

Code of Conduct & Business Ethics Policy

Policy Number: CP1001

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I. Purpose, Scope, and Oversight

A. Purpose

Employees of Jason Pharmaceuticals, Inc., a subsidiary of Medifast, Inc. (collectively hereinafter referred to as the “Company”) issued the Code of Conduct & Business Ethics (the “Code”) that sets forth fundamental principles of law and ethics governing the way the Company does business and its commitment to ethics and doing business “the right way.”

This Code does not contain answers to every issue or question which may be encountered by employees. It is intended to guide employees to help them resolve ethical questions. Sometimes, law or policy clearly dictates the outcome. More often, situations involving questions of ethics and values are complex. As such, they will require further thought to decide the appropriate course of action. When faced with an ethical decision, an employee should ask themselves these basic questions:

- What feels right or wrong about the situation or action?
- Am I being asked to do something that may be wrong?
- Is the action legal?
- Is the action consistent with this Code?
- How might my decision or course of action appear to others? An innocent action can result in the appearance of wrongdoing.
- Would I be happy explaining what I did to employees, family and friends without shame or embarrassment?
- Is it the "right" thing to do?

Any questions, concerns or other issues regarding this Code may be directed to the Company's Legal Department.

B. Scope

This Code applies to all employees of the Company and anyone acting on the Company's behalf. Ultimately, the reputation and success of the Company depends on the individual and collective integrity of its employees and all other parties who represent the Company. All employees are required to become familiar with this Code and to apply it in their everyday work. This policy may be subject to change as warranted.

C. Oversight

The interpretation, revision, amendment, and specific application of this Policy are the responsibility of the Policy Committee. Refer to the Policy Approval & Publication Policy at CP 2001.

The Company has issued policies for many of the topics discussed in the Code as well for topics that are not specifically addressed. This Code complements those policies, which can be found in the Employee Handbook. Infractions of the Code and/or any of the Company's policies can lead to disciplinary action up to and including termination.

Employees are responsible for understanding the Code and the various policies that apply to their position and their employment with the Company. Individual policies can be found in the Company's Employee handbook. Any employee who is unable to determine whether there is a policy pertinent to their job or their situation should contact their manager or their Human Resources Business Partner.

D. New Hires and Annual Certification

All new hires are required to certify that they have read, understand, and will comply with the Code. Moreover, all employees are required to certify adherence annually to the Code (**SOX Control CE.08**).

E. Code Waivers

Any individual who is subject to the Code and wants to engage in conduct prohibited by the code must seek a waiver prior to engaging in the conduct. Any employee who engages in conduct in violation of this Code and has not previously obtained a waiver will be subject to appropriate discipline. Only the Board of Directors or a designated committee of independent directors may grant waivers to an executive officer, financial executive, or member of the Company's Board of Directors. Any such waiver granted to an officer or member of the Board of Directors must be disclosed on a timely basis as required by law. Other individuals should request a waiver by sending [reaching](#) out to the Legal Department. Only an affirmative response constitutes a waiver. In general, the granting of waivers is discouraged.

F. Reporting Unethical Behavior

It is critical that we all take responsibility for ensuring that the standards set forth in this Code go beyond mere words and are translated into action. This means that if a violation comes to an employee's attention, the employee is required to take action. Ignoring the situation is a way of contributing to the unethical situation. Therefore, each employee has the responsibility to report unethical behavior to any or all of the following:

- The employee's Vice President or above
- The employee's Human Resources Business Partner
- The Legal Department

No employee who in good faith reports a suspected violation will be subjected to retaliation.

If an employee feels uncomfortable raising the matter to any of the above, they are encouraged to contact either the Non-Retaliation and Business Integrity Helpline at 1-800-963-3798 or the Whistleblower Hotline at chair.auditcommittee@medifastinc.com. Both are anonymous reporting mechanisms used by the Company. The Company rigorously protects the confidentiality of those who submit reports.

G. Process for Reporting to Legal Department

The Company will investigate all complaints or issues regarding a violation of the Code. Depending on the nature of the complaint or issue, the investigation will be coordinated by a member of the Legal Department. Throughout the investigation, confidentiality is imperative. Once the investigation is complete, the Legal Department will review the findings and make recommendations and determinations as to the outcome. Appropriate action will be taken, if necessary. The Company takes all reports seriously and investigates each to completion. The person who reports the issue will be notified when the investigation is closed.

