



The **SCHWAN**
FOOD COMPANY

BUSINESS ETHICS

CODE OF

CONDUCT



BUSINESS ETHICS LINE 1.800.818.9065



Allan L. Schuman
Chairman of the Board

Dear Colleagues:

The Schwan Food Company recognizes that employees have an inherent understanding of ethical business conduct. Our mission is: “Delight consumers with an unmatched food experience that delivers superior value.” To achieve this mission, we must be diligent in ensuring that our reputation is maintained in every country, community, and location where we do business. Our business ethics program is the guiding principle of who we are and how we conduct business.



Greg Flack
CEO, President and COO

The business ethics program consists of our Code of Conduct, ongoing communication and training, and communication channels in which individuals can ask questions or communicate concerns. The goal of the business ethics program is to prevent, identify, and correct issues as we continue to serve our valued customers.

Our Business Ethics Code of Conduct guides all of us, from board of directors to new employees, to achieve the highest level of ethical business conduct. Each of us is responsible for becoming familiar with the Code and applying its principles.

We have a rich heritage, which is reflected in our core values and in our Code of Conduct. We are committed to ensuring that our actions reflect our words. Remember that our reputation and our future depend on the manner in which we conduct ourselves and the decisions we make each day.

Sincerely,

Allan L. Schuman
Chairman of the Board

Greg Flack
CEO, President and COO



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TABLE OF CONTENTS

The Schwan Business Ethics Program Overview	2
Worldwide Applicability.....	2
Our Core Values and Code of Conduct	3
Knowing and Complying with the Code and Law.....	3
Asking Questions and Communicating Concerns	4
Follow-up and Retaliation.....	6
We are Responsible for Telling the Truth.....	6
Mutual Respect	7
Dignity in the Workplace.....	7
Health and Safety	8
Business Practices	9
Competition / Antitrust	9
Insider Trading.....	10
Conflicts of Interest / Entertainment & Gifts	11
Vendor Relationships.....	13
Use of Company Resources.....	14
Accuracy & Retention of Business Records	15
Confidential and Proprietary Information.....	17
Media and Public Discussion.....	18
Environmental	18
Civic and Political Activity.....	18
Regulatory & Legal Inquiries.....	19

THE SCHWAN BUSINESS ETHICS PROGRAM OVERVIEW

WORLDWIDE APPLICABILITY

The Schwan Business Ethics Code of Conduct is a guide to the ethical and legal responsibilities governing each of us. It is not a complete rule book that addresses every ethical issue, nor a summary of all laws and policies. Rather, the Code gives us guidance and directs us to resources to help make the correct decisions. Throughout the Code of Conduct, we speak of company rules and policies. In these cases please refer to the employee handbook, your supervisor, or Human Resources for the specific policy guidelines.

We acknowledge and appreciate the wide variety of cultural and political differences of the countries in which we operate. While we recognize local laws and customs may dictate the necessity for this Code to be flexible, we do expect all employees to adhere to the philosophies and underlying principles of the document.

The Ethics and Law departments are corporate support functions. As such, guidance should be sought from these resources when necessary regardless of the country in which your respective business operates.

*Note: All references to “Schwan” or “the company” throughout this document includes the subsidiary companies of The Schwan Food Company.

OUR CORE VALUES & CODE OF CONDUCT

Schwan values growth, helping one another, enthusiasm, hard work and integrity. These values are the foundation of the Business Ethics Code of Conduct. The Code is the cornerstone of the Schwan business ethics program and applies to all employees, contractors, officers, and members of the board of directors.

In complying with the Code of Conduct, the following basic questions should guide you:

- *Do you believe that what you are doing or are being asked to do may be illegal or unethical?*
- *Could someone's health or safety be endangered by the action?*
- *Would you be unwilling or embarrassed to tell your family, friends, or co-workers?*
- *How would you feel if this was reported in a newspaper?*
- *Is it the right thing to do?*

WE ARE RESPONSIBLE FOR KNOWING AND COMPLYING WITH THE CODE AND THE LAW

It is the duty of all of us to know, understand, and comply with the Code of Conduct and applicable laws. It is part of our jobs, of our responsibility, of who we are and how we conduct business.



