

Section: Tile Shop Holdings, Inc.
Scope: All Employees of Tile Shop
Holdings, Inc. and The Tile Shop, LLC

Policy/Proc. No.:
Doc Owner: Compliance Officer

Message from Chairman and CEO

The principles set forth in this Code of Business Conduct and Ethics (the “Code”) describe how we should behave. Tile Shop will conduct all its operations consistent with the highest business, legal and ethical considerations. Compliance with these principles is vital to maintaining our reputation as a responsible corporate citizen. Personal responsibility is at the core of our principles and culture. In every business decision we make, we must follow the ethics and compliance principles set forth in this Code. It is also our responsibility to report anything we observe or know about that might violate these principles.

Application

This Code applies to all officers, employees and directors of Tile Shop Holdings, Inc. and its subsidiaries (collectively, the “Company”).

General Policy

The Company shall adhere to the highest standards of honesty and integrity in the conduct of its business. To the extent that this Code sets forth a more stringent standard of conduct than is required by applicable laws or commercial practice, the Company and all of its employees, officers and directors shall adhere to these more stringent standards.

This Code is intended to ensure fair and accurate financial reporting, to promote ethical conduct in compliance with all applicable laws, rules and regulations, to provide guidance with respect to the handling of ethical quandaries, to encourage a culture of openness and accountability and to deter wrongdoing.

All employees, officers and directors of the Company are expected to read the policies set forth in this Code and to ensure that they understand and comply with all such policies. The Audit Committee of the Board of Directors is responsible for coordinating the Board’s oversight of, and the Company’s compliance with, this Code. The Company’s Compliance Officer (“CO”), who is currently the Chief Financial Officer, is responsible for applying these policies to specific circumstances in which questions may arise and has authority to interpret these policies in any given situation. Compliance with the Code is a condition of employment. If violated, the Company may take prompt disciplinary action, up to and including termination of employment and other legal actions. The Company may also report violations to law enforcement as appropriate. Each employee, officer and director has a duty to raise concerns and report behavior that appears to violate the Code, corporate policies, or the law.

Questions about this Code, the subject matter or applicability hereof should be directed to the Company’s CO, who, in consultation with outside legal counsel, and the Company’s Board of Directors or the Audit Committee, is charged with ensuring that the responses to all inquiries incorporate “best compliance practices.” Any determination with respect to the applicability of any provision of this Code to any executive officer, or director of the Company shall be made only by the Board of Directors or the Audit Committee thereof and shall be disclosed to the public as required by applicable law or listing standard.

Responsible Officer

The Company’s CO will have primary responsibility for oversight of compliance with this Code and the Company’s other compliance policies and procedures. On at least an annual basis, the CO will review this Code and make recommendations for changes needed, if any, to the Company’s Audit Committee. The Company’s Audit Committee shall have the final authority over any changes to this Code.

Reporting

All employees, directors, and officers of the Company have a duty to report any known or suspected violations of this Code, including violations of any applicable laws, rules, regulations or policies. Such known or suspected violations can be reported by any of the following means:

- Leaving a detailed message regarding the violation on the Company's Ethics Hotline at 855-289-1575 or reporting the violation at thetileshop.ethicspoint.com. Individuals may remain anonymous when reporting violations by these means.

- Contacting the Compliance Officer of the Company at:

Tile Shop Holdings, Inc.
Attn: Chief Financial Officer
14000 Carlson Parkway
Plymouth, MN 55441

- Contacting the Chairperson of the Audit Committee of the Board of Directors at:

Tile Shop Holdings, Inc.
Attn: Chairperson of the Audit Committee
14000 Carlson Parkway
Plymouth, MN 55441

Anybody who submits reports of violations or suspected violations is encouraged to provide as much specific information as possible.

The Company shall take appropriate steps to maintain the confidentiality of the reporting individual's identity, if disclosed, to the extent that it can do so consistent with the Company's obligations to investigate and remedy the matter and, if appropriate, to report the matter to government officials. All reports will be investigated.

The Company strongly encourages you to speak up if you have concerns.

No Retaliation

The Company shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against any employee or director of the Company for submitting information, in good faith, regarding a known or suspected violation of this Code or applicable law.

Zero Tolerance

Any employee or director of the Company who engages in any such retaliatory conduct will be subject to immediate disciplinary action, including potential termination of employment.

In addition, the Company shall comply with all applicable laws pertaining to the submission of such information.

Conflicts of Interest

1. **General Policy.** Conflicts of interest occur when an employee's, officer's or director's private interest interferes, or appears to interfere, with that person's ability or motivation to act in the best interest of the Company as a whole. Any situation, transaction or relationship that may give rise to an actual or potential conflict of interest must be disclosed to the Company's CO and shall be avoided, unless otherwise approved by the Company.

2. **Outside Employment.** No employee, director, or officer shall be employed by, serve as a director of, or provide any services to any person or entity that the employee, officer or director knows or suspects to be material customer, supplier or competitor of the Company.

3. **Financial Interests.** No employee, director, or officer shall hold an ownership interest greater than 1% of the total equity of a material customer, supplier or competitor of the Company or an investment in any material customer, supplier or competitor of the Company that represents more than 5% of the total assets of the employee, officer, or director.

