

LUMBER LIQUIDATORS HOLDINGS, INC.
AUDIT COMMITTEE POLICY
REGARDING COMPLAINT PROCEDURES

I. Purpose and Applicability of Policy

This policy sets out procedures with respect to complaints and concerns about the business and operations of Lumber Liquidators Holdings, Inc. and its direct and indirect subsidiaries (collectively, the “Company”). It is also adopted pursuant to Section 301 of the Sarbanes-Oxley Act of 2002 and related listing standards to address the receipt, retention and treatment of complaints received by the Company regarding, among other things, questionable accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding suspected violations of the Company’s Code of Business Conduct and Ethics (the “Code”) or questions relating to accounting or auditing matters. The Audit Committee will review this policy at least annually to assure continuing compliance with applicable law and listing standards.

Questions about this policy may be directed to any member of the Audit Committee, the General Corporate Counsel and/or the Director of Internal Audit. Contact details for these persons are listed in Annex A.

II. Procedures for Addressing Complaints

If an employee is aware of or suspects any intentional or inadvertent improprieties or wrongdoing concerning the Company’s accounting, internal accounting controls or auditing matters, or any violation of the Code by any individual or group of individuals, he or she may confidentially notify the appropriate Company authorities using any of the following means (any such notification referred to as a “Complaint”). The employee may

- call the confidential toll-free hotline at 1-800-799-3983 (the hotline is operated by an outside service provider);
- submit, at <https://lumber.silentwhistle.com/ethfeedback/index.jsp>, a confidential online report (the website is operated by an outside service provider).
- write a confidential letter addressed to the General Corporate Counsel, c/o Lumber Liquidators Holdings, Inc., 3000 John Deere Road, Toano, Virginia 23168. The employee should mark the envelope and letter as “Confidential”, but need not identify him or herself in any way if he or she wishes to remain anonymous.

- send a confidential email message to the General Corporate Counsel at the following address anonymouscomplaint@lumberliquidators.com. As the identity of the sender will be apparent in any email message sent from within the lumberliquidators.com domain (and may be apparent if sent from an outside email account), complainants should use an outside email account with an address that will not identify the sender to help assure anonymity.
- report any impropriety, wrongdoing or violation to his or her manager. If it is impractical or inappropriate for the employee to notify his or her manager, the employee may report to the General Corporate Counsel, members of the Board of Directors including the Lead Outside Director, senior management, the Director of Internal Audit, or our outside service provider (via the confidential hotline or website referred to above).

The Company will provide information regarding the above-mentioned procedures in the Code.

Access to any Complaint will be strictly limited to the specified authorized personnel listed in [Annex A](#) and as otherwise specifically provided herein. The General Corporate Counsel will update the list as necessary.

The hotline system is expected to be the principal means through which Complaints will be made, although the Company expects that concerns may also be raised directly with members of the Board of Directors, including the Lead Outside Director, and senior management. Any director, officer, supervisor or other manager who receives a Complaint directly should notify the General Corporate Counsel, and the Complaint should be documented and addressed as provided in this policy.

Complaint Reports and Log. Authorized personnel will review Complaints when received and recorded. Each Complaint will be entered into the third-party case management software package and assigned a case number. The case management system will be the primary process used to process the Complaint and manage the Complaint to completion. The system also allows for periodic reports to be obtained for use by the General Corporate Counsel, senior management, internal audit department and the Board of Directors.

The case management system will act as a log of all Complaints received, and will typically record the following information with respect to each Complaint: its case number, the date it was received, a brief summary of the Complaint, any action taken (including investigative and/or disciplinary action), and the status of the file.

Complaint Classification. Regardless of the means through which it was submitted, each Complaint will be classified by priority and type as described below:

Priority

- ***Urgent*** – Complaints alleging immediate threat to the corporate security of the Company or any other emergency situation involving an immediate threat to health or safety of an employee or involving any of the products or services offered by the Company. Urgent Complaints are considered to require immediate attention and will be notified to appropriate parties based on the type of Complaint. The Company will generally make an initial follow-up call to the complainant, if known, within five business days of receipt of the Complaint.
- ***Normal*** – Complaints where there is not an immediate threat to the Company, employees or customers, but they are deemed important or considered of a material nature based on the information submitted. Normal Complaints require prompt attention and will be notified or delegated to the appropriate parties for follow-up based on the type of Complaint. The Company will generally make an initial follow-up call to the complainant, if known, within ten business days of receipt.
- ***Low*** – All other Complaints will be promptly notified to the appropriate personnel as determined by the General Corporate Counsel. The Company will generally make an initial follow-up call to the complainant, if known, within twenty days of receipt of the Complaint.

