

## **HG Holdings, Inc.**

### **Compensation and Benefits Committee Charter**

(as amended)

The primary purpose of the Compensation and Benefits Committee (the “Committee”) is to (i) assist the Board of Directors (the “Board”) in discharging the Board’s oversight responsibilities with respect to compensation of the Company’s executives and (ii) administer designated executive compensation plans of the Company. To the extent required by the rules of the Securities and Exchange Commission (“SEC”), the Committee’s responsibilities also include reviewing and discussing with management the Company’s compensation discussion and analysis (“CD&A”) to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the SEC and preparing the Compensation Committee Report as required by the rules of the SEC. The Committee reports to the full Board on all matters within the Committee’s responsibilities.

The Committee is authorized to obtain advice and assistance as it believes necessary from corporate personnel and from external legal and other advisors including independent compensation consultants and legal counsel and the Company shall provide funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee and for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have the sole authority to retain or terminate any independent compensation advisors and shall be directly responsible for the appointment, compensation and oversight of any compensation advisor it engages.

The Committee, before selecting a compensation consultant (other than a consultant whose role is limited to consulting on broad-based, nondiscriminatory plans, or who provides only non-customized data, each as described in Item 407(e)(iii) of Regulation S-K), legal counsel (other than in-house legal counsel) or other advisor, shall review and consider all factors relevant to the advisor’s independence from management, including (i) whether the compensation advisor or its affiliates perform any additional services for the Company, (ii) the amount of fees payable to the advisor as a percentage of the advisor’s total revenues; (iii) any policies or procedures of the advisor designed to prevent conflicts of interest; (iv) any business or personal relationship that any individual advising the Committee on behalf of the advisor has with any Committee member; (v) whether any individual advising the Committee on behalf of the advisor owns any stock of the Company; (vi) any business or personal relationship that the advisor, or any individual advising the Committee on behalf of the advisor, has with any executive

officer of the Company; and (vii) any additional factors affecting the independence of any such advisor as it is required to take into account as identified by the SEC. If any such factors are present, the Committee shall determine any actions that must or should be taken for any potential conflict of interest to be resolved. If a compensation consultant or its affiliates perform any additional services for the Company, the Committee shall approve the annual amount of aggregate fees permitted for such other services, if any. The Committee shall periodically (at least once per year) reconsider the factors set forth above with respect to an advisor whom it has previously selected or from whom it continues to receive advice.

The Committee shall be composed of the number of directors set by the Board, and, unless otherwise provided by the Board, shall be composed of independent directors as defined under the rules of the NASDAQ Stock Market. In determining whether a director is eligible to serve on the Committee, the Board shall also consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director's judgment as a member of the Committee. In addition, the members of the Committee shall meet any applicable eligibility requirements of the SEC or any other rule or regulation, including Section 162(m) of the Internal Revenue Code of 1986, as amended, and Section 16 of the Securities Exchange Act of 1934, as amended. The only compensation members of the Committee may receive from the Company and its subsidiaries are (i) directors fees (including committee fees) and awards to directors under the Company's incentive compensation plans for directors and (ii) fixed retirement benefits (including deferred compensation) for prior service as an employee of the Company or its subsidiaries (provided such benefits are not contingent in any way on continued service).

Subject to Board approval, the Committee shall adopt, and at least annually review and reassess, a committee charter. At every meeting of the Committee, the Committee shall have the opportunity to meet in executive session without members of management present.

The following functions shall be the common recurring activities of the Committee in carrying out its functions. These functions are set forth as a guide with the understanding that, except as otherwise provided by requirements of the SEC, the Committee may diverge from this guide as appropriate given the circumstances. Subject to the foregoing, the Committee shall:

1. Review and approve any statement of general principles governing payment of compensation to, or ownership of the Company's stock by, the Company's executives.
2. Recommend to the Board the executive compensation and benefit plans to be adopted by the Company and any amendment, termination or discontinuance of such plans.
3. Administer and perform specified functions under the Company's equity-based, incentive compensation, deferral and other executive compensation plans, or in