WE ARE RESPONSIBLE FOR ASKING QUESTIONS AND COMMUNICATING CONCERNS

If you have a question or a concern about a point of ethical conduct, there are a number of channels available for assistance. As employees, we each have a responsibility to communicate any circumstances or actions that violate or appear to violate the principles of the Code of Conduct. Your resources for seeking assistance or communicating concerns include:

- *Your supervisor or another member of management*
- *A Human Resources Representative*
- *The Ethics Department*

The Schwan Food Company
115 West College Drive
Marshall, MN 56258
507-537-8974
ethics@schwans.com

- *The Business Ethics Line*

The company provides a business ethics telephone line within the United States and Canada. The business ethics line is managed and staffed by an independent third-party firm that is experienced in handling sensitive matters. The line provides the means to ask questions, receive guidance, or communicate concerns.

Company operations outside the United States and Canada may be subject to local laws or regulations that govern the use of such an ethics line. An ethics line may not be available for use in these other countries. For clarification regarding the rules that apply to the country in which you work, you should contact your supervisor, a member of management, or a Human Resources representative. Nonetheless, even if an ethics line is not available within your country of employment, the traditional methods of presenting questions or issues to a supervisor, another member of management, or a Human Resources representative are available to you.

Employees within the United States and Canada can contact the business ethics line 24 hours a day, 7 days a week at 1-800-818-9065 and have the option to remain anonymous.

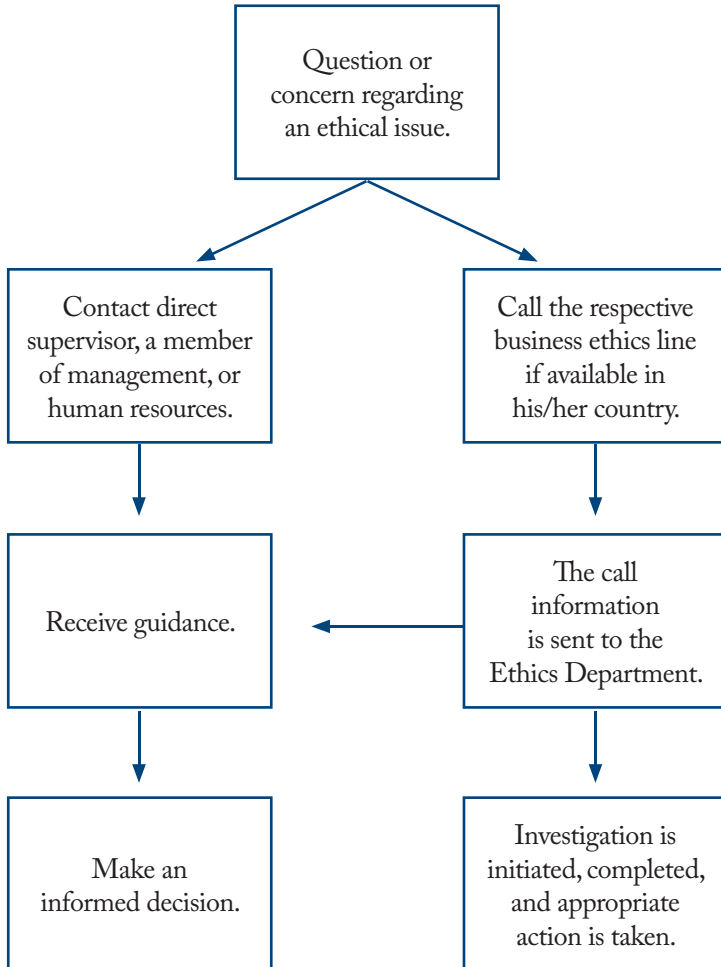
Within the U.S.: 1-800-818-9065 (You may remain anonymous.)

Within Canada: 1-800-818-9065 (You may remain anonymous.)

