

Gifts and Entertainment Policy

Supersedes: All Former Gift & Entertainment Acceptance policies

Distribution: All Employees

Effective Date: November 2, 2009

Approved by:

Brian R. Sattler
Executive Vice President of
Administration & General Counsel

Scott Peterson
Executive Vice President &
Chief Human Resources Officer

1. Scope:

This policy applies to all employees of The Schwan Food Company subsidiaries ("Schwan" or the "Company").

2. Policy Statement:

It is Schwan policy that company employees may give and receive appropriate, lawful business gifts and entertainment in connection with their work with vendors and suppliers, provided that they are nominal in value and are not given or received with the promise, intent, or prospect of influencing the recipient's business decision-making. This policy applies to all Schwan employees and members of their immediate family (members of the same household, parents, spouses, siblings, and children).

3. Intent:

It is the intent of Schwan to adhere to all applicable laws, regulations, company policies and procedures governing the giving and receiving of gifts and business entertainment that supports mutually beneficial business relationships. The intent is to avoid actual conflicts of interest and undue influence, and to avoid even the appearance of impropriety. All questions or doubts should be resolved in favor of full disclosure and obtaining appropriate approval(s).

4. Policy:

No employee shall give a tangible gift valued at any amount other than nominal value such as promotional items. No employee shall accept a gift or entertainment valued at over \$100, individually or in the aggregate, from any person or firm from whom the company either purchases, or potentially could purchase, goods or services, or to whom the company either supplies, or potentially could supply, goods or services without supplying a properly filled out and approved Gift & Entertainment Approval Form to the supervisor, business unit CFO (or VP of Finance), and to the Schwan Corporate Ethics Department. The \$100 limit applies to each instance or the aggregate of all instances from any one source, per calendar year. This policy does not govern meals that occur during the normal course of association with customers and vendors, which are governed by the company's travel policy. Gifts or entertainment received but found to be inconsistent with this policy may trigger the item to be returned to the sender, donated to charity or reimbursement made by the recipient.

All gifts and entertainment given or received on behalf of Schwan shall follow all applicable laws, regulations, company policies and procedures:

Gifts and Entertainment Policy

Gifts & Entertainment:

Normal and reasonable business relationship courtesies involving ordinary amenities such as travel on a supplier's aircraft, a cocktail or dinner party, a spectator event, golf game, etc., are permitted as long as the cost is reasonable, they are usual and customary for the industry and they serve as a venue for establishing or furthering the business relationship and the Gift & Entertainment Approval form is properly filled out, authorized, and submitted according to form instructions. This applies to expenditures for gifts or entertainment or receipt of such gifts or entertainment by Schwan employees.

A. The Gift & Entertainment Report Form:

1. A Gift & Entertainment Approval form must be filled out when a Schwan employee anticipates giving or receiving a gift or entertainment which exceeds \$100 in value.
2. The Gift & Entertainment Approval form must be appropriately filled out and approved by the employee's supervisor and BU CFO (or VP of Finance), with the original provided to the Corporate Ethics Department.
3. In cases where the gift or entertainment is valued at \$1,000 or more, the form must also be approved by the BU President, Corporate CFO, and the original provided to the Corporate Ethics Department.
4. In cases where the gift or entertainment arises without advance notice, the Gift & Entertainment Approval form is to be filled out and submitted after the event, within five business days of the event.
5. Limits for Schwan employees who are the recipients of business entertainment are limited to values that are reasonable, customary and not in conflict with the letter C below (Prohibited Gifts and Entertainment).
6. IRS regulations state gifts received in connection with employment are taxable as compensation. Therefore, the Ethics Department will forward approved forms for gifts received and accepted by an employee to the Payroll Department so the value of the gift can be added to the employee's earnings statement.
7. Gift & Entertainment Approval forms are located on CygNet/Law/Business Ethics Program/Entertainment Approval Form and in the Manager's Toolkit on the Human Resources website.

B. Gifts & Entertainment:

1. Employees may not give or receive a gift that violates the law, regulations, agreements, or reasonable customs of the marketplace regardless of value.
2. No employee shall give a tangible gift valued at any amount other than the nominal amount such as promotional items.
3. A gift may only be accepted in positions where it is an industry standard.
4. All gifts must be nominal in cost, quantity and frequency, and must be capable of withstanding public scrutiny without damaging Schwan's reputation.
5. Gifts of Schwan products are generally likely to be appropriate, as are gifts of items that are marked with Schwan promotional labeling, subject to the restrictions of this policy.
6. When deciding on the appropriateness of giving or receiving a business gift or entertainment, consider how the it compares in value to the usual practices in your industry and country, the sum of gifts or entertainment to or from that entity over time, the suitability of the gift or entertainment given your position at Schwan, the impact of the gift or entertainment on building positive business relations with the recipient, and how the gift or entertainment might look to an outsider.
7. Non-profit professional associations with whom the company does not provide nor receive goods or services are not considered vendors or suppliers. Therefore, offers from these groups to provide travel, meals, or lodging in exchange for an employee to fulfill a volunteer position or present as a speaker does not require a Gift & Entertainment Approval form; however, the expenses must still be consistent with those items in "C. Prohibited Gifts & Entertainment" below

Gifts and Entertainment Policy

C. Prohibited Gifts & Entertainment:

Certain gifts and entertainment are always considered inappropriate and unacceptable.

1. A gift or entertainment of an unlawful, lewd, offensive, or sexually explicit nature.
2. A gift or entertainment offered in return for a specific decision or outcome, also known as a "quid pro quo" arrangement.
3. A gift or entertainment offered that could, or may appear to, unduly influence any decision you might make on behalf of the company.
4. A gift or entertainment which gives the appearance of impropriety or undue influence.
5. A gift or entertainment which violates the policy of the intended recipient's organization.

5. Responsibility of Employees:

Employees are responsible for understanding and adhering to the Gifts and Entertainment Policy. The IRS has specific rules governing the reporting and taxability of gifts given and received in the connection of employment. IRS regulations state gifts with a value of \$25 or more may need to be reported as income by the recipient. See a tax advisor for the most current IRS requirements. Should you have questions about the policy, please contact your Supervisor/Manager or your Human Resources Representative.

This section will be included only in the Procedures Manual for Supervisors / Managers and Above

6. Responsibility of Supervisors/Managers:

All Schwan Supervisors/Managers are responsible for:

- Understanding and adhering to the Gifts and Entertainment Policy.
- Ensuring that your own behavior is consistent with this policy.
- Communicating the Gifts and Entertainment Policy to subordinates as required.
- Enforcing this policy in a consistent and equitable manner.

7. Responsibility of Human Resources Representatives:

Schwan Human Resources Representatives are responsible for:

- Understanding and adhering to the Gifts and Entertainment Policy.
- Communicating the Gifts and Entertainment Policy to supervisors, managers, and/or employees as required.
- Ensuring that this policy is enforced in a consistent and equitable manner.

8. Policy Interpretation:

If any dispute arises over the interpretation of anything contained within this policy, final interpretation of its meaning will be the responsibility of Schwan Chief Human Resources Officer and its General Counsel.