

TILE SHOP HOLDINGS, INC.

COMPLIANCE OFFICER POLICY

(adopted October 9, 2018)

The Chief Financial Officer of Tile Shop Holdings, Inc. (the “Company”) will serve as the Company’s Compliance Officer (“CO”), and will be responsible for overseeing on a day-to-day basis that management and employees are in compliance with federal and state law and regulations, that Company policies and procedures are being followed, and that the Company’s Code of Business Conduct and Ethics (“Code”) is being adhered to. In addition, the CO shall be responsible for investigating potential violations of any such laws, regulations, policies, procedures and Code.

Duties

The duties of the compliance officer shall include the following:

1. ***Compliance Program.*** The CO shall oversee the development and operation of a comprehensive legal compliance and ethics program designed to evaluate, maintain, and correct overall compliance with federal and state laws and regulations and all Company codes of ethics and conduct (the “Compliance Program”). The Compliance Program will be modeled after Section 8B2.1 of the U.S. Federal Sentencing Guidelines, titled “Effective Compliance and Ethics Program,” and will center around these items:
 - a. Oversight by a dedicated senior-level compliance officer;
 - b. Clear standards and procedures communicated to employees;
 - c. Employee training;
 - d. Monitoring and auditing capabilities;
 - e. Progress reports;
 - f. Written procedural policies for conducting internal investigations and addressing complaints; and
 - g. Enhancements to existing policies to clarify the employee discipline process and compliance incentive programs.
2. ***Training.*** The CO will regularly publicize and promote the Company’s ethics and compliance policies and programs to the Company’s employees and will institute a robust and on-going training program for all Company employees, officers and directors. This program will include retaining on an annual basis a qualified independent consultant or other expert to deliver a training program to members of senior management regarding SEC disclosure and compliance regulations that include insider trading and related-party

rules. On at least an annual basis, the Company will conduct an audit of the effectiveness of the training program.

3. **Investigations.** Whenever the CO determines, with the assistance of external counsel, that a violation of a federal or state law or the Company's Code of Business Conduct and Ethics may have occurred or may be about to occur, the CO will determine whether an investigation is warranted. If an investigation is warranted, the CO will notify the Audit Committee and will retain such additional independent outside expert personnel as he or she deems necessary to conduct the investigation. The CO will inform the Audit Committee of the results of any such investigation, and will, in consultation with the Audit Committee, (a) determine whether a violation has occurred, is ongoing, or is about to occur, (b) recommend the Company's response to any violation, and (c) cause the Company to undertake such remedial action as the CO and the Audit Committee determine to be appropriate. The CO shall inform the Chief Executive Officer of the results of any such investigation and the remedial measures. After each investigation, the CO will oversee a review of the underlying circumstances leading to the investigation to identify root causes, system vulnerabilities, and accountability lapses, if any.
4. **Improvement of Policies and Procedures.** To the extent that the results of any investigation provides evidence that the Compliance Program or other aspects of the Company's compliance policies or procedures need improvement, or the CO otherwise determines that such improvements would be beneficial, the CO will consult with the Audit Committee to determine improvements to such policies or procedures. The CO will regularly test relevant procedures, collect and analyze compliance data, and interview employees and third parties as to the effectiveness of the Company's procedures. On at least an annual basis, the CO will review, and if necessary make recommendations to the Audit Committee, about changes to the Company's Code, or for improvement of the Company's procedures for the receipt, retention and consideration of reports or evidence of violations or applicable federal or state law or the Code.
5. **Reporting.** The CO will report to the Audit Committee regarding the state of the Company's legal and regulatory compliance functions. The report shall include, as appropriate, (a) an assessment of the effectiveness of the Company's legal and regulatory compliance efforts, including its training program, (b) summaries of key compliance issues, government investigations, and hotline tips, (c) summaries of the nature, scope, and status of any compliance investigations or audits, (d) identification of any issues that are deemed to reflect any systemic or widespread problems exposing the Company to substantial compliance risk, and (e) an assessment whether the staffing and resources devoted to the Compliance Program are adequate.

Delegation; Resources

If the compliance officer decides in his or her discretion that it would be beneficial and appropriate to delegate certain of his or her duties described herein, the compliance officer may delegate such duties to the Chair of the Audit Committee or to independent expert personnel. The Company shall grant the compliance officer financial resources for legal counsel and other

experts to the extent necessary or appropriate for the development of the Compliance Program, the conduct of investigations, and the other duties described herein.