II. Business Policies

A. Contract Policy

Employees who have dealings with the Company's clients, suppliers, and other business partners are required to understand and follow the Company's Contracts Policy CP 1003. Employees should be aware that all contracts are subject to the internal review process. An employee who has questions about the Contracts Policy should contact the Legal Department.

B. Insider Trading

In order to protect investors and comply with applicable laws, members of the Company's Board of Directors, employees, and contractors, as well as their immediate family members, are prohibited from trading the Company's stock while in possession of material, non-public information. Material, non-public information is any information that a reasonable investor would consider important in making a decision to buy, sell or hold the Company's stock. Examples of material, non-public information may include financial information not released to the public, projections of future earnings or losses, unannounced or potential new deals, products, or vendor relationships, undisclosed mergers or acquisitions or undisclosed information about company performance. This prohibition against insider trading includes communicating material non-public information to others who may trade on the basis of such information (known as "tipping"). Employees should familiarize themselves with the Insider Trading Policy CP 3002 in order to ensure compliance.

C. Anti-Bribery and Anti-Corruption

The US Foreign Corrupt Practices Act ("FCPA") generally prohibits the Company, any officers, directors, employees, agents, and stockholding acting on its behalf, from bribing foreign officials to assist in obtaining or retaining business. There are two primary provisions to the FCPA: (1) the anti-bribery provisions, and the (2) record-keeping and internal controls provisions.

The anti-bribery provisions prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in the furtherance of any offer, payment, promise to pay, or authorization of payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to any person. The use of Company funds or assets for any unlawful, improper, or unethical purpose is prohibited. Bribes, improper gifts, payments, or offerings of "anything for value" to foreign officials could jeopardize the Company, and will not be tolerated.

The record-keeping and internal controls provisions require companies to (1) make and keep books and records that accurately and fairly reflect the transactions of the corporation and (2) devise and maintain an adequate system of internal accounting controls. These accounting provisions were designed to operate in tandem with the anti-bribery provisions of the FCPA.

Additionally, the Legal Department conducts a thorough anti-corruption and sanctions due diligence investigation when entering into business arrangements with third-parties, and the Company reserves the ability not to do business with questionable or noncompliant third-parties. Refer to the Company's Sanctions Policy CP 1006.

All employees are required to partake in annual FCPA training. Refer to the Company's Foreign Corrupt Practices Act Policy CP 1004. Additionally, employees have a duty to report any questionable situation to their supervisors or to the Legal Department. Any questions concerning FCPA should be addressed to the Legal Department.

D. Business Gifts and Entertainment Policies

The giving or receiving of gifts and entertainment can expand and strengthen relationships in everyday business, but they may also cause a conflict of interest or the appearance of a conflict of interest between personal interests and professional responsibilities. Below are some, but not all, general guidelines in giving or receiving gifts or entertainment.

- Gifts in the form of cash are never allowed.
- The gift or entertainment must be appropriate to the circumstances.
- The gift or entertainment cannot influence or reasonably give the appearance of influencing the Company's business relationship with the entity that provided or received the gift.
- The gift or entertainment must not involve the reciprocation of a business obligation.

The laws of some countries limit gifts and entertainment that can be given to public officials. Most, if not all, government agencies strictly prohibit or limit their employees from accepting gifts and entertainment. Employees may not give a public official anything of monetary value.

Each employee must consult with a Vice President or above, the Legal Department or Human Resources when faced with a situation involving either giving or receiving gifts to ensure that they do not violate applicable policy or law. Gifts with a value greater than \$100 must be disclosed to the Chief Financial Officer.

E. Business Travel and Expenses

Employees should familiarize themselves with the Travel and Expense Policy CP 3001 prior to business travel and must follow the procedures outlined in the Travel and Expense Policy.

While traveling, employees should keep receipts for all incurred expenses for reimbursement. Employees who receive a corporate credit card must exercise sound judgment in order to minimize costs and may use the card for business travel expenses only. Any noncompliant expenses on the card must be reimbursed to the Company.

