



SUPPLY CHAIN VENDOR CODE OF CONDUCT

Introduction

Corporate integrity, responsible product sourcing, and the safety and wellbeing of workers across the global supply chain are of paramount importance to Jason Pharmaceuticals, Inc. (a wholly owned subsidiary of Medifast, Inc.), and its affiliates (collectively, “Jason Pharmaceuticals” or “JPI”). These principles apply to all aspects of JPI’s business and encompass all manufacturers, distributors, vendors, and other suppliers (each a “Supplier” and collectively “Suppliers”) that supply products or services that JPI sells.

Values: JPI is based on the following core values: **Accountability, Courage, Teaming, Empowerment, Partnership, Diversity and Integrity. Consistent with these values, we seek to do business with Suppliers that** adhere to these practices and comply with the principles of our Code of Conduct (the “Code”).

These principles are reflected in this Code of Conduct (“Code of Conduct”) which sets the minimum standards that must be met by any Supplier that sells goods or services to, or does business with Jason Pharmaceuticals, regarding:

- Supplier’s treatment of workers;
- workplace safety;
- the impact of Supplier’s activities on the environment; and
- Supplier’s ethical business practices.

Applicability

This Code of Conduct applies to all Suppliers that provide goods or services to JPI. Supplier is responsible for compliance with the standards set out in this Code of Conduct (“Standards”) throughout its operations and supply chain.

Slavery and Human Trafficking

All labor must be voluntary. Supplier shall not support or engage in slavery or human trafficking in any part of its supply chain.

Without limiting Supplier’s obligations hereunder, Supplier shall not, and shall ensure that its supply chain partners do not, support or engage in, or require any:

- compelled, involuntary, or forced labor;
- labor to be performed by children;
- bonded labor;
- indentured labor; or
- prison labor.

Compliance and Documentation

Supplier shall:

Implement and maintain a reliable system to verify the eligibility of all workers, including:



- age eligibility; and
- legal status of foreign workers.

Implement and maintain a reliable recordkeeping system regarding the eligibility of all workers.

Identification Papers

Supplier shall not require any worker to surrender control over original:

- identification papers or documents giving a foreign worker the right to live, work or travel; or
- documents, such as a birth certificate, evidencing the worker's age or country of birth.

Financial Obligations

Supplier shall not, whether or not as a condition to the right to work, require any worker (or worker's spouse or family member) to, directly or indirectly:

- pay unlawful recruitment or other fees or other amounts (monetary or in-kind);
- incur debt;
- make financial guarantees; or
- incur any other financial obligation.

Freedom of Movement

Supplier shall ensure that workers have the right to freedom of movement without:

- delay or hindrance; or
- the threat or imposition of any discipline, penalty, retaliation, or fine or other monetary obligation.

Worker freedom of movement rights include each worker's right to leave Supplier's or its vendors' Facilities without retaliation:

- at the end of each workday;
- based on reasonable health and safety-related justifications; and
- based on any reasonable circumstances, such as personal or family emergencies.

Freedom to Terminate Employment

Supplier shall allow workers to terminate their employment or work arrangement:

- without unlawful restriction; and
- without the threat or imposition of any discipline, penalty, retaliation, or fine or other monetary obligation.

Compensation and Benefits

Supplier must compensate all workers with wages, including overtime premiums, and benefits that at a minimum meet the higher of:



- the minimum wage and benefits established by applicable law;
- collective agreements;
- industry standards; and
- an amount sufficient to cover basic living requirements.

Supplier shall make wage payments timely and provide all earned benefits on a timely basis.

Supplier's obligation to compensate and provide benefits applies to all workers at all times, including during periods of training, apprenticeship, and probation.

Documentation

Supplier shall:

- provide proof of payment to workers in the workers' native language showing hours worked, wage amounts and rates (regular, overtime, and bonus), and deductions;
- ensure that proof of payment is accurate, is clearly calculated, and enables workers to quickly verify the amount of payment and method of calculation; and
- maintain proper documentation of wage payments for their internal records.

Deductions

Supplier shall not make any deductions from wages, except income tax withholding and those that are legally allowed.

Work Hours

Supplier shall not require or allow workers to work more than the maximum legally permitted number of paid hours worked per week. Additional overtime hours are voluntary, and must not exceed the maximum legally permitted number of overtime hours worked per week.

Rest and Lunch Breaks

Supplier shall allow workers to take reasonable rest breaks, including bathroom breaks, and reasonable lunch breaks.

Other Requirements

Supplier shall:

- not require workers to work more than the lawfully permitted number of hours per continuous 24-hour period;
- permit workers to take at least one regularly scheduled day off per seven-day schedule;
- not require workers who voluntarily work on their designated rest day to work on their designated rest day more than the legally permitted weeks in a row, or if no such law exists, more than two weeks in a row;
- require workers to work on nationally recognized or personal religious holidays;
- permit workers to take paid or unpaid leave as allowed by law; and
- not require or ask workers to take work home.



Documentation

Supplier shall:

- use an industry-accepted time-keeping system to track worker work hours (or days of work, if that is the permitted form of record-keeping); and
- develop work-hour policies to ensure compliance with this Code of Conduct and applicable law.

