

## YOCREAM INTERNATIONAL, INC. CODE OF BUSINESS CONDUCT

The board of directors believes that the long term financial success of the Company is dependent on the fundamental principles of integrity, honesty, loyalty and fairness. This Code of Business Conduct outlines the broad principles of legal and ethical business conduct embraced by the Company and is intended to deter wrongdoing and promote the following:

- Honest and ethical behavior;
- Avoidance of conflicts of interest, personal and professional;
- Full, accurate, timely and transparent disclosure;
- Compliance with all applicable government and self-regulatory organization laws, rules and regulations;
- Prompt internal reporting of violations of this Code; and
- Accountability for compliance with this Code.

No written Code can possibly anticipate and address all potential situations a person may face in the course of business. Therefore, this Code should be used as a guideline rather than as a checklist when exercising one's business judgment. When the law is not specific on a particular issue, the Company expects each officer, director and employee to use common sense and good judgment in effecting the spirit of the law and this Code.

### **Compliance with Laws, Rules and Regulations**

Obeying the law, in letter and in spirit, is the underpinnings of the Company's ethical standards. Individuals are expected to respect and obey the laws, rules and regulations of all governmental and regulatory agencies, whether it be a local municipality, a state or federal institution, or a self-regulatory organization, to which the business operations of the Company are subject. Persons are not expected to know the details of these laws, rules and regulations; however, one should be familiar enough with those laws, rules and regulations relating to that person's responsibilities and job performance to determine when to seek advice or counsel from the appropriate Company personnel. In this regard, the Company encourages individuals to consult with supervisors and management before taking action.

### **Conflicts of Interest**

Officers, directors and employees are expected to make and participate in business decisions and actions in the ordinary course of their service with the Company based on the best interests of the Company and not on personal interests or relationships. All such persons are expected to apply sound judgment to avoid conflicts of interest or apparent conflicts of interest.

A "conflict of interest" is any activity that is inconsistent with or opposed to the interest of the Company or give the appearance of impropriety. Such conflicts commonly exists when a person's private interests interfere with the interests of the Company in such manner as to

potentially influence that person's ability to remain objective when performing their Company duties. A conflict of interest also may arise when an officer, director or employee, or members of his or her immediate family, receive improper personal benefits as a result of his or her position in the Company. These could include direct payments or gifts, payments or gifts to family members, payments or other compensation for favorable purchasing, employment or other decisions (bribes), outside employment or interests in a competitor, vendor or customer or the like. A clear example of a conflict of interest would be when a vendor or supplier makes a payment to an officer or employee to secure or maintain business with the company.

Conflicts of interest are prohibited as a matter of Company policy, except under certain circumstances approved by the board of directors, or a designated board committee. Officers, directors and employees are expected to disclose to the Company situations that may involve actual or apparent conflicts of interest; and directors should recuse themselves from participation in any decision in which such director may have a conflict of interest.

Because a conflict of interest may not be clear cut, individuals are encouraged to seek advice and counsel from senior management, a member of the corporate governance committee or Company's legal counsel. If a person is in a situation where that person's objectivity may be questioned because of a direct or indirect interest or relationship, we expect that person to notify the appropriate Company personnel before taking action or making a decision to avoid the apparent or actual impropriety. Any waiver of a conflict of interest must be approved by the board of directors or an appropriate committee.

If an officer, director or employee becomes aware of a conflict of interest or potential conflict of interest, such person should bring the matter to the attention of the appropriate Company personnel as set forth in this Code.

### **Misappropriation of Corporate Opportunities**

The officers, directors and employees owe a duty to the Company to advance the interests of the Company when the opportunities arise and should refrain from taking personal advantage of opportunities discovered through the use of Company information or property, or one's position with the Company, unless expressly approved by the board of directors, or an appropriate committee.

### **Protection and Use of Company Assets**

Each officer, director and employee should endeavor to protect the assets of the Company and ensure their efficient use. Each person is personally responsible and accountable for the proper use of property over which that person has control, including both Company property and funds and property and funds that customers or others have entrusted to a person's custody. All Company assets, including proprietary information, should be used only for legitimate business purposes and not for personal use or gain, although incidental personal use of certain assets may be permitted.

Theft, misuse, carelessness and waste of Company assets directly impact the Company's profitability. Any suspected incident of fraudulent use or theft of Company assets should be reported immediately to the appropriate Company personnel for investigation.

Improper payments

### **Insider Trading**

The Company has adopted an insider trading policy that prohibits certain persons from trading in Company securities under specific circumstances. Those persons identified by the board of directors as "insiders" are expected to strictly comply with the Company insider trading policy. Further, any other employee who has access to or is in possession of confidential, non-public information should not trade in Company securities or engage in any other action to take advantage of, or pass such information onto others, who may take advantage of such information. The use of such information for personal benefit or to "tip" others who might use the information to make an investment decision in Company securities is not only unethical, but it is illegal! This prohibition against using non-public information for personal gain, also applies to non-public information relative to other companies. Any questions regarding this policy should be directed to the Chief Financial Officer or the appropriate Company personnel.

