

## **THE DIXIE GROUP, INC.**

### **Nominations and Governance Committee Charter**

The Nominations and Governance Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in discharging its responsibilities with respect to the nomination and selection of candidates for election or appointment as directors and to assist the Board in discharging its responsibility with respect to corporate governance.

The Committee shall consist of three or more members, each of whom shall be, in the judgment of the Board, “independent”.

Members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board and for such term or term as the Board may determine. The Board shall take into account such matters as it deems appropriate relating to the background, experience, aptitudes and interest of members of the Board, as well as the needs of the Committee in determining from time to time which directors should serve as members of the Committee. The Board shall have the power at any time to remove any member of the Committee and to fill vacancies on the Committee. The Board shall designate one member of the Committee as its chairperson (the “Chairperson”).

The Committee shall generally meet in person or telephonically at such times when deemed necessary or desirable by the Chairperson or the Committee. The Committee may delegate specific functions to subcommittees, officers or other committees in order to perform its duties and responsibilities.

The Committee shall fix its rules of procedure, in such manner as it shall deem appropriate.

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

#### **Resources and Authority**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain and terminate consultants to assist in the discharge of its duties. The Committee shall have full authority to approve the consultant’s fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, or other experts, consultants or advisers and to set the terms and fees for such engagements. Before selecting or obtaining advice from any adviser, the Committee shall consider all factors relevant to the adviser’s independence.

#### **Nominations**

*The Committee shall assist the Board in discharging its responsibilities with respect to nominations by identifying individuals qualified to become members of the Board of Directors, consistent with criteria approved by the Board. The Committee shall recommend nominees for election as Directors for each annual meeting of stockholders or to fill vacancies between such meetings and recommend members to serve on each of the standing committees of the Board.*

**Nominating Responsibilities and Process.** The Committee shall have the following responsibilities with respect to the nomination of candidates for directors.

1. The Committee shall review periodically with the Board criteria for selecting new directors as well as the composition of the Board as a whole, and determine whether any changes should be made to such criteria and whether any competency set forth in the criteria is not sufficiently represented on the Board as a whole so as to warrant a recommendation to the Board to take appropriate action.

2. The Committee shall identify individuals believed to be qualified to become Board members, consistent with criteria approved by the Board, and recommend to the Board the nominees to stand for election as directors at the annual meeting of stockholders or, if applicable, at a special meeting of stockholders. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy.

3. Consistent with Tennessee Law and applicable regulations, the Committee will only consider stockholder recommendations of proposed director nominees if such recommendations are timely filed and include the required information concerning the proposed nominee and the proposing shareholder. To be timely, recommendations must be received in writing at the principal executive offices of the Company at least 120 days prior to the proposed mailing date of the Company's proxy statement for the current year's annual meeting. The required information is as follows:

- the proposed nominee's name and qualifications and the reason for such recommendation;
- the name and record address of the stockholder(s) proposing such nominee;
- the number of shares of stock of the Company which are beneficially owned by such stockholder(s); and
- a description of any financial or other relationship between the stockholder(s) and such nominee or between the nominee and the Company or any of its subsidiaries.

4. The Committee shall review periodically the size of the Board and determine whether sufficient reasons exist to recommend to the Board a change in the size thereof.

5. The Committee shall review with the Board standards to be applied in making determinations as to the presence or absence of a material relationship between the Company and a director as an aspect of determining the "independence" of a director having a relationship with the Company.

6. The Committee shall periodically review the membership of the Board committees and, after taking into consideration the experience and other needs of the committees and the interests of the directors, make recommendations to the Board regarding changes in committee assignments, including that of chairperson for each standing committee, which will generally become effective at the date of the next regular Board meeting following the date of the annual meeting of stockholders at which the Board determines to

make such changes, except for removing a member or filling a vacancy on a committee which may occur at any time.

7. The Committee shall review annually and as necessary any material disclosure required by rules of the Securities and Exchange Commission in the Company's annual proxy solicitation materials regarding operations of the Committee relating to the Company's nominating procedures.

## **Corporate Governance**

*The Committee shall assist the Board in discharging its responsibility with respect to corporate governance. In this regard, the Committee shall (i) develop, recommend to the Board and review, as necessary, a set of corporate governance principles (the "Corporate Governance Guidelines" or "Code of Business Conduct and Ethics", as designated by the Committee) applicable to the Company, and (ii) oversee evaluation of the Board and management in accordance with such guidelines.*

**Governance Responsibilities.** The Committee shall:

1. Develop and recommend to the Board the Corporate Governance Guidelines or Code of Business Conduct and Ethics, and review and assess periodically the adequacy of such Corporate Governance Guidelines or Code of Business Conduct and Ethics and recommend to the Board appropriate changes thereto.
2. Oversee the evaluation of the Board and management, which shall include receiving comments from all directors in such form and at such times as the Committee may deem effective and reporting to the Board with an assessment of the Board's performance as appropriate.
3. Review annually and as necessary any material disclosure required by rules of the Securities and Exchange Commission in the Company's annual proxy solicitation materials regarding operations of the Committee relating to the Company's governance.
4. Periodically report on adherence to the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics, and any recommendations for amendments to the Corporate Governance Guidelines or Code of Business Conduct and Ethics.