• *The Law Department*

The Schwan Food Company
115 West College Drive
Marshall, MN 56258
507-537-8002

The following chart should help you see the process for seeking assistance, asking a question, or raising a concern:



FOLLOW UP AND RETALIATION

The business ethics program is designed to ensure that anyone acting in good faith has the means to communicate questions, concerns, or apparent violations of the Code of Conduct without fear of retaliation. The laws that govern the use of business ethics lines differ by country. In some countries, business ethics line callers may be able to remain anonymous and no attempt will be made to identify them. However, callers should know that it is often more difficult to appropriately investigate issues raised anonymously. Callers within the United States and Canada do have the option of anonymity.

Retaliation in any form against an individual who in good faith reports a known or suspected violation of the Code of Conduct, a law, or other policy is itself a violation of company policy and the Code of Conduct. Suspected acts of retaliation should be reported immediately to the Ethics Department.

WE ARE RESPONSIBLE FOR TELLING THE TRUTH

Investigations of actual or potential violations of the Code of Conduct or other company policies or laws may be conducted. Discussions are a fundamental part of the process whether they relate to a question, concern, or investigation. If you are interviewed or asked to provide information regarding an actual or potential violation, it is important, necessary, and required that you cooperate fully and honestly.



BUSINESS ETHICS LINE 1.800.818.9065

MUTUAL RESPECT

DIGNITY IN THE WORKPLACE

No matter what Schwan business you work for, or what part of the world you work in, everyone deserves to be treated fairly and with dignity. We are committed to a policy of equal opportunity for all qualified applicants and employees without regard to race, color, gender, religion, age, national origin, ancestry, disability, military status, or other legally protected status.

We are committed to providing a workplace that is free from harassment, intimidation, and abuse.

Example Application – Question & Answer

Q: The quality assurance manager asks one of his subordinates out on a date. The subordinate is not interested in dating him, but is scared to say no because her manager has stated that it would be beneficial for her career for her to go out with him.

A: The subordinate should say no to her manager and contact another member of management, a Human Resources representative, or the business ethics line to report the issue. Please refer to company policy in regard to acceptable relationships in the work place.

Q: A facility supervisor is reviewing the applications he received for an open material handler position. There are five male applicants and one female. When deciding who to call back for an interview, he decides not to call the female back because the last female employee he hired was not a very hard worker.

A: This decision on the part of the facility supervisor is inappropriate. All applicants must have equal opportunity for employment. No decisions or assumptions should be made based on an applicant's race, gender, religion, age, national origin, ancestry, disability, military status, or other legally protected status.

HEALTH & SAFETY

Schwan is committed to providing a safe work environment. We all have a responsibility to abide by all applicable laws, rules, practices, and precautions to protect ourselves, coworkers, and our customers. This includes reporting to work free from the influence of any illegal or controlled substances that could prevent one from conducting work activities safely. We all have a responsibility to immediately communicate accidents and unsafe practices or conditions to appropriate personnel.

Example Application – Question & Answer

Q: The truck that a route sales representative (RSR) is scheduled to use is in need of some vital repairs. Prior to informing his manager about the necessary repairs, the RSR asked a coworker if there are any spare trucks available for that day. He is told there are not, so he decides to use the truck anyway so that he does not have to make the day up on Saturday.

A: The decision to use the impaired truck is wrong. Not only does it put the RSR in danger, it also puts the general public in danger and violates Department of Transportation (DOT) regulations. Employees should always report mechanical issues with company vehicles or equipment to management.

Q: You become aware that the wrong ingredients were used to make sundae cones. You are not sure if you should tell your supervisor due to the amount of overtime it would take to start from scratch and the financial hardship it would cause the company.

A: Inform your supervisor immediately. The safety of our products and our customers is our first priority.