### **Competition and Fair Dealing**

The Company believes in promoting competitive advantage through superior performance, rather than through unethical or illegal business practices. Every officer, director and employee is expected to endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No person representing the Company should take unfair advantage of another through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

### **Confidentiality**

Officers, directors and employees are charged with the duty to maintain in confidence all confidential information entrusted to them by the Company, its vendors and customers, except when such disclosure is expressly authorized or required by law or regulation or approved by the appropriate Company personnel. Confidential Information includes any information that may be useful to competitors, or damaging to the Company, its vendors and customers if disclosed. The duty to maintain such information in confidence continues after employment with the Company ends.

## **Record Retention**

Each Company department or division, and its respective employees, is responsible for the maintenance of its records in accordance with record retention policies of the Company. A record is any information, regardless of the physical format, that has been created or obtained in the transacting the Company's business. The alteration, destruction or falsification of Company documents with the intent to obstruct a pending or anticipated regulatory or governmental proceeding or investigation is strictly prohibited and may constitute a crime punishable by fine and/or imprisonment. Additionally, document falsification or destruction in other contexts can result in a violation of the securities laws or the obstruction of justice. Each person is expected to be familiar with the applicable policy and procedures and to follow and abide by the terms of this policy and its related procedures. In the event the record retention policy or procedures are ambiguous, a question arises or there is a pending or anticipated official proceeding or investigation, a person should consult with senior management or general counsel before destroying any record.

## **Disclosure Controls and Policies**

The public's perception of the Company's is dependent upon accurate, full and complete disclosure of important Company information used in the financial marketplace. Company financial and non-financial disclosures and filings required by the securities regulations must be transparent, accurate and timely. Providing timely, reliable, truthful and accurate information is a complex process that requires the commitment and cooperation of numerous departments, disciplines and related Company personnel.

The Company's disclosure process is intended to record, process, summarize and report material information in a timely manner. The Company books, records, accounts and financial statements must be maintained in reasonable detail to appropriately reflect the Company's transactions and operations and must conform to all applicable legal requirements and the Company's system of internal controls. The Company expects the appropriate persons to participate in the disclosure process to the extent directed by the CEO and CFO.

## **Investor Relations, Media and Public Inquiries**

Dissemination of accurate and consistent information about the Company is important to the overall commitment of the Company be forthright and honest in its disclosures to the public. The Company has designated specific Company personnel to address public inquiries received from the media, investors, analysts and the general public. The Investor Relations Department is responsible for public communications with stockholders, analysts, potential investors and other interested members of the financial community. All such inquiries should be directed to the attention of the Investor Relations Department. Unless a person's job duties expressly include responding to outside inquiries, all other inquiries should be referred to the designated Company spokesperson.

## **Participation in the Political Process**

The Company recognizes that its employees may actively participate in the political process. Employees shall not engage in any political activities during Company time or use Company resources in furtherance of any such activity, without the approval of senior management. When expressing an individual political viewpoint or making a political contribution, a person will make it very clear that such person does not represent the Company and is not acting on behalf of the Company, unless expressly directed and authorized by senior management.

## **Reporting Code Violations**

Officers, directors and employees are expected to be aware of situations that could result in actions that may violate federal, state or local law or the standards of conduct addressed in this Code. If an employee believes that their conduct or the conduct of a co-worker has or may violate the law or this Code, such employee has an obligation to report the matter to the Company. When in doubt about the best course of action in a particular situation, the employee is encouraged to first consult with that person's supervisor or other appropriate Company personnel about potential or actual illegal or unethical behavior. If a person is uncomfortable discussing the matter with a supervisor, or a person does not believe that the matter was properly addressed, then the matter should be raised with senior management or the Corporate Governance Committee. If the matter in questions relates to the Company's financial disclosure policy, such matter should be brought to the attention of the Audit Committee. Officers and directors should report potential violations to the Corporate Governance Committee or, if applicable, to the Audit Committee.

The Company will not take or threaten any action against a person as a reprisal or retaliation for making a complaint or disclosing or reporting information in good faith. Further, the Company will maintain the anonymity of any reporting person. If the reporting person is concerned about remaining anonymous, the reporting person may deliver the complaint or report in writing to the appropriate Company personnel. The Company will not permit retaliation against a person making a good faith report of a possible violation of this Code or any laws, rules or regulations. However, if the reporting person was involved in the improper activity, that person may still be subject to appropriate disciplinary action.

Each complaint shall be documented and promptly reviewed and investigated when deemed appropriate and necessary by the appropriate board committee. The appropriate board committee also will review the merits of all violations and determine the appropriate disciplinary action, if any. Such disciplinary action may include suspension or termination of employment, and where applicable, possible criminal prosecution.

## **Prohibited Substances**

The Company has adopted an employment policy intended to provide a “drug free” work environment. Every employee is expected to understand and comply with the Company’s prohibited substances policy.

## **Employee Relations**

A key element of the success of the Company is the collaborate effort of it officers, directors and employees and their ability to recognize and embrace the diversity of the Company workforce. In order for the Company to gain the full benefits from a diverse workforce, each person must respect the rights and dignity of their co-workers and each person must be trustworthy and dedicated to high standards of job performance. The same respect of co-workers should be granted toward the employees of the Company’s customers, vendors and competitors.