



## Bob Evans Farms, Inc.

### Guidelines for Business Gifts and Entertainment

*Adopted by the Board of Directors June 4, 2011*

*Amended and Restated as of February 25, 2014*

#### Overview

Our Company has a Code of Conduct that contains our expectations for ethical behavior. The standards in the Code of Conduct are based on our BEST Brand Builders and our Company's values. The Code of Conduct contains broad standards related to conflicts of interest, including business gifts and entertainment. We developed these Guidelines to supplement the broad standards contained in the Code of Conduct, and to provide more detailed guidance regarding business gifts and entertainment with suppliers, vendors, service suppliers and business customers.

#### Gifts and Entertainment

Business gifts and entertainment are used to foster business relationships. They can, however, create the potential for improper influence. The Code of Conduct states that we should only **give** or **accept** business gifts or entertainment if they:

- Are not cash, a cash equivalent (e.g., a check, gift certificate or gift card) or stock
- Are nominal in value
- Cannot be construed as a bribe or otherwise appear to obligate the recipient
- Do not violate any applicable laws or regulations

A "gift" is generally something of value that is provided to you, a family member or an affiliate, by a third party. "Entertainment" is when a third party is present at a dinner or event with you, and business is discussed.

The factors you should consider when making this decision to make or accept a gift or entertainment include the reason for the gift or entertainment, the value of the gift or entertainment, the people/businesses involved, and other circumstances unique to the situation at hand. You may not accept a gift or entertainment from a vendor, supplier or service provider (collectively, "Supplier") if doing so might compromise, or appear to compromise, your ability to make objective business decisions in the best interest of our Company.



The Code of Conduct purposely does not define what a “nominal” gift is because it can depend on the situation. However, a gift with a fair market value<sup>1</sup> of \$125 or less will generally be considered as nominal.

In addition to the rules contained in the Code of Conduct (listed above), here are some “dos” and “don’ts” to follow:

- Do not accept gifts or entertainment in exchange for doing, or promising to do, anything for a supplier. This includes access to management, bribes, kickbacks, etc.
- Do not give gifts or entertainment to a governmental official or employee of a government agency without the prior approval of the General Counsel.
- Do not ask for gifts or entertainment from a Supplier.
- Do not accept a gift or entertainment from a Supplier if our Company is in the process of considering whether to purchase products from the Supplier or actively negotiating with the Supplier (e.g., contract negotiations/renewal). In this situation, you should not accept any gift or entertainment, even if it is nominal in value.
- Do not give or accept a gift or entertainment that you know is prohibited by the gift giver’s company.
- Do not give or accept entertainment involving an “adult” club or any sort of nudity or lewd behavior, regardless of cost. This sort of activity is strictly prohibited.
- You may accept promotional gifts, like mugs, notepads, clocks, t-shirts, and similar items with Supplier logos, so long as the value of the gift is nominal.
- You may accept occasional meals and entertainment from Suppliers if the meal or event is attended by the Supplier, the costs are reasonable, and a substantial business discussion takes place during or directly before or after the event. Occasional generally means infrequently, such as once a month. For example, ordinary business meals and attendance at local sporting events with a Supplier generally are acceptable. You may not ask for or accept meals or entertainment from a Supplier for your personal use (i.e., if the Supplier is not present at the meal or event).

### **Travel and Premium Events**

If a Supplier invites you to an entertainment event involving out-of-town travel or an overnight stay (like an industry conference or trade show), or to a premium sporting or entertainment event

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<sup>1</sup> An example of the “fair market value” concept is where a ticket to an event might state a value of \$75, however due to limit supply and demand; the actual fair market value is \$200.



(like a college championship game or the Super Bowl), and indicates it will pay the associated cost, these are not allowed under our policy. The amounts involved are more than nominal, and almost all of these types of events are paid for by Suppliers with an expectation that they will have an opportunity to at least discuss their products or services with you for purchase.

If however, you believe there is an adequate business reason for you to attend the event and your department supervisor obtains approval to pay for your travel and attendance at the event, you may attend the event.

Travel and attendance at premium events by Company officers must be approved by the general counsel and, for the chief executive officer, by the Lead Independent Director of the Board of Directors.

### **Refusing Gifts and Entertainment**

If you are offered a gift or entertainment that is not acceptable under the Code of Conduct and these Guidelines, politely decline and explain our rules. A form letter is attached for you to use when declining a gift. If returning the gift would offend the giver, or if it is not practical to return the gift under the circumstances, you may accept the gift so long as you contact your supervisor. Your supervisor will contact the Human Resources Department to help you either donate the gift to charity or distribute/raffle it among a large group of employees. Any gifts accepted by Company officers under these circumstances must also be reported to the general counsel.

