HOUSTON WIRE & CABLE COMPANY
Corporate Governance Guidelines
Effective November 6, 2018
(Supersedes Corporate Governance Guidelines adopted November 4, 2016)

These Corporate Governance Guidelines (these "Guidelines") were adopted by the Board of Directors (the "Board") of Houston Wire & Cable Company (the "Corporation") on November 6, 2018. These Guidelines are intended to comply with the corporate governance rules of The Nasdaq Stock Market, Inc. ("Nasdaq").

A. Composition of the Board of Directors

1. Size. The Board is currently comprised of seven members. A size of five to seven directors makes the Board large enough to allow for diversity of perspectives and backgrounds without being so large as to impede effective discussion. The quality of the individuals serving and the overall balance of the Board are more important than the size of the Board, and these considerations could lead the Nominating and Corporate Governance Committee to recommend to the Board, from time to time, a Board comprised of a different number of directors.

2. Independence. A majority of the Board consists of "independent directors," as defined under Nasdaq rules. No director shall qualify as "independent" unless the Board affirmatively determines that the director has no relationship with the Corporation which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and has no material relationship with the Corporation. The Corporation will disclose, in its annual proxy statement, the names of those directors that the Board has determined to be independent under the Nasdaq rules and will describe, by specific category or type, for each director or nominee for director determined to be independent, any transactions, relationships or arrangements not disclosed in the proxy statement that were considered by the Board in making the determination. The Board would not expect to have more than two employee directors except in unusual circumstances, such as during a transition in leadership.

3. Retirement. No director may stand for election to the Board after his or her 78th birthday except in unusual circumstances approved by the Board. It is also expected that employee directors will resign from the Board at the time they resign or retire from the Corporation.

4. Change of Job Responsibility. A director who resigns or is terminated from the primary position that such director held when elected to the Board shall give notice of such change to the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will review the director's continued service on the Board under the circumstances and will make a recommendation to the Board.

5. Candidates. The Board as a whole is responsible for selecting candidates for director. The Nominating and Corporate Governance Committee is responsible for screening and recommending candidates. In discharging this responsibility, the Committee considers the

nature of the expertise and experience required for the performance of the duties of a director of a corporation engaged in the Corporation's business and such matters as the relevant business and industry experience, professional background, age, current employment, community service and other board service of candidates for directors, as well as the racial, ethnic and gender diversity of the Board. The Nominating and Corporate Governance Committee seeks to identify, as candidates for director, persons with a reputation for and record of integrity and good business judgment who (1) have experience in positions with a high degree of responsibility and are leaders in the organizations with which they are affiliated, (2) are free from conflicts of interest that could interfere with a director's duties to the Corporation and its stockholders, and (3) are willing and able to make the necessary commitment of time and attention required for effective Board service. The Nominating and Corporate Governance Committee also takes into account the candidate's level of financial literacy. The Nominating and Corporate Governance Committee monitors the mix of skills and experience of the directors in order to assess whether the Board has the necessary tools to perform its oversight function effectively.

6. Term Limits. Although the Nominating and Corporate Governance Committee will consider length of service in recommending candidates for re-election, the Board does not believe that adopting a set term limit for directors serves the interests of the Corporation.

7. Service on Other Boards. No director may serve on the board of directors of more than four public companies, in addition to the Board, unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Corporation's Board. A director shall notify the Chairman of the Board, the Chairman of the Nominating and Corporate Governance Committee and the Secretary of the Company whenever such director joins or departs from the board of directors of another company. The Nominating and Corporate Governance Committee takes into account the competing demands on a person's time in deciding whether or not to recommend to the Board such person's nomination or renomination as a director.

8. Compensation. Director compensation should be set by the Board, subject to the terms of the Corporation's stock plan. The Compensation Committee reviews the amount and composition of director compensation from time to time and makes recommendations to the Board when it concludes changes are needed. In recommending director compensation, including equity grants, the Compensation Committee considers the potential negative effect on director independence if director compensation and perquisites exceed customary levels.

B. Responsibilities of Directors; Meeting Attendance and Preparation.

1. General Responsibilities of Directors. Directors are expected to exercise their business judgment in good faith and in what they reasonably believe to be the best interests of the Corporation and its stockholders. In discharging those obligations, directors should be entitled to rely on the honesty and integrity of the Corporation's senior management and outside advisors and auditors.

2. Indemnification. Directors shall be entitled to indemnification to the fullest extent permitted by law and by the Corporation's charter and By-laws and to exculpation as provided by state law and by the Corporation's charter. Directors shall also be entitled to have the Corporation purchase reasonable directors' and officers' liability insurance on their behalf.

3. Agendas. The Chairman of the Board is responsible for setting and circulating in advance an agenda for each Board meeting. Any director may suggest items for inclusion on the agenda or may raise, at any Board meeting, subjects that are not on the agenda for that meeting. The Board expects that meeting agendas will include on a regular basis a review of financial performance and a review of the Corporation's business strategies and practices.

4. Meeting Attendance and Preparation. Directors are expected to attend Board meetings and to spend the time needed to discharge their responsibilities as directors. Materials with respect to matters on which action is expected to be taken are circulated to the Board no later than the Friday before the meeting whenever possible, and directors are expected to review these materials in advance of the meeting. Financial reports, certain Committee minutes and other background materials are also circulated in advance of the meeting and during months when the Board is not scheduled to meet.

5. Attendance at Annual Meeting of Stockholders. Directors are expected to attend the annual meeting of the Corporation's stockholders.