BUSINESS PRACTICES

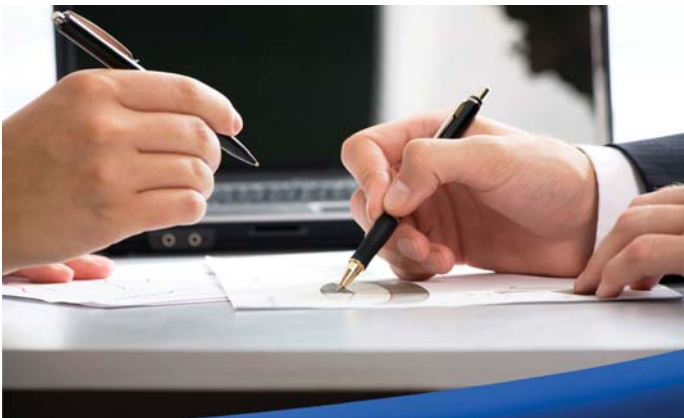
COMPETITION/ANTITRUST

The countries in which Schwan operates now or in the future have fair competition or antitrust laws that safeguard the rights of consumers and prohibit restraint of trade, unfair practices, or abuse of economic power. The company is committed to conducting business in a manner that promotes fair competition and free enterprise consistent with these principles. In general, agreements to fix or control prices, agreements to allocate markets or customers, or agreements in which a seller refuses to sell one product unless the buyer agrees to purchase another product are contrary to these principles and our Code of Conduct. If you have questions about how the antitrust or similar laws apply to a particular situation, please seek appropriate guidance from applicable company policy, a member of management, the Law Department, or the Ethics Department.

Example Application – Question & Answer

Q: A customer sales representative received a phone call from a competitor's sales representative. During the conversation, the competitor stated how many hours he had worked lately and that it would be nice if he didn't have to service quite as many stores. He suggested that he and the company's representative should divide the city in half and each service one portion.

A: The company's customer sales representative declined the offer and reminded the competitor that it is illegal to enter into any such agreement.



INSIDER TRADING

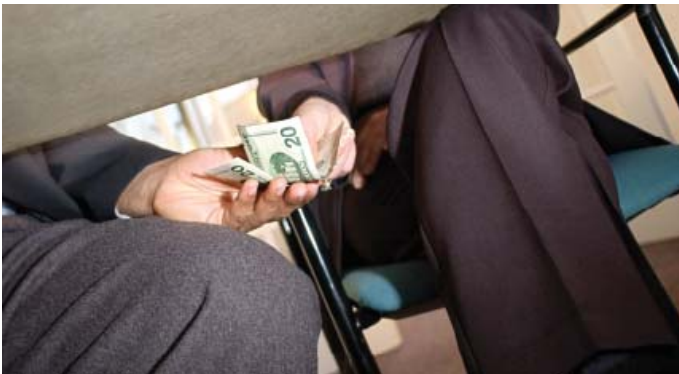
The Schwan Food Company and its subsidiary companies are privately-held companies. However, there are various securities laws to which we are bound and committed. Employees may come into possession of confidential and highly sensitive information relating to public companies. Those who have non-public information relating to a public company, may not use that information for their own benefit or the benefit of others and may not pass that information on to others or encourage others to make transactions involving the securities of that public company.

It is Schwan policy that employees who have non-public information may not buy or sell the securities of that public company until such time after public disclosure of the information as required under the applicable laws of the country concerned. If you have questions regarding how securities or similar laws apply to a particular situation, please seek appropriate guidance from applicable company policy, a member of management, the Law Department, or the Ethics Department.

Example Application – Question & Answer

Q: An area sales manager considered buying stock in a regional grocery store which is one of her customers. She decided that it would be a good idea to discuss the situation with her manager first to ensure that it would not be a violation of the Code of Conduct.

A: Since the area sales manager has a business relationship with the grocery store, she may be inclined to make questionable decisions on behalf of Schwan to ensure that her personal stock is more profitable. The area sales manager was right to seek guidance.



Example Application – Question & Answer

Q: An administrative assistant heard a rumor that Schwan would be acquiring a small publicly traded frozen-food manufacturer. She thought it may be a good financial decision to purchase some of the publicly traded company's stock before the transaction was finalized and made public. She decided to contact her manager prior to making a final decision.