- connection with other executive compensation, as designated from time to time by the Board or by the terms of such plans. In discharging this responsibility, the Committee will (a) grant, or delegate (to the extent permitted by law) authority to grant, equity-based awards, (b) review management's recommendations regarding incentive compensation awards (other than for the chief executive officer) and grant, or delegate authority to grant, such awards as the Committee believes appropriate, (c) determine the incentive compensation award to be granted to the chief executive officer, and (d) perform such other functions as are specified by the terms of such plans or by the Board.
4. Review and approve (a) general performance goals established under the Company's incentive compensation plans, and (b) the specific goals under which compensation is to be paid to designated executives under the plans. In considering the long-term incentive compensation component of the chief executive officer's compensation, the Committee should take into account, as it believes appropriate, the Company's performance and relative shareholder return, the value of similar incentive awards at comparable companies, awards previously given to the chief executive officer, and any other factors determined relevant by the Committee.
  5. Annually review and approve the total compensation, including salaries, to be paid to the chief executive officer and the other executive officers of the Company. With respect to the chief executive officer, review and approve goals and objectives relevant to his or her compensation, evaluate his or her performance in light of these goals and objectives and set his or her compensation level based on this evaluation. The chief executive officer may not be present during voting or deliberating on his or her compensation.
  6. Review on a periodic basis (soliciting necessary information from corporate personnel, independent consultants and others, as the Committee believes appropriate) (a) competitive market analyses of the Company's executive compensation program (including benefits and perquisites paid or available to executives) and (b) executive compensation alternatives and significant new trends and issues.
  7. Review, with the assistance of appropriate corporate personnel or independent consultants, the impact of tax, accounting and regulatory requirements on executive compensation.
  8. Review and approve the terms of any severance, change in control, or employment agreements with executive officers or other key executives of the Company, including the designation of individuals to enter into such agreements.
  9. Review and approve any contract providing for consulting fees or other special compensation payable to an executive officer of the Company after termination of his or her regular employment.

10. To the extent required by rules of the SEC, review and discuss with management the Company's CD&A, and based on that review and discussion, recommend to the Board that the CD&A be included in the Company's annual proxy statement or annual report on Form 10-K.
11. To the extent required by rules of the SEC, prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Company's annual proxy statement or annual report on Form 10-K and the Company's response to any comments of the Securities and Exchange Commission on the report.
12. Review the description of the Committee's processes and procedures for the consideration and determination of executive compensation to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC, including the description of whether the work of any compensation consultant whose role is required to be identified in the Company's annual proxy statement or annual report on Form 10-K has raised any conflict of interest, and if so, the nature of the conflict and how the conflict is being addressed.
13. To the extent required by rules of the SEC, review the Company's determination of the extent, if any, to which the Company's compensation policies and practices (including for non-executive officers) are reasonably likely to have a material adverse effect on the Company, and, if necessary, ensure that such compensation policies and practices do not encourage unnecessary or excessive risk-taking.
14. Consider, in connection with the offering of a shareholder advisory vote on the frequency ("say-on-frequency" vote) of the shareholder advisory vote on the compensation of the Company's executive officers as disclosed in the Company's annual proxy statement or annual report on Form 10-K ("say-on-pay" vote), whether the Board should make a recommendation to the Company's shareholders regarding such frequency and, if so, recommend to the Board the frequency that should be recommended to the Company's shareholders.
15. Consider the results of the say-on-frequency vote and whether the Company should adopt a policy of holding say-on-pay votes that is consistent with the majority or plurality of votes cast, and make a recommendation to the Board regarding the same, within any time period required by the SEC for disclosure of the policy.
16. Consider the results of the say-on-pay vote and determine what adjustments, if any, are necessary or appropriate for the Company to make to its compensation policies and practices in light of such vote.
17. To monitor the development of new regulatory requirements by the SEC and new or revised proxy voting policies or guidelines of proxy advisory firms and

- relevant institutional investors impacting executive compensation and the Committee's constitution and functions and to develop and oversee any policies or take any other actions deemed necessary or advisable to comply with such requirements or address such new or revised policies or guidelines.
18. Establish such policies from time to time as the Committee deems appropriate regarding the delegation of authority to subcommittees or executive officers.
  19. Respond to any inquiries from the Company's outside auditor about the structure of the Company's compensation for executive officers or, as appropriate, other senior management of the Company. The Chairperson of the Committee may respond to any such inquiries on behalf of the Committee.

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