

CODE OF BUSINESS CONDUCT

PAQ believes how we do business including the integrity of our actions, is an essential ingredient in our business and strengthens our reputation as a Company for our employees, our customers and our communities. Together, how we conduct business, interact with our customers, vendors, the community and each other, by always doing what is right and following the highest ethical and legal standards, we will continue to build and grow a successful 100% Employee-Owned Company.

Sometimes you might be faced with a situation where the right thing to do is not obvious. That is where PAQ's Code of Business Conduct can help. It was developed to guide you and to ensure our company values, reputation and integrity are maintained.

Moonlighting

PAQ recognizes that some employees may have a second job or perform consulting services outside of PAQ. Before taking any second job or consulting opportunity, employees are expected to inform their Director or Human Resources for approval. Management will evaluate if a conflict of interest or a potential breach of confidentiality may occur and determine that an employee's outside work will not interfere with his or her job performance. If so, the employee may be asked to terminate the outside activity. The Director or Human Resources will document the determination and place it in the employee's personnel file.

During the employee's employment of their second job/consulting services, employees are expected to maintain PAQ ethical standards and follow the Code of Business Conduct at all times. Employees may not conduct business for another employee during scheduled working hours. If the employee's performance of the job at PAQ is adversely affected, the employee may be asked to terminate the outside activity or be subject to PAQ's job performance procedures.

Conflicts of Interest

Employees are obligated to conduct business so as to prohibit actual or potential conflicts of interest. Business dealings with outside firms should not result in unusual gains for those firms, PAQ or its employees. In such transactions, "unusual gains" refers to bribes, product bonuses, special fringe benefits, unusual price breaks and other windfalls designed to benefit the employee, the outside firm or both.

"Conflicts of Interest" are acts or activities that are contrary to the best interest of PAQ. These include, but are not limited to:

- Influencing, directly or indirectly, the receipt of gratuities, kickbacks, bribes, substantial gifts or favors from firms or individuals doing business or desiring to do business with PAQ;
- Employing anyone, including family members or significant others with PAQ that compromises the objectivity and judgment of a PAQ employee, especially in a situation where the employee could use his position to grant special favors to family members. PAQ reserves the right to take the necessary steps to directly control the conflict;
- Holding significant (greater than 5%) direct financial interest or indirect interest in the business of suppliers, customers or competitors of PAQ without the authorization from the President;
- Negotiating any deal that involves outside firms employing a family member or significant other of a PAQ employee where the PAQ employee can influence the business relationship and can stand to gain from it, unless approved by the President.

Employees who create conflicts of interest will be subject to disciplinary action, up to and including termination and possible legal action.

Protecting Non-Public Information

The protection of Non – Public confidential information helps us maintain our competitive advantage and is vital to the interests and the success of PAQ. Such confidential information includes, but is not limited to the following examples:

Customer lists including contact information	Vendor Lists
Credit/Debit Card Numbers	Company Financial Information including Share Value
New Business Opportunities	Business Strategies
Marketing Strategies	Pending Projects and Proposals
Real Estate Strategies	Vendor Pricing Information
Proprietary Processes	Employee names including Contact Information
Employee Social Security Numbers	Other Employees Wages
Employee Medical Information	Employee's Work Schedule

Our responsibility when it comes to information is:

- Knowing the kinds of information considered confidential.
- Knowing the ways to protect it.

We consider any non-public information about the Company as well as certain information about our customers, vendors and employees you may have (or access) as part of your job, to be confidential information. Confidential information can be written, spoken or electronic.

Share non-public information only with those who have both the authorization to access it and a need to know the information in order to do their jobs.

Watch what you say. Sharing non-public information with friends or family, or discussing it in public places as public transportation, restaurants, or on social media can put that information at risk of being disclosed and possibly misused. Do your part to keep it safe.

Our customers that we do business with trust us with their personal information. Our employees do the same when they join the Company. We take our responsibility and obligations to our customers and employees seriously to collect, use and process any personal information only for legitimate business purposes and protect it from possible loss, misuse or disclosure.

Any employee who discloses confidential business information will be subject to disciplinary action, up to and including termination and possible legal action.

Safeguard Company Assets

The buildings we work in, the technology that we use, the ideas we develop, the emails we exchange, the vehicles that we use, the computers and mobile devices we use to do our jobs, the forklifts, pallet jacks and all the equipment needed to do our jobs, are considered company assets that we are each entrusted to protect. We use them to perform our job duties and therefore must protect them from damage, loss, misuse and theft.