A: Individuals who obtain non-public information may not purchase or sell securities until such time after public disclosure of the information as required under the applicable laws of the country concerned. Purchasing the stock would have been a violation of the Code of Conduct. She was right to seek guidance.

CONFLICTS OF INTEREST / ENTERTAINMENT & GIFTS

A conflict of interest exists where an individual's interests conflict with the interests of Schwan. While conducting the company's business we must avoid conflicts of interest, or the appearance of a conflict of interest, as well as any relationship or activity that might impair one's ability to make objective and fair decisions when performing at work. Schwan is committed to competing on the basis of the quality of its products and services. Employees should avoid any actions that result in business being gained in exchange for any gift, meals, or entertainment. We should also avoid actions that create the impression that business was gained in exchange for gifts, meals, or entertainment.

Some examples of potential conflict situations are:

- *Employees or members of their immediate family affiliated with a firm which either provides goods or services to a Schwan business unit or is a competitor of Schwan;*
- *Employees or members of their immediate family acting as a contractor, vendor, or consultant to Schwan;*
- *Holding a second job that interferes with your employment with Schwan;*
- *Use of Schwan's confidential information in a way that advantages the employee or members of their immediate family.*

The giving or receiving of gifts can create a conflict of interest or can appear to be a conflict of interest. To ensure that business-related gifts, meals, or entertainment are not subject to abuse and do not create or appear to create a conflict of interest, Schwan only permits gifts to be given or received if they are limited in occurrence and reasonable in value. Gifts also must not influence or give an appearance of influencing the recipient. Employees may accept occasional meals, refreshments, entertainment, and similar business courtesies so long as they are not lavish or excessive and do not create the appearance of an attempt to influence business decisions. Under no circumstance will any employee accept or give any gift or courtesy as a bribe. More specific guidance is available in company policy or from an appropriate member of management.

The *Foreign Corrupt Practices Act* (United States) and the laws of other countries restrict the giving or receiving of gifts, meals, and entertainment to government officials. Schwan prohibits gifts to or from government employees unless applicable regulations permit the giving and acceptance of the gift. We prohibit payment of gratuities to public officials to expedite or obtain routine governmental actions, except where such practices are lawful and customary. In such cases, payments must be limited to customary amounts, be properly documented, and be approved in advance by the Law Department.

Example Application – Question & Answer

Q: A route sales representative (RSR) is scheduled to service his mother on his weekly route. The RSR wonders if this creates any issues in complying with the Code of Conduct. He decides to discuss the situation with his manager.

A: This does create a special situation. All customers must be treated fairly. The relationship between the RSR and his mother may create an appearance of preferential treatment towards her. The decision may be made to give his mother's account to another RSR. The RSR was right to seek guidance.

Q: A territory sales leader (TSL) is accepting bids for snow removal and lawn maintenance for his depot. The TSL gives one of the depot employees the details of the competing firms to ensure that the employee's son will win the bid.

A: The TSL violated company policy and the principles of fair competition in the bidding process by disclosing the bid information. In addition, it may be inappropriate for the son of an employee to be a contractor for the depot.

Example Application – Question & Answer

Q: While establishing an internet connection in a foreign country, a manager was informed by an employee of the government-owned telephone company that an additional \$20 would have to be paid to ensure that the internet connection would be established within the required deadline.

A: Any time an additional payment is required or requested by a governmental official, contact must be made with the Law Department. The Law Department is responsible for making the determination as to whether the requested payment is legal, reasonable, and customary. The payment must also be fully documented to ensure full disclosure.

VENDOR RELATIONSHIPS

We select our suppliers, vendors, and contractors in a non-discriminatory manner based upon the quality, price, service, delivery, and supply of goods and services. Such decisions must never be based on personal interest or the interests of family members. All vendor, supplier, and business relationships with outside parties should be formalized in written agreements in accordance with company purchasing and contracting policies. It is generally not appropriate for an employee to also act as a vendor to the company.

Example Application – Question & Answer

Q: A new vendor for a Schwan subsidiary learns that the category director is a football fan. In recognition for the new account that was established, the vendor sent the category director two tickets to the game for the director and a guest.