No Discrimination, Abuse, or Harassment

Supplier shall not discriminate in hiring, compensation, training, advancement or promotion, termination, retirement, or any other employment practice based on race, color, national origin, gender, gender identity, sexual orientation, military status, religion, age, marital or pregnancy status, disability, or any other characteristic other than the worker's ability to perform the job.

Supplier shall treat workers with respect and dignity.

Supplier shall not subject workers to corporal punishment, or physical, verbal, sexual, or psychological abuse or harassment. Supplier must not condone or tolerate such behavior by its Partners.

Health and Safety

Supplier shall provide a safe, healthy, and sanitary working environment. Supplier shall implement procedures and safeguards to prevent workplace hazards, and work-related accidents and injuries, including procedures and safeguards to prevent industry-specific workplace hazards, and work-related accidents and injuries, that are not specifically addressed in these Standards.

General and industry-specific procedures and safeguards include those relating to:

- health and safety inspections;
- equipment maintenance;
- maintenance of Facilities;
- worker training covering the hazards typically encountered in their scope of work;
- fire prevention; and
- documentation and recordkeeping.

Where appropriate, Supplier shall provide workers adequate and appropriate personal protective equipment to protect workers against hazards typically encountered in the scope of work.

Facilities

Supplier shall:

- ensure that all Facilities meet all applicable building codes and industry design and construction standards;
- obtain and maintain all construction approvals required by law;
- obtain and maintain all zoning and use permits required by law;
- without limiting Supplier's obligations hereunder, ensure that all Facilities have:
 - an adequate evacuation plan;



- adequate, well-lit (including emergency lighting), clearly marked, and unobstructed emergency exit routes, including exits doors, aisles, and fire-rated stairwells;
 - a sufficient number of emergency exit doors, which are located on all sides of each building, are unlocked (from the inside), and are readily opened from the occupied side and swing in the direction of emergency travel;
 - visible and accurate evacuation maps posted in the local language, and including a “you are here” mark;
 - adequate ventilation and air circulation;
 - adequate lighting;
 - adequate first aid kits and stations;
 - adequate fire safety, prevention, alarm, and suppression systems;
 - adequate access to potable water; and
 - adequate access to private toilet facilities.
- post safety rules, inspection results, incident reports, and permits, in each case, as required by law.

If Supplier provides dining facilities for its workers, it shall provide safe, healthy, and sanitary facilities (including food preparation and storage areas) that comply with all the Standards set out in the Health and Safety section of this Code of Conduct. Without limiting Supplier’s obligations hereunder, Supplier shall obtain and maintain all food preparation permits and health certificates required by law.

Freedom of Association

Supplier shall respect, and shall not interfere with, the right of workers to decide whether to lawfully associate with groups of their choice. Supplier shall not:

- take any unlawful action to prevent or suppress the workers’ exercise of freedom of association or collective bargaining rights;
- discriminate or retaliate against, or discipline or punish, any worker who supports or exercises freedom of association or collective bargaining rights;
- discriminate or retaliate against, or discipline or punish, any worker who raises collective bargaining compliance issues; or
- discriminate or retaliate against, or discipline or punish, any worker based on union membership or the worker’s decision to join or not join a union.

Environmental Protection

Supplier shall operate its Facilities in compliance with all environmental laws, including laws and international treaties relating to:

- waste disposal;
- emissions;
- discharges; and
- hazardous and toxic material handling.



Inputs and Components

Supplier must ensure that the goods that it manufactures (including the inputs and components that it incorporates into its goods) comply with all environmental laws and treaties. Supplier must ensure that it will only use packaging materials that comply with all environmental laws and treaties.

Gifts and Entertainment

Supplier must maintain the highest ethical standards. Supplier must not offer cash, favors, gifts, or entertainment to JPI's team members. Supplier shall also comply with Foreign Corrupt Practices Act (FCPA), as amended.

Report Violations

Supplier shall self-report any violations of the Code of Conduct. Supplier can also submit questions and comments regarding the Code of Conduct, to JPI's liaison set out below:

Jason L. Groves, Esq.
Executive Vice President
General Counsel & Corporate Secretary
Jason Pharmaceuticals, Inc.
100 International Drive, 18th Floor
Baltimore, MD 21202

Supplier shall not retaliate or take disciplinary action against any worker who has, in good faith, reported violations or questionable behavior, or who has sought advice regarding this Code of Conduct.

Compliance with Laws

Supplier shall comply with all applicable national and local laws and regulations, including laws and regulations relating to conduct on matters referenced herein. Where this Code of Conduct requires Supplier to meet a higher standard than set out by law or regulation, Supplier shall meet such higher standards.

JPI Right to Audit and Inspect

Supplier understands and acknowledges that JPI has the right to audit books and records and/ or engage in physical inspection of Supplier's Facilities (including the Facilities of Supplier's vendors and other partners in the supply chain) upon reasonable notice or without notice where it has received any complaint of possible violation of this Code of Conduct or of applicable law, or cause its representatives to do so. Supplier further understands and acknowledges that these Standards set out audit and inspection parameters, and JPI has no obligation to conduct inspections or audits.

Immediate Termination

JPI may immediately terminate its business relationship (including any purchase order(s) and purchase contracts) with Supplier if Supplier fails to meet the standards set forth in this Supplier Code of Conduct.