Do not use Company assets for outside business or other personal gain, or for anything illegal or unethical (such as access to, or sharing pornographic or offensive subject matter).

Personal use of some assets, within reason and as allowed by policies, procedures or approval from your Director, is permitted. But your use should be appropriate, infrequent, lawful and not on company time.

Physical Assets – Physical property and resources are made available to each of us to help us do our jobs. When you safeguard the Company's assets, you safeguard our ability to grow and to thrive. Never lend, sell or give them away unless you are authorized to do so by the President of the Company.

Electronic Assets – Every employee is required to utilize electronic assets (including computers, hardware, software, mobile devices and other media) using good judgement and in accordance with Company's policies and procedures. Be aware that any information you create, share or download onto the Company systems belongs to the Company and we reserve the right to monitor Company system use at any time, to the extent permitted by law.

Use care with any property that has been issued to you, even keys or building access cards. Do not share them with others that are not authorized to have access and do your part to prevent misuse, unauthorized use or access to our facilities.

Maintain Accurate Records

Accurate recordkeeping and reporting help us meet our legal and regulatory requirements. Maintaining financial integrity also reflects positively on our reputation and credibility. Each of us – at every level of our Company – has a responsibility for ensuring the accuracy of all Company business and financial records.

From applications, time sheets, benefit claim forms to expense reports, transitions are the cash registers, receiving records, invoices budget forecasts and regulatory filings, we all handle Company "records". Be sure to follow all internal processes, policies, payroll procedures and general accepted accounting principles so that our records accurately reflect all transactions. Be honest, accurate and complete in what you record.

Properly classify transactions. It is important that we never distort the true nature of a transaction. Make sure you always record and classify transitions in the proper accounting (bookkeeping) period and in the appropriate account and department.

Maintain our high standards. We do not falsify or mischaracterize any record, account or transition. If you submit expenses for reimbursement or make payments on behalf of our Company, including any supporting documentation and approvals are required. This would include receipts, invoices, etc.

Be honest with regulators. If your job requires that you disclose information to the government or regulatory authorities, make sure that information you provide is full, fair, accurate, timely and understandable.

Manage records properly. Know and follow the policies that relate to maintenance, storage and disposal of records. Never destroy or dispose of information that might be needed for an investigation, an audit or a legal proceeding.

Code of Conduct

Misconduct: Depending on the severity of the misconduct, employees may be disciplined up to and including immediate termination without going through a Progressive Disciplinary Process. The following matters constitute employee misconduct:

- Willful violation of PAQ policies, or PAQ procedures;
- Willful violation of safety or security regulations;
- Factual misrepresentation, omission, and intentional alteration of performance data, production records or financial information;
- Insubordination or refusal to accept work assignments;
- Dishonesty or deceit in any business dealings;
- Spreading malicious rumors and/or gossip;

- Theft; using company money, materials, supplies, resources outside the scope of one's job;
- Excessive unauthorized use of telephones; unauthorized use mail system, electronic mail, fax machines, Internet access, or other PAQ equipment or software;
- Inappropriate removal or possession of PAQ or customer property;
- Misuse or destruction of PAQ property or the property of another while on PAQ premises or while on company time;
- Violation of business ethics, conflicts of interest or personnel policies;
- Unauthorized use or disclosure of confidential or proprietary information;
- Mishandling, falsifying, destroying, defacing or altering any PAQ documents or records, except in accordance with PAQ retention practices;
- Interference with the work performance of others;
- Fighting or the use of physical force against another person, including, but not limited to another employee, vendor, customer or visitor; threatening, intimidating, or coercing another person;
- Engaging in vulgar or abusive language or conduct towards others;
- Harassment of any kind to another employee, temporary employee, vendor, customer or other visitor; including unwelcome sexual advances, requests for sexual favors, other verbal or physical conduct of a sexual nature, racial slurs, or religious jokes;
- Retaliating in any way against any other employee for exercising any rights guaranteed to that employee by law or policy;
- Possession of a gun or any other deadly or dangerous weapon at any time on the Company's premise or at any company-sponsored event;
- Being under the influence of, using, manufacturing, dispensing, distributing, possessing, or illegal selling alcohol, drugs, or illegal or controlled substances on PAQ premises or in PAQ vehicles or while conducting PAQ business;
- Gross misjudgment, carelessness, or negligence in the performance of duties.