A: In this case, there appears to be no business purpose to the outing. The director should refer to company policy and/or seek appropriate guidance regarding the appropriateness of accepting the tickets.

USE OF COMPANY RESOURCES

Schwan provides the necessary resources to its employees for the purposes of fulfilling their responsibilities. Resources include materials, financial assets, inventory, land, equipment, technology, information, and an employee's time at work. The use of Schwan Resources for personal business, individual profit, or any unlawful, unauthorized, or unethical purpose is prohibited by company policy.

The computer systems (including e-mail and Internet access) are Schwan resources and are provided for legitimate business activities by authorized individuals. Employees should not have an expectation of privacy regarding the use of computer systems, e-mail, Internet, or other Schwan programs.

Example Application – Question & Answer

Q: An Information Services Department (IS) employee receives a request from a friend for a list of all of the company e-mail addresses. The friend wants to use the e-mail addresses to solicit business for a new company.

A: The IS employee explained to his friend that it is against company policy to share company e-mail addresses for non-Schwan related purposes and declined his request.



ACCURACY & RETENTION OF BUSINESS RECORDS

It is the company's policy to record and report its business information honestly and accurately. Individuals involved in creating, transmitting, or entering information into Schwan financial and operational records are responsible for doing so accurately and with appropriate supporting documentation. No officer, employee, or agent may make any entry that intentionally hides or disguises the true nature of a transaction.

Compliance with established company policies, our system of internal controls, and generally accepted accounting principles is necessary at all times. Instances of employees knowingly entering false or inaccurate information into the Schwan accounting or other systems is prohibited and may be illegal.

Our commitment to accuracy and appropriate retention of business records includes prohibiting unauthorized destruction of or tampering with any records, whether in written or electronic form, when we are required to maintain the records or when we have reason to know of threatened or pending government investigation or litigation relating to the records. Records include such things as paper copies, electronic files, audio/video recording, microfiche, and microfilm. If you have questions about whether particular records should be retained, please seek appropriate guidance from applicable company policy, a member of management, the Law Department, or the Ethics Department.

Example Application – Question & Answer

Q: As the year is coming to a close, the manager of a bakery plant realizes operations have already exceeded the annual business plan. The plant manager asks the division chief financial officer if the remaining profit for the year can be reported at a later date in order to have a head start on the next year.

A: Doing so would cause false and inaccurate information to be recorded. This action is inappropriate and a violation of the Code of Conduct. All income and expenses must be recorded in the period in which they are earned.

Example Application – Question & Answer

Q: A food service salesperson had a customer who demanded that the salesperson alter an invoice. The customer wanted the invoice to show a higher price than what was actually paid and to show delivery to a different store. The customer stated that he would no longer do business with Schwan unless the salesperson agreed to falsify the invoice.

A: The salesperson refused to make the changes because he knew it would be a violation of the Code of Conduct. Losing a customer with questionable ethics is much better than compromising the integrity of Schwan.

Q: While traveling for business, two employees had dinner together. The senior of the two employees paid for the meal and was reimbursed by the company for the expense. The other employee took a copy of the receipt and turned it in as well for reimbursement.

A: The action of the second employee is not only a violation of the Code of Conduct, but it is also illegal - he stole from the company.

Q: An hourly employee is having a hard time keeping up with his workload. He knows he has the necessary programs on his home computer to complete his work so he decides to complete the tasks over the weekend.

A: These tasks are considered a part of his job, no matter where the tasks are completed. Hourly employees are not allowed to complete work functions without being compensated. The employee should speak to his supervisor and work out an arrangement that will allow the tasks to be completed and to be compliant with all applicable laws.

Q: A route sales representative (RSR) arrives at the depot early on a Monday morning for a safety meeting. She does not punch in because she doesn't want the time spent at the meeting to be counted against her DOT hours-of-service time.

A: Company policy and DOT regulation require all time spent performing work functions to count as hours-of-service time. The employee must clock in to ensure this time is included in her DOT hours-of-service.