F. Outside Employment and other volunteer or charitable activities

The Company does not prohibit all outside employment, but employees must ensure that any outside employment or other activities do not interfere with employment at the Company, reflect unfavorably or compete with the Company, interfere with job performance, interfere with the assigned work schedule, or be conducted on Company property. Employees are not permitted to take any outside job with a company that is in the same business as the Company or is in any way in competition with the Company. Employees may not use the Company's resources to conduct any outside business regardless of whether it conflicts with the Company's business, and may not conduct outside business during the Company working hours regardless of whether the outside business is competitive with the Company's business.

The Company respects all employees' rights to engage in activities outside their employment which are private in nature (social, community, political, or religious). Except as part of an event sponsored by the Company, volunteer service must be performed on the employee's own time, away from the Company's premises and without the use of any of the Company's resources.

Employees must get written approval from their manager and their Human Resources Business Partner to ensure their outside employment and other activities meet certain conditions and does not create an actual or perceived conflict of interest.

G. Supply Chain Vendor Code of Conduct

Corporate integrity, responsible product sourcing, and the safety and wellbeing of workers across the global supply chain are of paramount importance to the Company. These principles apply to all aspects of the Company's business and encompass both the Company and all of the manufacturers, distributors, vendors, and other suppliers that supply products or services that the Company sells.

All employees, with a specific emphasis on those in Supply Chain-related functions, are required to be familiar with and act in accordance with the Company's Supply Chain Vendor Code of Conduct. Any questions concerning the Supply Chain Vendor Code of Conduct should be addressed to the individuals manager or the Legal Department.

III. Respect in the Workplace

A. No Discrimination or Harassment

The Company strives to maintain a healthy, safe, and productive work environment which is free from discrimination or harassment based on race, religion, national origin, ethnicity, age, sex, mental or physical disability, sexual orientation, or any other legally-protected basis. The Company will not tolerate any discrimination or harassment, including sexual advances, actions or comments or racial, religious, sexual orientation slurs, jokes or any other comments or conduct in the workplace that create, encourage, or permit an offensive, intimidating, or inappropriate work environment. The Company is committed to building a high-performance work environment in which individual differences are respected and valued.

B. No Retaliation or Victimization

Any employee who in good faith seeks advice, raises a concern, or reports a violation is complying with the Code and acting appropriately, even if the conduct reported is ultimately determined not to constitute a violation. The Company will not tolerate retaliation/victimization against that person. The Company takes claims of retaliation very seriously, and all such claims will be investigated thoroughly. Any person who retaliates against an individual for reporting suspected misconduct or other matters covered by this Code, through the Non-Retaliation and Business Integrity Helpline, the Whistleblower Hotline, or otherwise will be subject to disciplinary action up to and including termination. Employees who believe that they or anyone else has been subjected to retaliation for raising compliance or ethics issue(s) should immediately contact the Legal Department.

C. Other Misconduct

In addition to the Company's policy against discrimination and harassment, all employees are expected to act in a professional manner. It is impossible to develop rules and policies to cover all possible situations, but in general, the Company expects all employees to reflect a positive image for the Company and act consistently with the Code. These rules also apply at Company sponsored/related functions. Employees should conduct themselves in a professional manner at all times.

D. Workplace Relationships

Members of the Company's management must conduct themselves in a professional manner and be aware of the issues that may arise if they have a relationship with an employee in their department or team. The Company strongly discourages managers to have a manager/subordinate relationship with any employee where there is a dating, marital or other familial relationship. Employees should notify their Human Resources Business Partner if they become involved in a romantic relationship with another employee. Supervisors must notify their Human Resources Business Partner immediately if they become involved in a romantic relationship with a subordinate. The Human Resources team will act in all cases in accordance with labor and privacy laws and with the best interests of the Company. In the event that the relationship affects the working environment, corrective action, up to and including termination, may be taken.

IV. Employee Integrity

A. Employee Integrity

The Company conducts business fairly, legally and with integrity. The Company expects its employees to act consistently and in its best interest. Employees also have a duty to conduct themselves in an ethical and lawful manner when dealing with employees, clients, suppliers, and other business partners and competitors.

B. Maintaining a Safe Workplace

The Company's employees are entitled to a work environment that is safe and free from health hazards. The sale, purchase, use or possession of weapons or illegal drugs while on the Company's premises is strictly prohibited. Employees must abide by all health and safety rules applicable to their job. To assist with meeting these responsibilities, employees must immediately report any unsafe conditions to their manager or Human Resources. Further, employees must report any job-related injury or illness to their manager or Human Resources in order to comply with applicable laws. Any questions should be referred to the Human Resources Department.