4. **Loans and Other Transactions.** No employee, officer, or director shall obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any person or entity that the employee, officer, or director knows or suspects is a material customer, supplier or competitor of the Company, except for arms-length transactions with banks, brokerage firms or other financial institutions.

5. **Board Service.** No employee, officer, or director shall serve on the board of directors, as a trustee or on any committee of any entity whose interest would reasonably be expected to conflict with those of the Company. In addition, no employee, officer, or director shall serve on the board of directors, as a trustee or on any committee of any entity without the prior approval of the Audit Committee of the Board of Directors and the Chief Executive Officer of the Company.

6. **Family Members.** No employee, officer or director shall conduct business on behalf of the Company with any Family Members (as defined herein) or with any entity with which a Family Member is associated. For the purposes of this Code, "Family Member" shall mean any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an employee, officer, or director of the Company or any person (other than a tenant or employees) sharing the household of such employee, officer, or director.

Corporate Opportunities

Employees, directors, and officers of the Company owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Employees, directors, and officers are prohibited from taking, or directing a third-party to take, a business opportunity that is discovered through the use of Company property, information or position, unless the Company has already been offered the opportunity and has determined not to pursue such opportunity. More generally, employees, directors, and officers of the Company are prohibited from using Company property, positions or information for personal gain and from directly or indirectly competing with the Company.

Employees, directors, and officers of the Company shall consult with the Company's CO prior entering into any business relationship that may be the subject of this Code.

Confidential or Proprietary Information

During and after engagement with or by the Company, employees, directors, and officers of the Company shall safeguard all confidential information of the Company or third-parties with which the Company conducts business, except where disclosure of such confidential information is authorized by the Company, permitted by law or is legally mandated. Confidential or proprietary information may include non-public financial data; sensitive business information such as marketing strategies or pricing policies; sensitive contracts or agreements; information about customers; information about personnel obtained by virtue of an employees' job responsibilities; and the Company's attorney-client communications or other internal business-related communications.

All determinations of whether disclosure of confidential or proprietary information is legally mandated shall be referred to the Company's CO, who may consult with legal counsel.

Nothing contained in this Code shall prohibit any employee, director or officer of the Company from reporting possible violations of federal, state or local laws or regulations to any federal, state or local governmental agency or from making other disclosures that are protected under the whistleblower provisions of federal, state or local laws or regulations.

Competition and Fair Dealing

It is the policy of the Company not to seek competitive advantage through illegal or unethical business practices. Accordingly, employees, directors, and officers of the Company shall endeavor to deal fairly and honestly with the Company's customers, suppliers and competitors as well as with other employees, directors, and officers of the Company. In conducting Company business, no employee, officer or director shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or any other unfair dealing practice.

Gifts and Entertainment

Employees, directors, and officers of the Company as well as Family Members of employees, directors, and officers, shall not, directly or indirectly, accept services, payment or gifts from any current or prospective customer or supplier of the Company including, without limitation, commissions, loans, free services, products, entertainment, travel or tickets. Notwithstanding the foregoing, employees, directors, and officers of the Company shall not be prohibited from accepting entertainment, travel or gifts that are openly accepted courtesies given in connection with normal business relations, such as holiday gifts, business luncheons or promotional items each with a value of less than two hundred and fifty dollars (\$250.00) per person.

Employees, directors, and officers shall make every effort to refuse or return a gift that is beyond the permissible bounds of this Code; provided, however, that if it would be inappropriate to refuse or return a gift, the receipt of such gift shall promptly be reported to the Company's CO, who shall determine the appropriate course of action including directing that the gift be donated to an appropriate community organization.

Recordkeeping

The Company's books, records, accounts and financial statements shall be maintained in reasonable detail and reflect the matters to which they relate accurately, fairly and completely. All books, records, accounts and financial statements shall also conform to applicable law and to the Company's system of internal controls. The Company's assets must be carefully and properly accounted for, no undisclosed or unrecorded account or fund shall be established for any purpose, and no false or misleading entries shall be made in the Company's books or records for any reason.

Employees, directors, and officers of the Company shall further comply with any document retention policy that the Company may establish from time-to-time.

Protection of Company Assets

Employees, directors, and officers of the Company shall protect the assets of the Company and ensure their efficient use for only legitimate business purposes. Any suspected incident of fraud, theft or abuse should be immediately reported to the Company pursuant to the instructions set forth herein.

Disclosure

In order for the Company to effectively comply with the laws, rules and regulations to which it is subject, all employees, directors, and officers of the Company are responsible for the accurate and complete reporting of financial information within their respective areas of responsibility and for the timely notification of senior management of financial and nonfinancial information that may be material to the Company.

Each employee, officer and director, to the extent involved in the Company's disclosure process, including without limitation the Principal Officers and other senior management of the Company, shall familiarize himself or herself with the disclosure requirements applicable to the Company as well as the business and financial operations of the Company and shall not knowingly misrepresent, or cause others to misrepresent, facts about the Company to others, whether within or outside the Company, including to the Company's auditor, government regulators and self-regulatory organizations.