### **Charity Events and Fundraisers**

Our Company supports the improvement of the communities in which we operate by supporting a number of non-profit and community organizations. Sometimes we solicit donations of products or entertainment (like tickets to sporting and other events) from Suppliers to use for employee raffles or other fundraising events benefiting a non-profit or other community organization. In this circumstance, the solicitation of products/entertainment must be coordinated through the Human Resources Department.

### **Questions?**

For help in applying these Guidelines please contact the general counsel.



## **Reporting Violations**

To uphold the Code of Conduct, you must report wrongdoing and raise concerns about risks to our Company. If you reasonably believe that the Code or these Guidelines have been violated, report the situation promptly. To report wrongdoing, you can:

- Speak to your supervisor (who will contact the general counsel)
- Contact the general counsel
- Call our Ethics Hotlines by calling 866-525-5214

Alleged violations will be reviewed and investigated by appropriate personnel, which may include members of our Human Resources Department or our Legal Department. Alleged violations involving Executive Officers and members of the Board of Directors must be reported to, and will be investigated by, the Audit Committee of the Board of Directors.

## **Examples**

Below are some examples to help you understand and apply these Guidelines.

### ***Cash and Cash Equivalents***

**Q:** A Supplier offers you a \$25 gift card as a way of showing the Supplier's appreciation. Can you accept the gift card?

**A:** No. Although the amount of the gift card is nominal (under \$125), a gift card is considered cash and is prohibited.

**Q:** You are responsible for ordering products from an existing Supplier. The Supplier's representative tells you he can reduce the price of the products by 10% if you give him a \$100 Bob Evans Restaurant gift card. Can you do this?

**A:** No. Giving the Supplier's representative a gift card would be a "kickback." A kickback is any money, fee, commission, credit, gift, gratuity, any item of value, or compensation of any kind which is provided (a) directly or indirectly, to any Supplier, employee or representative of a Supplier, (b) for the purpose of improperly obtaining or rewarding favorable treatment in connection with the Supplier.



**Q:** A Supplier you work with sends you (or a family member) a 20% discount card on purchases of all of the Suppliers' retail products. Can you use the discount card?

**A:** No. By using the discount card, you would receive a personal benefit that was not made available to other Company employees.

**Q:** You order products for the Company from a Supplier. A few weeks later, you receive a check from the Supplier for 2% of the purchase price of the products as a "Standard Referral Commission." Can you cash the check?

**A:** No. The check is the same as cash and it is a "kickback" from the Supplier.

**Q:** You received a Bob Evans Restaurants gift card for \$30 from your manager as recognition of a job well done or during the holidays. Can you accept the gift card?

**A:** Yes, you can accept the gift card. Note that when the Company provides employees with recognition awards that are (a) cash equivalents, any amounts over \$25 must be included in the employee's wages for the year and added on the employee's form W-2; (b) of a value over \$25 that does not contain company marks, (i.e., name of the company), the amounts over \$25 should also be added to the employee's wages for the year and added on the employee's form W-2 (however there are some exceptions to this rule).

## **Gifts**

**Q:** A Supplier offers you two tickets for you to bring your spouse or friend to a football game. The face value of the tickets is \$130. Can you accept the tickets?

**A:** No. The tickets are a gift because the Supplier is not going to the game with you. The value of the tickets is not nominal (greater than \$125). If the value of the tickets was less than \$125, the gift would be nominal and you could accept them.

**Q:** A Supplier offers you two tickets for you to bring your spouse or friend to The Ohio State vs. Michigan football game in Columbus. The face value of the tickets is \$100. Because of the large demand for the tickets, the "street" value is over \$200. Can you accept the tickets?

**A:** No. The tickets are a gift because the Supplier is not going to the game with you. Also, the fair market value of the tickets is not nominal since it is greater than \$125.



- Q:** You are working with a contractor to obtain a permit for a Bob Evans restaurant. The contractor suggests that the two of you take the governmental official processing the permit out for lunch and a game of golf. The contractor offers to pay for the lunch and golf game. Should you follow the advice of the contractor?
- A:** No. You can never provide a governmental official with any type of gift or entertainment without the prior approval of the general counsel, even if the gift or entertainment is offered “indirectly” through a contractor.
- Q:** You receive a box of steaks at your home as a Christmas gift from a Supplier. Can you accept the gift?
- A:** No. The value of the gift is likely more than “nominal.” Because the gift is perishable, you should store the item properly and contact your supervisor and Human Resources so they can help you donate the food to a local shelter or food bank. Human Resources will coordinate the donation of any food items with the Food Safety and Quality Assurance Department.
- Q:** A Supplier sends you a large gift basket likely to be worth more than \$125. Can you accept the gift?
- A:** No. The value of the gift is more than nominal. You can return the gift basket, share it with other employees in the office, or turn the gift over to Human Resources to be donated or used as a raffle prize for a charity fundraiser.
- Q:** You have solicited bids from several Suppliers for a new piece of equipment. During the bid review process, one of the Suppliers sends you a gift worth \$50. Can you keep it?
- A:** No. Although the value of the gift is nominal, sending a gift during contract negotiations implies that the Supplier is trying to influence your decision or bribe you.
- Q:** You are a restaurant manager and a guest has a serious complaint about her meal. Can you “comp” the guest’s meal?
- A:** Yes. Not charging a guest for a meal due to food quality or services issues is not considered a gift, and you should follow your standard operations procedures in these situations. However, it would be a violation of the Code of Conduct for restaurant employees not to pay for their own meals or for them not to charge their family members and friends for their meals.