C. Political Involvement and Lobbying

The Company is proud that some of its employees choose to get involved in political matters. However, employees may not make any political donation or contribution or speak publicly regarding political issues as a representative of the Company, or use the Company letterhead or promotional items for political or lobbying purposes without authorization from a Company officer. For clarity, political donations on behalf of the Company are prohibited. The Company will not reimburse employees for any personal political donations or contributions made.

The Company also recognizes the right of its employees to communicate with public officials, and requires employees to do so as private citizens and not as representatives of the Company. If requested to make such contact on behalf of the Company, such persons must be aware of governmental laws regarding lobbying activities and strictly follow the applicable guidelines and reporting requirements, including, as necessary, registering with applicable governmental agencies in advance. Use of the Company's letterhead or email in order to contact government officials is only permitted if approved in advance by the Legal Department.

D. Confidential Information

In the course of doing business, the Company creates, uses, and obtains confidential, proprietary, and non-public information. Employees should be diligent in protecting the Company's information, including confidential information obtained by the Company from third parties. Employees should never leave documents, technological devices, inventory, or supplies unattended or unsecured. Employees should not send any electronic information through unprotected sites or leave their computer in a place where it could be stolen. In addition, employees must be careful not to divulge confidential information when talking on cell phones or in open/public areas around people without a need to know. All employees are bound by the Confidentiality/Non-disclosure agreement executed by the employee at the time he or she became an employee.

Additionally, employees may receive confidential information about the Company, its employees, customers, or suppliers in connection with the work they do. Any information which is confidential, proprietary, or non-public may not be disclosed to any third parties unless authorized by the Company in an executed Non-Disclosure Agreement or required by law. In addition, because this information belongs to the Company or its business partners, employees may not use the information for their own personal benefit or advantage. Employees must take appropriate steps to protect all information, including securing documents, limiting access to computers and electronic media, and using proper disposal methods, to prevent unauthorized access to such information. Confidential, proprietary, and non-public information includes, but is not limited to: business methods; pricing and marketing data; strategies; computer access codes; forms and information about, or received from, the Company or current, former or prospective customers, suppliers, or employees. Such information must:

- Not be disclosed to persons outside of the Company, unless authorized by the Company in an executed Non-Disclosure Agreement or required by law;
- Not be used for personal benefit or the benefit of persons outside of the Company;
- Only be disclosed to other Company employees on a "need to know" basis; And
- Be used properly and safeguarded from loss or theft.

This list is not exhaustive and employees with questions regarding disclosure of information should contact their supervisor or the Legal Department.

E. Use of Property

Every employee must properly use and safeguard the Company's property from loss or theft. Employees may not use such property for personal or improper use. Company property includes not only tangible property (*e.g.*, inventory, office equipment, and supplies) but also intangible property (*e.g.*, confidential business and financial information, software, trademarks, patents, copyrights, and other know-how). Employees must guard against loss and prevent the unauthorized use of all the Company's property within their control. Employees must promote responsible use of and control over all assets and resources entrusted to them. Email, voicemail and documents on the Company's systems are not private. The Company may at any time access those files and documents in the normal course of business for any reason it deems appropriate.

In addition, the Company employees may not reproduce or use software or other technology licensed from suppliers or clients except as permitted by the applicable license agreement or by law.

Always seek advice from management, the Legal Department or Human Resources as to questions regarding the appropriate use of the Company's resources.

F. Conflicts of Interest

The Company expects its employees to act in its best interest and not engage in activities which might result in actual, potential, or perceived conflicts of interest for the Company. All employees must avoid any interest or association that interferes with their ability to perform their work in the best interests of the Company and its stockholders.

G. Personal Benefit or Gain from Business

In all business associations, both inside and outside the Company, employees should not permit themselves to be placed in a conflict between self-interest and integrity. No employee should benefit personally from any purchase of goods or services by the Company nor derive personal gain from direct or indirect actions taken by an employee as a representative of the Company, except for wages and other compensation paid by the Company or unless such business dealings have been pre-approved in accordance with this Code.

