

## EXECUTIVE COMPENSATION RECOVERY POLICY

This compensation recovery policy covers Havertys' current or former executive officers (as defined as by those individuals subject to the Securities and Exchange Commission's Section 16 reporting), the Corporate Controller, and such other participants in Havertys' Long-Term Incentive Plan as may be determined by the Nominating, Compensation & Governance Committee (collectively, "Covered Persons"), and explains when Havertys will be authorized to seek recovery of incentive compensation awarded or paid to Covered Persons.

### 1. Miscalculation of Performance Measure Results.

Havertys will seek to recover, at the direction and discretion of the Nominating, Compensation & Governance Committee (the "Committee"), after the Committee has considered the costs and benefits of doing so, incentive compensation awarded or paid to a Covered Person for a fiscal period if the result of a performance measure upon which the incentive compensation award was based or paid is subsequently restated or otherwise adjusted in a manner that would result in a reduction of the size of the incentive compensation award or payment.

A performance measure is a financial or operating metric that is used to determine a Covered Person's incentive compensation. This may occur either by a formulaic calculation that uses the metric or through the Committee considering the metric as part of its assessment of a Covered Person's performance.

Where the result of a performance measure is tied to incentive compensation on a formulaic basis, Havertys will seek to recover, as directed by the Committee in its discretion, any amount awarded or paid in excess of the amount that would have been paid based on the correctly calculated performance measure result.

Where the result of the performance measure was considered in determining the incentive compensation awarded or paid, but the incentive compensation is not awarded or paid on a formulaic basis, Havertys will seek to recover, as directed by the Committee in its discretion, the amount, if any, by which the Committee determines in its discretion that the payment or award should be reduced.

Generally, the determination of financial or operating metric results occurs with the application of oversight and internal controls such that an error in determining a measure should occur rarely. It is management's responsibility to advise the Committee promptly if management learns that an erroneous result of a performance measure was provided in connection with establishing a Covered Person's incentive compensation. Management will provide the corrected result and supporting details. If the metric was used in a formulaic calculation, the Committee will be provided with a revised calculation

where the recalculation would result in a lower incentive compensation award amount.

In exercising its business judgment under this policy, the Committee may consider the relative significance of a metric to Havertys' business, the relative significance of the metric as compared to other metrics or factors considered or used in establishing an incentive compensation award or payment amount, the size of any resulting adjustment to an incentive compensation award or payment, whether asserting a claim against the Covered Person may violate applicable law or prejudice Havertys' interests in any way, and any other factors it deems relevant to the determination.

Incentive compensation awarded or paid based on miscalculation of a performance measure result will also be subject to the clawback requirements of §954 of the Dodd Frank Wall Street Reform and Consumer Protection Act, and any other law or regulation that the Committee determines, in its discretion, is applicable.

## **2. Legal and Compliance Violations.**

If Havertys concludes that a Covered Person committed a significant legal or compliance violation in connection with the Covered Person's employment, including, but not limited to, a violation of Havertys' Code of Conduct, Havertys may, within three years following payment or vesting of the incentive compensation, and as directed by the Committee in its discretion, seek recovery of all or a portion of the incentive compensation awarded to the Covered Person for the performance period in which the violation occurred. In addition, Havertys may, at the direction of the Committee in its discretion, conclude that any unpaid or unvested incentive compensation has not been earned and therefore must be forfeited.

Havertys may seek recovery of incentive compensation even if the misconduct did not result in an award or payment greater than would have been awarded absent the misconduct. Havertys may also take other action, as determined by the Committee in its discretion, including directing any disciplinary action permitted for a violation of Havertys' policies.

In determining whether to seek recovery and the amount, if any, by which the payment or award should be reduced, the Committee may consider the seriousness of the compliance violation, whether the Covered Person was unjustly enriched, whether seeking the recovery would prejudice Havertys' interests in any way, including in a proceeding or investigation, and any other factors it deems relevant to the determination.

## **3. Breaches of Covered Person's Restrictive Covenant Agreement.**

As a condition to each Covered Person's participation or continued participation in the Havertys' Long-Term Incentive Plan, such Covered Person shall execute and comply with a Restrictive Covenant Agreement which contains terms determined in the sole

discretion of the Committee. If the Covered Person violates any provision of the Restrictive Covenant Agreement, as determined in the sole discretion of the Committee, such Covered Person shall (a) forfeit all unpaid or unexercised (whether vested or unvested) incentive compensation granted under the Long-Term Incentive Plan or otherwise; and (b) forfeit and repay to Havertys all paid or exercised incentive compensation granted under the Long-term Incentive Plan or otherwise which was paid or exercised any time after the date which is two (2) years prior to the date on which the Covered Person first breached the Restrictive Covenant Agreement, in each case as determined in the sole discretion of the Committee.

Havertys may seek recovery of incentive compensation even if the breach of the Restrictive Covenant Agreement did not result in financial injury to Havertys. Havertys may also take other action, as determined by the Committee in its sole discretion, including directing any disciplinary action. Any forfeiture or repayment pursuant to his Section 3 shall be in addition to any other right the Company may have with respect to any such violation or breach of the Restrictive Covenant Agreement.

#### **4. General.**

- a) These rights to recoupment are in addition to any other rights that Havertys may have against any Covered Officer, including any remedies at law or in equity. Application of this policy does not preclude Havertys from taking any other action to enforce a Covered Officer's obligations to Havertys, including termination of employment or institution of civil or criminal proceedings.
- b) Notwithstanding anything in this policy to the contrary, it is intended that the policy be administered in a manner that will comply with applicable law and securities exchange listing requirements. The Committee is authorized to adopt amendments to this policy, as well as rules and procedures deemed necessary or appropriate to comply with such laws and the regulations thereunder.
- c) This policy shall be administered by the Committee, which shall have sole discretion as to when and how to seek recovery from a Covered Officer. Recovery may be obtained by reducing future incentive compensation, cancelling outstanding incentive compensation, seeking repayment of incentive compensation paid to the Covered Officer, or otherwise as determined by the Committee, including by electing to withhold unpaid compensation, by set-off, or by rescinding or canceling unvested stock awards. All actions by the Committee to recover compensation under this policy shall be taken in accordance with applicable law.