

CROWN CRAFTS, INC.

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the “Committee”) of Crown Crafts, Inc. (the “Company”) is to oversee the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

Membership

The Committee shall be composed of at least three (3) members of the Board of Directors of the Company (the “Board”), one (1) of whom shall be designated by the Board as the Chairperson of the Committee. The members of the Committee shall be appointed by the Board and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

Each member of the Committee must possess the necessary skills in finance or accounting as required by the rules and regulations of the Securities and Exchange Commission (the “SEC”) and The NASDAQ Stock Market LLC (“NASDAQ”). In addition, at least one (1) member of the Committee shall possess such additional financial experience as required by the rules and regulations of the SEC and NASDAQ, including qualification as an “audit committee financial expert” (as defined in the rules and regulations of the SEC) and past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background which results in the individual’s financial sophistication. A person who qualifies as an audit committee financial expert will also be presumed to have financial sophistication.

Each member of the Committee shall qualify as independent under the rules and regulations of the SEC and NASDAQ.

Meetings and Procedures

The Committee will meet at least four (4) times each year, with additional meetings held as deemed necessary. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board.

The Committee shall maintain written minutes or other records of its meetings and activities. Minutes of each meeting of the Committee shall be distributed to each member of the Committee. The Secretary of the Company shall retain the original signed minutes for filing with the corporate records of the Company.

After each Committee meeting, the Committee shall report to the Board on the Committee’s discussions and actions, including any significant issues or concerns that arise at a meeting, and shall make recommendations to the Board as appropriate.

Responsibilities

The Committee shall carry out its responsibilities through its interactions and discussions with the Company's management and independent auditors, as outlined below. The Committee may also engage, set the compensation of and oversee independent counsel and other advisors, as it deems necessary.

The Committee shall be the party to whom the independent auditors report and to whom they are ultimately accountable in connection with their audit of the Company's annual financial statements and related services. In this regard, the Committee has sole authority for the selection, compensation, retention and oversight of the work of the independent auditors and, where appropriate, for terminating and replacing the independent auditors. The Committee will review with the independent auditors any audit problems or disagreements between management and the independent auditors regarding accounting, financial reporting and related matters and management's responses to such matters.

The Committee also has sole authority for the selection, compensation, retention and oversight of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

The Committee will have full access to the Company's books and records.

As required by applicable laws and rules and regulations of the SEC, the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any advisors employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

In carrying out its responsibilities, the Committee shall be responsible for the following:

- Fostering an environment conducive to open and frank discussion among management, the independent auditors and the Committee members.
- Meeting periodically with management and the independent auditors in separate executive sessions to discuss matters which the Committee members or these groups believe should be discussed privately.
- Providing feedback at least annually to the independent auditors on their performance.
- Discussing at least annually with management and the independent auditors the adequacy and effectiveness of the Company's internal controls over financial reporting, disclosure controls and procedures, the integrity of its financial reporting processes and the adequacy of its risk management programs and policies, including recommendations for any improvements in these areas.

- Reviewing with the independent auditors their audit scope and plan with respect to their audit of the Company’s annual financial statements and their reviews of the Company’s unaudited quarterly financial statements, including any changes thereto.
- Before the independent auditors or other registered public accounting firms are engaged by the Company or its subsidiaries to render audit services or permitted non-audit or tax services, pre-approving the engagement as required by the rules and regulations of the SEC and pursuant to such policies and procedures as shall be established by the Committee. The Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals, provided such approvals are presented to the Committee at a subsequent meeting.
- Obtaining and reviewing at least annually a report from the independent auditors describing (i) the auditing firm’s internal quality control procedures and (ii) any material issues raised by the auditing firm’s internal quality control reviews, by peer reviews of the firm or by any governmental or other inquiry or investigation relating to the audit of the Company. The Committee will also review steps taken by the auditing firm to address findings in any of the foregoing reviews.
- Reviewing and discussing with management the Company’s financial results, including a draft of the earnings press releases, prior to issuing the Company’s quarterly and year-end earnings press releases.
- Reviewing and discussing with management and the independent auditors all significant matters related to the independent auditors’ review of the unaudited balance sheet and statement of operations prior to the issuance by the Company of any quarterly earnings press release.
- Prior to the Company’s filing its Annual Report on Form 10-K (the “Form 10-K”), including the Management’s Discussion and Analysis of Financial Condition and Results of Operation section, with the SEC:
 - Reviewing and discussing the Company’s audited annual financial statements included in the Form 10-K with management and the independent auditors.
 - Discussing with the independent auditors the matters required to be discussed by Auditing Standard No. 1301, as modified or supplemented, as adopted by the Public Company Accounting Oversight Board (the “PCAOB”).
 - Discussing with the independent auditors all relationships between the independent auditors and the Company, as disclosed in the