This is not an exhaustive list. Disciplinary action may be taken for other work-related misconduct as well.

Reporting Concerns

Maybe you sense that something is not right at work. Maybe you saw something or heard about an act that may violate our Code of Business Conduct, our policies or the law. If so, you have a responsibility to share your concerns by reporting right away – even if you are not sure that a violation has occurred.

When you report concerns, you help us handle issues properly, fix problems before they occur and remedy situations that have already happened. You also help build trust with each other and with our customers and vendors.

You can share your concerns with your Director, Human Resources or contact our **Tip Line** at **209-957-2555**, extension **411**. Our **Tip Line** is available 24-7 and allows you to remain anonymous, where permitted by law.

When you report a concern

You may choose to remain anonymous, when permitted by law.

- If you do give your name, we will do all we can to protect your identity consistent with conducting a thorough investigation.
- We take every report seriously and our Human Resources team or Loss Prevention Team will investigate it thoroughly and as confidentially as possible.
- We expect everyone involved to cooperate fully and honestly with any and all investigations.

No Retaliation

You are the eyes and ears of our Company, and we value your help in avoiding and uncovering possible misconduct. We strictly prohibit retaliation of any kind against anyone who shares a good-faith concern or participants in an investigation. Sharing good-faith concern about a violation of the Code of Business Conduct, a company policy or the law is never an excuse for any kind of retaliation.

Conclusion

As employees, each of us has a responsibility to:

- **Know and follow the Code of Business Conduct.** It's important that you read, follow it, along with any other policies that apply to your job and ask questions if something is unclear.
- **Think before you act.** Use good judgement, be honest and ethical in every action you take. If you are asked to violate the Code of Business Conduct, a policy or a law, don't do it. Report the concern as soon as possible to your Director, Human Resources or the President.
- **Ask for help.** When an answer is not clear, or you have a question, ask for guidance before taking action.
- **Stay alert.** Pay close attention to any activity that is inconsistent with of Code of Business Conduct, our policies or the law.
- **Report concerns.** Do not ignore a violation. Prevent harm to our Company, its reputation and each other by reporting your concerns immediately.

Doing what's right is our goal. If the right thing to do is not clear, ask yourself:

- Is it consistent with our Code of Business Conduct?
- Is it legal?
- Does it follow our policies?
- Does it benefit the Company as a whole – not just a certain individual or group?
- Would I be comfortable if my actions were made public?

If you can answer "yes" to all of these questions, the action is probably okay. But any "No" or even "Maybe" answers are a signal to stop and get advice or ask questions. After all, it is always better to ask before you act, especially when you are not sure.

The Code of Business Conduct contains general guidelines for conducting the business of the Company consistent with the highest standards of ethics and integrity. If you have any questions about these guidelines, please contact your Director, the Director of Human Resources, or a member of the Executive Team. We expect all Company employees, regardless of their level or location, to adhere to this Code of Business Conduct as applicable. Each employee is separately responsible for his or her actions. Conduct that violates the law or this Code of Business Conduct cannot be justified by claiming that it was ordered by a supervisor or someone in higher-level management. If you engage in conduct prohibited by the law or this Code of Business Conduct, you will be deemed to have acted outside the scope of your employment. Such conduct may subject you to disciplinary action, including possibly termination of employment.

The Code of Business Conduct outlined above is not a promise or contractual agreement of employment. The Code of Business Conduct may be modified or eliminated at any time, with or without notice. Further, at its discretion, PAQ reserve the right to rescind its Code of Business Conduct at-will in given situations.

Employment with PAQ is voluntary and considered at will. Either the employee or PAQ may terminate employment for any reason, with or without cause and/or notice.

Employee Acknowledgement Form

I acknowledge that I have received and read the above **Code of Business Conduct**. I understand that it is my responsibility to follow this policy otherwise disciplinary action may occur. I should consult my Director, Director of Human Resources or a member of the Executive Team if I have questions regarding this Code of Business Conduct. I understand that neither this policy or any other Food 4 Less/Rancho San Miguel policy, practice or procedure is intended to provide any contractual obligations related to continued employment, compensation or employment contract.

Employee Signature

Employee Name (Print)

Date