CONFIDENTIAL & PROPRIETARY INFORMATION

We all have a responsibility to safeguard confidential business information and use such information only for company purposes. Confidential business information includes without limitation, the company's inventions; trade secrets; business plans and projections; sales, cost and profit figures, and projections; new product or marketing plans; customer details and programs; research and development ideas or information; manufacturing processes or methods; personnel information; information regarding potential acquisitions, divestitures and investments; and any other matters considered or reasonably expected to be considered confidential by the company.

Each of us has a responsibility to protect confidential proprietary information. Releasing such information must be done with a valid business purpose, proper authorization, and, as appropriate, a properly executed confidentiality agreement.

Schwan expects the same commitment to confidentiality from its consultants and suppliers. Employees will not do business with suppliers or vendors who need access to the company's confidential information until an appropriate confidentiality agreement is accepted by the suppliers or vendors. If you have questions about this, please seek appropriate guidance from applicable company policy, a member of management, the Law Department, or the Ethics Department.

Example Application – Question & Answer

Q: A marketing manager is preparing an ad campaign for a new type of pizza. She is very excited about the product and the plan she has developed to take it to market. She would like to discuss the concept with a friend who works for an outside advertising company. She is not sure if this is a violation of the Code of Conduct so she decides to check with her manager first.

A: She made the right decision to check with her manager. Sharing non-public information with someone outside of the company is a violation of the Code of Conduct.

MEDIA & PUBLIC DISCUSSION

The Public Relations & Communication Department is responsible for all contact with the media. This includes newspapers, magazines, trade publications, radio, television as well as any other external sources looking for information about Schwan. Unless you are specifically authorized to represent Schwan to the media, any request for information must be referred to the Public Relations & Communication Department.

All of us must be careful not to disclose any confidential, personnel, or business information through public or casual discussions, or to the media. Any stories, articles, speeches, records of operations, pictures, or other material in which the company name is mentioned or indicated, must be submitted through your supervisor, for approval by the Public Relations & Communication Department prior to release.

ENVIRONMENTAL

Schwan is committed to conduct its business in an environmentally conscientious manner that is socially responsible, scientifically based, and economically sound. It is Schwan policy to abide by all applicable environmental laws and regulations.

CIVIC AND POLITICAL ACTIVITY

We believe governments benefit from citizens who are politically active. For this reason, the company encourages each of us to participate in civic and political activities in his or her own way.

Schwan is prohibited by U.S. federal law from contributing to any campaign for federal elected office, and to campaigns in states or other countries with similar prohibitions. The financial and other resources of the company shall not be used for any direct or indirect political activity, except where allowed by law.

Only employees specifically authorized by the company can lobby elected or appointed government officials to influence proposed or existing legislation, regulation, rule, code, or ordinance that affects Schwan business. Those employees are responsible for knowing and strictly conforming to the legal requirements applicable to such matters.

Participation in voluntary political action committees (PAC) which operate in accordance with the law is permitted. Schwan corporate policy provides guidance related to employee political activity. Consult the Government and Community Affairs Department or the Law Department if you have any questions in this area.

Example Application – Question & Answer

Q: The company is sponsoring an ice cream social at one of the local elementary schools during parent teacher conferences. One of the employees who signed up to hand out ice cream is also running for the school board. While he is handing out ice cream, he also distributes some campaign advertisement.

A: These actions are inappropriate because an employee is using corporate resources to conduct a political campaign in violation of company policy and campaign law. For additional guidance regarding civic and political activities, contact the Government and Community Affairs Department or the Law Department.

REGULATORY & LEGAL INQUIRIES

It is Schwan's policy to cooperate with government authorities in their proper performance of inquiries or investigations. It is important that such matters be properly coordinated with Schwan. Any inquiry from government officials or entities may include requests for information, notice of an investigation, or the service of a subpoena.

Any inquiry from a government official or entity should be referred to the Law Department, unless you have been specifically authorized to respond to such inquiries. In that case, you are required to provide accurate information and fully inform the Law Department.



BUSINESS ETHICS LINE: 800-818-9065

COMPANY E-MAIL: ethics@schwans.com

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