## ***Entertainment***

**Q:** A Supplier invites you and several other employees to a pre-game dinner and a local professional sporting event. Can you and the other employees accept the invitation?

**A:** Yes. As long as the Supplier's representatives are at the dinner and sporting event so that business can be discussed, and both the dinner and sporting event are reasonable in cost.

Entertainment events are generally considered to be: shows, concerts, sporting events, movies, charity events, theatre, and other similar events open to the public where the admission cost is reasonable.

**Q:** A Supplier invites you to a sold out professional sporting event where the fair market value of a ticket for the seat offered is at least \$500. Can you attend the event?

**A:** No. The value of the tickets is excessive. If you believe, there is an adequate business reason for you to attend the event, contact your supervisor. If your supervisor agrees, you may attend the event so long as our Company pays for your ticket and other expenses. If you are an officer, the prior approval of the general counsel is also required.

**Q:** You invite a potential new customer to tour one of our manufacturing facilities. You invite the customer's representative to dinner and a local sporting event. You and several other employees will host the event. Is this appropriate entertainment?

**A:** Yes. The day and evening events are business related and not excessive in cost.

**Q:** A Supplier invites you to attend a local educational seminar sponsored by a Supplier. The Supplier's employees also attend the seminar. You will receive professional learning credits for attending the seminar that will help you maintain your professional license/credentials. The cost of your attendance to the Supplier is approximately \$1,500. Can you attend?

**A:** Yes. Attending Supplier sponsored local educational seminars where the Supplier's employees also attend is business related and appropriate. Note that no travel or hotel costs are involved.

## ***Travel***

**Q:** Our Food Products business purchased potentially defective machinery from a Supplier based in Georgia. You must work with the Supplier to determine the cause of the problem and identify corrective actions. To facilitate this, the Supplier asks you to travel to its manufacturing facility and offers to pay for your travel and hotel expenses. Is it appropriate to have the Supplier pay for your travel expenses?

**A:** Yes, if your supervisor approves.

**Q:** A Supplier is sponsoring a trade show with other Suppliers in Europe (or any non-local city where travel and hotel costs are involved) to show current and prospective customers new food products. The Supplier offers to pay for you attend the trade show, including your travel expenses. Can you accept?

**A:** No. The value of the trip is excessive. If you believe, there is an adequate business reason for you to go, contact your supervisor. If your supervisor agrees, you may attend the trip so long as our Company pays for your expenses. If you are an officer, the prior approval of the general counsel is also required.

**Q:** You are asked to make a presentation at a professional or business conference. The conference location is several hundred miles from your office. The sponsor of the conference has offered to pay for your lodging, meals and transportation in connection with your participation as a speaker at the conference. Your supervisor has approved your participating and contacted the general counsel for approval. Can you accept the sponsor's offer to pay for your lodging, meals and transportation?

**A:** Yes. In this case, the primary purpose of your attendance is for educational and professional development.

*History: Adopted June 14, 2011; Amended and Restated February 25, 2014; Clarifications approved February 18, 2016. Only the Board of Directors has the authority to amend this document.*



**Sample Gift Return Letters**

*Note: You should personalize this letter so it matches your particular situation. Please delete any language that does not apply to your situation.*

Name of Addressee  
Address 1  
Address 2  
City, State Zip

Date

Dear \_\_\_\_\_:

Thank you for your recent gift of [insert description of gift]. I appreciate your thoughtfulness and generosity. I regret that I must return your gift. The Bob Evans Farms Code of Conduct does not allow me to accept gifts from our suppliers in this situation.

Thank you for understanding and goodwill.

Sincerely,

Name  
Position

***When it is not practical to return the gift, the message could be changed to read:***

Thank you for your recent gift of [insert description of gift]. I appreciate your thoughtfulness and generosity. While I appreciate your good intention, the Bob Evans Farms Code of Conduct does not allow me to accept gifts from our suppliers in this situation. Because it is impractical to return your gift, I have provided the gift to our Human Resources Department to be donated to charity or used for a fundraiser to benefit a non-profit organization.

Thank you for understanding and for your goodwill.

Sincerely,

Name  
Position