



EMPLOYEE PROTECTION (WHISTLEBLOWER) POLICY

PROCEDURES FOR REPORTING POSSIBLE VIOLATIONS OF ETHICS, FRAUD, AND ACCOUNTING/AUDITING MATTERS

The Company is committed to achieving compliance with Company policies and procedures as well as all applicable laws and regulations (including those governing ethics and securities), accounting standards, internal accounting controls, and audit practices.

Any Employee of Lifeway Foods, Inc. and any of its subsidiary companies (collectively, the “Company”) may submit a good faith report regarding possible ethics, fraud, accounting or auditing matters to the management of the Company **without fear of dismissal or retaliation of any kind.**

The support of all employees is necessary to achieving compliance with Company policies and procedures as well as applicable laws and regulations. An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy, or practice to the attention of the Company and provides the Company with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

In order to facilitate the reporting of employee concerns, the Company’s Board of Directors and its Audit Committee have established the following procedures for (1) the receipt, retention and treatment of complaints regarding ethics, fraud, accounting, internal controls, or auditing matters, and (2) the confidential, anonymous submission by employees of concerns regarding questionable ethics, fraud, accounting, or auditing matters. The Audit Committee of the Company’s Board of Directors will oversee the process for reporting and disposition of concerns reported by employees in these areas.

Scope of Matters Covered by This Policy

The procedures in this Policy relate to employee complaints regarding any questionable ethics, fraud, accounting, internal controls, or auditing matters, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- Fraud or deliberate error in the recording and maintaining of the financial records of the Company;
- Deficiencies in or noncompliance with the Company’s internal accounting controls;



- Misrepresentation or false statement by a senior executive, officer, or accounting employee regarding a matter contained in the financial records, financial reports, or audit reports of the Company;
- Misrepresentation or false statement made by any employee to a senior executive, officer, or accounting employee regarding a matter contained in the financial records, financial reports, or audit reports of the Company;
- Misrepresentations or noncompliance by the Company with any and all applicable laws and regulations
- Misrepresentations or noncompliance by any employee of the Company's policies and procedures, including without limitation its Code of Conduct and Ethics policy.

These procedures may also relate to:

- Any instance of corporate fraud;
- Unethical business conduct;
- A violation of State or Federal Law;
- A violation of any rule or regulation of the Securities and Exchange Commission (SEC); or
- Substantial and specific danger to the employee's or the public's health or safety.

Confidential Submission of Complaints

Employees with concerns regarding ethics, fraud, accounting, internal controls, or auditing matters should report their concerns to the General Counsel or Legal Department of the Company. At their option, employees may also directly report their concerns to the Chairman of the Audit Committee of the Board of Directors.

The Company has a 24-hour per day, 7-day per week hotline and a dedicated website, e-mail address and fax number which can be used to report employee concerns. All of these reporting channels are operated by a third party service provider. Employees may report such matters on a **confidential or anonymous** basis as follows:

<i>Toll-Free Helpline:</i> <u>English:</u> 844-490-0002 <u>Español:</u> 800-216-1288	<i>Website Address:</i> http://www.lighthouse-services.com/lifeway
<i>E-mail Address:</i> reports@lighthouse-services.com (include company name with report)	<i>Fax:</i> (215) 689-3885 (include company name with report)



Treatment of Reported Matters

Upon receipt of a report, the General Counsel and Legal Department will:

- Determine whether the reported matter(s) actually pertains to ethics, fraud, accounting, internal controls, or auditing matters; fraud; violations of State or Federal laws or regulations; or public or employee health or safety, and
- When possible, acknowledge receipt of the report to the sender.

All reports submitted under this policy will be reviewed under the Audit Committee’s direction with oversight by the General Counsel, Legal Department, or such other persons as the Audit Committee determines to be appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate investigation and review and the requirements of applicable law. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee and Company.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms of conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding accounting matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

Reporting and Retention of Complaints and Investigation

The Legal Department will maintain a log of all reported matters under this policy, tracking their receipt, investigation and resolution and shall provide a periodic summary report thereof for the Audit Committee. Copies of such reports and such log will be maintained in accordance with the Company’s Document Retention Policy.

Acknowledgment

My signature below indicates my receipt and understanding of this policy. I also verify that I have been provided with an opportunity to ask questions about the policy.

Employee Name (Please Print)

Date

Employee Signature

Date