Type

- ***Accounting and Financial Alerts*** – Complaints alleging financial or accounting fraud, expropriation of corporate funds, or other financial impropriety, supplier or customer financial impropriety, significant deficiencies or material weaknesses in the Company’s systems of internal controls, security violations or any other significant issue related to auditing or accounting matters that may have a material effect on the Company’s consolidated financial statements are classified under this category. Based on the nature of the allegation, these Complaints will be notified promptly to the Chief Financial Officer, Director of Internal Audit and/or the General Corporate Counsel. The General Corporate Counsel may alert additional personnel, including the Chairman of the Audit Committee, as necessary.
- ***Company Policies, Safety and Theft*** – Complaints alleging violations of Company policies, safety concerns, OSHA violations or theft. These Complaints will be notified promptly to the General Corporate Counsel, and additional personnel, including the Chief Human Resources Officer, Director of Loss Prevention and the Director of Internal Audit. The General Corporate Counsel may alert or delegate follow-up actions to additional personnel based on the nature of the Complaint.

- **Human Resource Alerts** – Complaints alleging claims of sexual harassment, alcohol or drug use, discrimination and other workplace conduct concerns. These Complaints will be notified promptly to the Chief Human Resources Officer and the General Corporate Counsel. The General Corporate Counsel may alert or delegate follow-up actions to additional personnel based on the nature of the Complaint.

III. Investigations

Initial Determinations. The General Corporate Counsel and the departmental personnel to whom Complaints have been delegated or referred to as described above will make initial determinations as to whether an investigation of a Complaint is appropriate, based on preliminary inquiries (including follow-up calls with complainants, if known). Factors to be considered include:

- (i) the nature of the claim;
- (ii) the level and title of the persons who may be involved or have knowledge of the relevant facts;
- (iii) the nature of the exposure, including the risk of reputational harm; and
- (iv) whether the facts involve a pattern of impropriety or suggest that recurrence of the problem is likely in the absence of corrective action.

Coordination with General Corporate Counsel. If it is determined that an investigation will be conducted, the General Corporate Counsel and the relevant departmental personnel will consult as necessary with respect to its manner and scope. The General Corporate Counsel has the authority to retain external advisors or other resources to assist in any investigation. In conducting any investigation, the Company will comply with all applicable law and internal Company policies, including employment and human resource policies, and with respect to document retention. Persons implicated by any Complaint will be advised of their right to retain counsel prior to speaking with any investigator.

Periodic Reports to Chief Executive Officer and Audit Committee. The General Corporate Counsel and/or the Director of Internal Audit will report periodically to the Chief Executive Officer and the Audit Committee regarding the status of any open or pending investigations.

Corrective Actions. The General Corporate Counsel will coordinate with relevant departmental personnel the implementation of any corrective or disciplinary action in connection with a Complaint. Actions may include changes to the Company's controls or policies, self-reporting to regulatory authorities or employee disciplinary action.

Confidentiality and Anonymity

Each Complaint will be treated as confidential, and the identity of the complainant will be maintained as anonymous, to the full extent reasonably possible in light of the Company's need to investigate the Complaint.

IV. Prohibition Against Retaliation

The Company will not discharge, threaten, suspend, reprimand, harass, discipline, withhold or suspend payment of salary and/or benefits of, demote, transfer or otherwise take any disciplinary or retaliatory action related to the terms and conditions of employment against, any employee, agent or Company representative because such person in good faith makes any Complaint or discloses or provides information or assistance in connection with any governmental proceeding or inquiry. Anyone who attempts to retaliate against an employee, agent or Company representative in violation of this policy will be subject to disciplinary action, up to and including dismissal.

V. Audit Committee Oversight

The Audit Committee will have full access to information contained in the complaint log, complaint reports and related materials at all times.

On a regular basis, the General Corporate Counsel and/or Director of Internal Audit will report to the Audit Committee with respect to Complaints received since the most recent status report. The distribution of this status report will also include the Chief Executive Officer.

Authorized Personnel

General Corporate Counsel:

E. Livingston B. Haskell
General Corporate Counsel
Lumber Liquidators
3000 John Deere Road
Toano, Virginia 23168

Director of Compliance & Control:

John W. Bone
Director of Internal Audit
Lumber Liquidators
3000 John Deere Road
Toano, Virginia 23168

Audit Committee:

John M. Presley
Director; Chair of Audit Committee
Lumber Liquidators
3000 John Deere Road
Toano, Virginia 23168

Douglas T. Moore
Director; Member of Audit Committee
Lumber Liquidators
3000 John Deere Road
Toano, Virginia 23168

Martin F. Roper
Director; Member of Audit Committee
Lumber Liquidators
3000 John Deere Road
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Jimmie L. Wade
Director; Member of Audit Committee
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3000 John Deere Road
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