6. Executive Sessions of Independent Directors. The independent members of the Board meet, without management, at regularly scheduled executive sessions which may take place during or after a regularly scheduled meeting of the full Board. Such executive sessions shall be held at least twice a year. The Chairman of the Board or, in his or her absence, the Chairman of the Nominating and Corporate Governance Committee presides at the executive sessions.

7. Communications with Directors. The Corporation discloses, in its annual proxy statement and on its website, one or more methods by which stockholders and other interested parties may send communications directly to the Board of Directors, including the Chairman of the Board, who presides over executive sessions of the Board, and the independent directors as a group.

8. Access to Employees. The Board expects that senior officers of the Corporation will regularly attend Board and Committee meetings, present proposals and otherwise assist in the work of the Board. Members of the Board have direct access to any of the Corporation's employees.

9. Authority to Engage Advisors. The Board has the power to hire independent legal, financial or other advisors as it deems necessary, without consulting or obtaining the approval of any officer of the Corporation in advance, and the Corporation will pay any fees and expenses incurred in connection with the engagement.

C. **Committees of the Board**.

1. Numbers and Composition of Committees. The Corporation will have at all times Audit, Nominating and Corporate Governance, and Compensation Committees. The responsibilities of each Committee and any membership requirements are contained in the Corporation's By-laws and a charter approved by the Board. The Corporation complies with all applicable Nasdaq rules and regulatory requirements concerning the membership of Board Committees, including those with respect to the independence of the directors who serve on those Committees. Employees of the Corporation do not serve on any of the Committees,

although the staff work needed for each Committee is coordinated by a designated officer of the Corporation. The Nominating and Corporate Governance Committee reviews the Committee structure of the Board and the membership of the various Committees at least annually and makes recommendations for any changes to the Board.

2. Committee Meeting Procedures. The Committee Chairman, in consultation with the Committee members, determines the frequency of Committee meetings. Directors are expected to attend meetings of the Committees on which they sit and to spend the time needed to discharge their responsibilities as members of those Committees. The agenda and any background materials for Committee meetings may be developed in consultation with Committee members, management or the executive officer responsible for supporting the Committee and are circulated in advance of a meeting whenever practical. Committee members are expected to review these materials in advance of the meeting. The Committee Chairmen report to the Board after each meeting, and minutes of the Committees are circulated to the Board.

D. Role with Respect to Management.

1. Evaluation of Senior Officers. A key responsibility of the Board is to monitor the performance of the CEO and, in consultation with the CEO, the performance of other senior officers. The Compensation Committee annually conducts a management development and succession planning review and reports to the Board.

2. Succession Planning. The Compensation Committee reviews and, following Committee discussions, with and without the CEO, and the Committee's annual management development and succession planning review, makes recommendations to the Board concerning management development and succession planning activities, including recommending to the Board an appropriate successor in the event of the unexpected death, incapacity or resignation of the CEO.

3. Communication. Management speaks for the Corporation. Individual directors may meet or otherwise communicate, from time to time, with the press, institutional investors or various constituencies of the Corporation, but the Board believes that such meetings or communications should generally take place only at the request or with the concurrence of the Board or management. If comments from the Board are appropriate, they should in most circumstances come from the Chairman. Inquiries from institutional investors, the press and others should be referred to the CEO or other approved officers.

E. Director Orientation and Continuing Professional Development.

All new directors are required to participate in an orientation program, which includes the introduction of the new directors to the Corporation's principal officers and presentations by senior management to familiarize new directors with the Corporation's strategic plans and business units. Continuing professional development opportunities for all other directors will be conducted through the Corporation's regular Board meetings and Board meeting materials; periodic Board or Board Committee presentations by the Corporation's officers concerning the Corporation's strategies, business plans, management structure and significant financial, accounting and risk management issues; Board or Board Committee presentations by outside parties; and other professional development opportunities, if appropriate and relevant to the duties of a director of the Corporation, including presentations and educational programs offered by various outside organizations, with appropriate expenses paid by the Corporation. The Corporation has adopted a policy encouraging each director to devote at least one day each year to a continuing education program of the director's choice.

F. <u>Stock Ownership Guidelines</u>.

The Board believes that it is in the best interest of the Company and its stockholders to align the financial interests of the Company's directors and executive officers with those of the stockholders. Accordingly, the Board has adopted stock ownership guidelines encouraging directors and executive officers to invest in the Company's common stock, for non-employee directors, an amount equal to three times the annual cash retainer, for the Chief Executive Officer, an amount equal to two times base salary and for the Chief Financial Officer, an amount equal to one time base salary. The amount invested includes the market value, as of the date of grant, of shares of restricted stock and restricted stock units held by the director or officer and the market value, as of the date credited, of stock units credited to the account of the nonemployee director under the Nonemployee Directors' Deferred Compensation Plan. The recommended ownership level should be achieved within five years after first becoming subject to these stock ownership guidelines.

G. <u>Periodic Evaluation of Guidelines</u>.

The Nominating and Corporate Governance Committee of the Board reviews and reassesses these Guidelines periodically and submits any recommended changes to the Board for its approval.

H. <u>Annual Performance Evaluation</u>.

The Nominating and Corporate Governance Committee leads the Board in an annual self-evaluation to determine whether the Board and its committees are functioning effectively and in compliance with these Corporate Governance Guidelines. Such evaluation includes a review and assessment of the continuing independence of the Board's non-management directors. The Nominating and Corporate Governance Committee solicits comments from all of the directors and reports annually to the Board on its assessment of the Board's performance and its recommendations for improvement. All directors are encouraged to make suggestions at any time for the improvement of the Board's practices.

Copies of these Guidelines are available on the Corporation's website at <u>www.houwire.com</u>. Copies will also be mailed to stockholders of the Corporation or other interested persons upon written request to:

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