Employees must disclose to their manager and the Legal Department all situations where the employee or anyone in the employee's department is conducting business on behalf of the Company with members of employee's family, friends, or others with whom the employee has a close personal relationship. The Company will make efforts to work around a potential conflict of interest, but there can be no guarantee that any conflict will be permitted to continue.

H. Financial Interests in Other Businesses

Employees may not have a personal or family financial interest in a company that is a Company customer, partner, supplier, or competitor that could improperly influence their judgment, has the potential to cause the appearance of divided loyalty, or might result in personal benefit to the employee because of their role at the Company. Ownership of publicly-traded securities of another company is not precluded by this section, provided that such ownership could not reasonably be expected to improperly influence the employee's judgment.

I. Disclosing Conflicts

The effectiveness of the Code is, in large part, dependent on employees' cooperation in disclosing situations that may present issues relating to a conflict of interest. All transactions involving conflicts of interest, potential conflicts of interest, or that appear to present a conflict of interest must be pre-approved in writing. Executive officers, financial executives, and members of the Company's Board of Directors require pre-approval from the Audit Committee. All other employees must obtain written pre-approval from the Legal Department.

Employees found to be engaged in or associated with a situation involving a conflict of interest that has not been pre-approved as described above will be subject to disciplinary action up to and including termination.

J. Related Party Transactions

Employees must disclose to their manager and the Legal Department any situation where they may be conducting business with a member of an employee's family, an employee's friend or others who have a close personal relationship with an employee. For example, a related party transaction includes a marketing employee doing business with a company to provide advertising brochures that is owned by another employee's spouse or family member. All related party transactions must be pre-approved in writing.

Executive officers, financial executives, and members of the Company's Board of Directors must obtain pre-approval from the Audit Committee. For all other employees, a written pre-approval must be obtained from a Vice President or above.

If an unapproved related party transaction occurs, the employees who arranged or participated in the transaction will be subject to disciplinary action, up to and including termination.

K. Accurate Company Reports/Records

Every employee records information of some kind for the benefit of the Company. For example, a customer support representative reports customer orders, many employees submit time records, and an accountant records revenues and costs. The Company expects its employees and representatives to be truthful and honest in their statements, records, and reports. Under various laws, the Company is required to maintain books and records reflecting the Company's transactions and provide reports that are full, fair, accurate, timely, and understandable.

Employees must ensure that all records that are made on behalf of the Company are entirely accurate. Dishonest reporting can lead to civil or even criminal liability for the employee or the Company or both.

Each employee must fulfill his/her responsibility to ensure that the Company's records are accurate and that they are supported by the appropriate documentation. All business records must be prepared with care and complete candor.

If at any time an employee becomes aware of the misuse of the Company's funds or any irregular accounting or financial activity, the employee is required to report such misuse. Employees can report such concerns to their management, their Human Resources Business Partner or the Legal Department.

An employee can also make a report to either the Company's Non-Retaliation and Business Integrity Helpline at 1-800-963-3798 or the Whistleblower Hotline at chair.auditcommittee@medifastinc.com.

L. Advertising and Selling

It is imperative that the Company acts with the highest ethical standards in competing in the marketplace, which includes ensuring that advertising and sales techniques are truthful and responsible. All information that the Company provides about the products and services that it sells must be fair, factual, and truthful. The Company must be able to support any specific advertising claims made about products and services. In addition, employees must be sure that all comparisons to competitors and their products and services are complete, accurate, and not misleading. All advertisements must be reviewed by the Legal Department.

The Company also gathers information about the marketplace and its competitors through legal and ethical means. Employees must not use improper or illegal means to acquire a competitor's trade secrets or other confidential or proprietary information. While the Company competes in the marketplace, it will only do so through ethical means and respect the rights and property of our competitors and others. Particular care must be taken when dealing with competitors' customers, former customers, and ex-employees.

M. Antitrust

The Company must comply with all applicable fair competition and antitrust laws globally. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition. Employees are strictly prohibited from entering into any understanding (written or otherwise) with a competitor that:

- Limits the competition in the marketplace;
- Fixes prices or other items and conditions;
- Allocates clients or territories;
- Limits availability of products or services; or
- Boycotts suppliers or involves other conduct that would tend to result in restraint of trade or unfair business practices.

If an employee is uncertain whether a contemplated action raises unfair competition or antitrust issues, the employee should contact the Legal Department for assistance.

[END]