written statement provided by the independent auditors in accordance with the requirements of the PCAOB, which may impact the independence and objectivity of the independent auditors and taking, or recommending that the Board take, appropriate action, if needed, to oversee the independence of the independent auditors.

- Based on the results of the foregoing review and discussions, determining whether to recommend to the Board that such financial statements be included in the Form 10-K for filing with the SEC.
- For the purposes of disclosure in the Company's proxy statement:
 - Providing a report from the Committee to be included in the Company's proxy statement related to the performance of certain of the Committee's responsibilities, as required by the rules and regulations of the SEC.
 - Considering, if applicable, whether the independent auditors' provision of any permitted information technology services or other non-audit services to the Company is compatible with maintaining the independence of the independent auditors.
- Establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, as required by the rules and regulations of the SEC.
- Reviewing with the independent auditors:
 - The independent auditors' responsibilities under the standards of the PCAOB.
 - Management judgments and accounting estimates, including the process used by management in formulating particularly sensitive accounting estimates and the basis for the independent auditors' conclusions regarding the reasonableness of those estimates.
 - Audit adjustments, either individually or in the aggregate, that the independent auditors believe could have a significant effect on the Company's financial reporting and disclosure process.
 - Uncorrected misstatements and disclosure items passed that were aggregated during the current audit engagement and pertain to the latest period presented, which were determined by management to

be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Significant accounting policies and unusual transactions, including (i) the initial selection of and changes in significant accounting policies or their application, (ii) the methods used to account for significant unusual transactions, and (iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
 - Critical accounting policies and practices.
 - Alternative treatments within accounting principles generally accepted in the United States of America (GAAP) for accounting policies and practices related to material items that have been discussed with management during the current audit engagement, including (i) ramifications of the use of such alternative disclosures and treatments and (ii) the independent auditors' views as to the preferable treatment.
 - The independent auditors' judgments about the quality, not just the acceptability, of the Company's accounting policies as applied in its financial reporting and disclosures.
 - The independent auditors' responsibility for other information in documents containing audited financial statements, any associated procedures performed by the independent auditors and the results thereof.
 - Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Company's financial statements or the independent auditors' audit report.
 - The independent auditors' views regarding significant accounting and auditing issues about which management has consulted with other accountants.
 - Major issues discussed with management prior to the independent auditors' initial selection or retention as auditors.
 - Significant difficulties encountered in dealing with management related to the performance of the audit.
 - Material written communications between management and the independent auditors.
- Establishing policies for the hiring of employees or former employees of the independent auditors, as required by the rules and regulations of the SEC.

- Reviewing, approving and overseeing all related-party transactions on an ongoing basis, as required by the rules and regulations of the SEC.
- Keeping the Company's independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company, and reviewing and discussing with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- Reviewing and approving any material off-balance sheet arrangements or other material financial arrangements of the Company that do not appear on the financial statements of the Company.

The Committee shall conduct an annual evaluation of its effectiveness, review and reassess its charter at least annually, and submit any recommended changes to the Board for its consideration.

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Adopted as of June 2, 2017.