Compliance with Laws

1. **General Policy.** Employees, directors, and officers of the Company shall respect and obey all applicable laws, rules and regulations when carrying out responsibilities on behalf of the Company and shall refrain from any illegal conduct. All employees, directors, and officers have an affirmative obligation to be familiar with specific laws, rules and regulations applicable to their respective areas of responsibility. To the extent that this Code or any other policy of the Company conflicts with any applicable law, rule or regulation, employees, directors, and officers of the Company shall comply with such law, rule or regulation. However, if this Code imposes stricter obligations than a law, rule or regulation, the employees, directors, and officers are required to comply with such stricter obligation in the Code.
2. **Insider Trading.** Federal and state securities laws prohibit trading (purchase or sale) of equity, debt or derivative securities by a person while in possession of material, nonpublic information. "Material nonpublic information" includes all information that is not available to the public at large and to which a reasonable person would attach importance in determining whether to buy, sell or hold a company's equity, debt or derivative securities. Accordingly, employees, directors, and officers of the Company are prohibited from engaging in any transaction involving the purchase or sale of the Company's securities while in possession of material nonpublic information or from passing such information along to others. Employees, directors, and officers of the Company are further prohibited from engaging in any transaction involving the purchase or sale of securities of other companies about which an employee, director, or officer learned material nonpublic information as a result of his or her relationship with the Company or from passing such information along to other. Employees, directors, and officers must review the Company's Insider Trading Policy for more information with respect to these matters.
3. **Preventing Corruption and Bribery – Anti-Corruption Laws.**
 - (a) We are committed to doing business honestly and transparently, and we prohibit bribery and corruption in any form regardless of where we do business. Commercial bribery, or bribery between non-governmental businesses and individuals, is a violation of our Company policy and is illegal under U.S. laws and other laws around the world. Doing business with governments is not the same as conducting business with commercial and private parties. More stringent requirements exist around the world to prevent bribery and other corruption when doing business with governments and their related institutions. Some business practices that may be acceptable in commercial settings, such as providing meals, transportation, entertainment, or other business courtesies, may be illegal when dealing with government officials.
 - (b) The U.S. Foreign Corrupt Practices Act ("FCPA"), for example, generally prohibits promising, offering, or making payment in money, products or services (anything of value) to foreign government officials, foreign political parties, or candidates for foreign political office in exchange for favorable treatment or to influence someone to act improperly for a company's benefit. No set monetary amount defines a payment as a bribe, and the bribery does not have to result in an advantage being received. It is the intent that matters.
4. **Antitrust.** Competition laws and regulations throughout the world are designed to foster a competitive marketplace and prohibit activities in restraint of trade. Generally, action taken in combination with other companies that have the effect of restraining trade or certain actions taken by an individual company in a market segment in which it has a strong position may violate antitrust laws. The Company is dedicated to compliance with all laws governing fair competition and employees, directors, and officers of the Company shall comply with all such laws.

5. Health, Safety & Environment. The Company is dedicated to conducting its business activities and operations in a manner that promotes protection of people and the environment to the extent possible. Accordingly, employees, directors, and officers of the Company shall comply with all applicable environmental, health and safety laws and shall report noncompliance with such laws to the Company pursuant to the instructions set forth herein.

6. Fair Employment Practices. The Company strives to maintain a work environment in which all individuals are treated with respect and dignity and does not discriminate on the basis of race, religion, color, sex, pregnancy, national origin, age, physical or mental disability, military or covered veteran status, marital status, sexual orientation or any other classification protected by applicable federal, state or local law. Further, the Company is committed to compliance with applicable labor and employment laws, including antidiscrimination laws and laws related to freedom of association and privacy. Each employee, officer and director of the Company shall treat all colleagues in a respectful manner, free from bias, prejudice and harassment. Any employee, officer or director who is found to have discriminated against or harassed another employee, officer or director or retaliated against an employee, officer, or director who reported any such conduct, shall be subject to immediate disciplinary action, including potential termination of employment.

7. Political Activities. The Company does not make contributions to political candidates or political parties except as permitted by applicable laws. Any employee, officer or director of the Company who engages in political activities shall do so as a private citizen and not as a representative of the Company. Further, any employee's, officer's or director's personal lawful political contribution, or decision not to make a political contribution, shall not influence such employee's, officer's or director's compensation, job security or opportunities for advancement.

Public Communications

.Any employee, officer, or director who is contacted by the press, any member of the financial community (i.e., analysts, institutional investors, or investment advisors) or any other outside organization or individual shall not provide any information to such parties with regard to the Company's business, including without limitation, information regarding overall business trends, business in different geographies, pricing, suppliers, new products or technologies and lawsuits or disputes, and shall direct all such inquiries to the Company's Chief Financial Officer.

Amendment

The Company reserves the right to amend, supplement or discontinue this Code at any time and without prior notice.

The Board of Directors or its designated committee will review and make any necessary changes to the Code. This Code takes precedence over any previous Code, policy, procedure, writing, or oral statement. This Code shall be maintained on the Company intranet site.