prepare the Audit & Finance Committee's report that is made in periodic filings as required by the applicable NASDAQ and SEC rules, and take the appropriate steps to ensure that such report complies with applicable requirements, including compliance with the SEC requirement that this Charter be appended to the Company's proxy statement at least once every three years.
  - e. Confirm that the Company's quarterly financial statements have been reviewed by the Company's independent auditor, in accordance with SAS No. 71, as amended by SAS No. 90, prior to the filing with the SEC of each quarterly report on Form 10-Q.
  - f. Review with management the adequacy and effectiveness of the Company's internal accounting and financial controls, including any related recommendations of the independent auditor and management's responses thereto.
  - g. Review with management, and any outside professional as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.
  - h. Review with management and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements
3. *Earnings Announcements.* Discuss with management, prior to distribution, earnings press releases (paying particular attention to any use of pro forma information or non-GAAP financial measures), as well as financial information and earnings guidance (generally or on a case-by-case basis) provided to analysts and rating agencies.
4. *Independent Auditor Selection.* Appoint the independent auditor; approve all audit and permissible non-audit engagements and fees of the independent auditor; and oversee and review the performance of the independent auditor and take any appropriate actions, including discharge and replacement.
5. *Independence of Auditor.* Confirm the independence and objectivity of the independent auditor, including receiving from the independent auditor, on an annual basis, a formal written statement delineating all relationships between the independent auditor and the Company consistent with Independence Standards Board Standard No. 1; actively engage in discussions with the independent auditor regarding any disclosed relationships or services that may affect their

objectivity and independence; oversee the independence of the independent auditor; and ensure that appropriate audit personnel are rotated from the review and audit of the Company's financial statements as required by the applicable rules of the SEC.

6. *Peer Review.* Confirm that the independent auditor meets the peer review requirements set forth in the applicable NASDAQ and PCAOB rules; review with the independent auditor the results of its annual PCAOB review.
7. *Second Opinions.* Discuss with management any second opinions sought from an accounting firm other than the independent auditors, including the substance and reasons for seeking any such opinion.
8. *Internal Audit.* Review findings from completed internal audits and progress reports on the proposed internal audit plan. Approve the appointment, reassignment or dismissal of the director of internal audit.
9. *Financial Structure.* Review and make recommendations to the Board concerning the financial structure, condition and strategy of the Company, including annual budgets, cash management strategy, long-term financial plans, corporate borrowings, investments, capital expenditures, long-term commitments, payment of cash dividends, merger or acquisition activities and the issuance and/or repurchase of stock. Approve the retention of any investment advisors to the Company.
10. *Global Retirement Plans.* Provide oversight, in conjunction with the Compensation Committee of the Board of Directors, of the administration and maintenance of the Company's 401(k) Plan, ERISA-regulated plans and other existing, as well as future, retirement benefit plans as they may specifically related to the Company's financial statements or condition.
10. *Investigations.* Conduct or authorize investigations into any matters within the Audit & Finance Committee's scope of responsibilities.
11. *Whistleblower Complaints.* Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters in accordance with the applicable NASDAQ rules.
12. *Regulatory Matters.* Review with the General Counsel any legal and regulatory matters that may have a material impact on the Company's financial statements, financial condition or results of operations.
13. *Code of Business Conduct and Ethics.* Consult with the Nominating and Board Governance Committee on the adequacy of the Code of Business Conduct and Ethics; review the Company's procedures for detecting violations of and ensuring compliance with the Code of Business Conduct and Ethics; review all violations and waivers of the Code of Business Conduct and Ethics.
14. *Related Party Transactions.* Review all related party transactions reported to the Audit & Finance Committee by the Nominating and Board Governance Committee for appropriate financial statement disclosure.
15. *Significant Risks.* Inquire of management and the independent auditor concerning significant financial risks or exposures and assess the steps management has taken to minimize such risks; review with the independent auditor its assessment of fraud risks under SAS 99.

16. *Retention of Independent Auditor Personnel.* Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account, which comply with the applicable rules of the SEC.
17. *Private Meetings.* Meet periodically with the independent auditors and the internal auditors in separate executive sessions to discuss any matters that the Audit & Finance Committee or these groups believe should be discussed privately with the Audit & Finance Committee.
18. *Board Reports.* Report periodically to the Board on its meetings and other activities.
19. *Annual Review of Charter.* Review and reassess the adequacy of this Charter annually and recommend any changes to the Board for approval.

Adopted: October 2, 2003  
Amended: February 16, 2005  
Amended: December 13, 2006