

Standard of Business



DATE ISSUED: February 1989

APPLICATION OF STANDARDS

These Standards of Business Conduct (these "Standards") apply to each of our directors, officers, employees and other representatives. It is the practice of Minn-Dak Farmers Cooperative ("the Cooperative") that all persons subject to the Standards will be required on an annual basis to affirm their awareness of and adherence to the Standards by signing a Standards of Business Conduct Acknowledgment.

COMMITMENT TO COMPLIANCE WITH LAWS

It is not possible to develop a detailed set of rules, policies or procedures that cover all circumstances. The best guidelines are individual integrity, common sense and compliance with law. These Standards provide a basic guide to assist our management, employees, directors and others acting on our behalf in understanding their responsibilities.

We have a policy of strict compliance with all laws, whether federal, state, local or foreign. The Cooperative's excellent reputation is the result of a history of fair dealing and honesty with customers, suppliers, shareholders, employees, and government officials. The highest standards of moral and ethical behavior are essential to maintaining our good reputation. We do not tolerate unethical or dishonest conduct.

CONFLICT OF INTERESTS

We are committed to avoid influences, interests or relationships that might adversely affect the Cooperative's business or distort business judgment. Business decisions should always be based upon the best interests of the Cooperative.

While it is not possible to develop a comprehensive set of rules covering all circumstances, the following are examples of activities which could be considered a conflict of interest if undertaken by directors, officers, employees and other representatives or members of their household:

- Owning a substantial interest in any competing business or in any outside concern that does business with us.
- Providing services as a director, manager, consultant, employee or independent contractor to any outside concern that does business with us or is in a competing business, except with our specific prior knowledge and consent.



- Engaging in any outside employment which is in conflict with an essential business-related interest or which requires significant time, attention or energy, except with our specific prior knowledge and consent.
- Accepting gifts (other than gifts of nominal value), favors, compensation, loans, excessive entertainment or other similar activities from our competitors or from any other company or person that does business or seeks to do business with us. For the purposes of these Standards, a gift or gratuity of more than nominal value is one that might have the effect of improperly influencing the recipient or the public disclosure of which might embarrass the Cooperative.
- Representing us in any transaction with a person or organization in which directors, officers, employees and other representatives or members of their household have a direct or indirect personal interest or may derive a benefit.
- Competing directly or indirectly with us in the design, manufacture, marketing, purchase or sale of products or property rights or interests.
- Using or revealing (without proper authorization) any confidential product information, confidential financial information or other confidential information concerning our plans, decisions or activities, including information which is not available to the general public and which could be considered of some importance in a decision whether to buy or sell our stock or our business partners' securities.
- Taking advantage of any business opportunity that would rightfully belong to us.

All persons subject to these Standards are prohibited from entering into or continuing transactions or relationships that would constitute a conflict of interest. Any non-officer employee that is contemplating a transaction or relationship that may constitute a conflict of interest should disclose the potential conflict of interest and the employee's role to the Chief Financial Officer before entering into the transaction or relationship. Any officer or director of the Cooperative should report a potential conflict of interest transaction to the Chairman of the Audit Committee of the Board of Directors before entering into the transaction or relationship.

It is not the Cooperative's desire to discourage or limit the freedom of employees, officers, directors or other representatives to engage in and maintain activities that do not adversely affect the Cooperative's business or distort business judgment.

CONFIDENTIAL INFORMATION

Our success depends upon our ability to maintain certain information in confidence. That information includes any non-public information relating to the Cooperative, our customers



and suppliers, or anyone else who receives information as part of a business relationship. Nonpublic information about past results and anticipated future plans should be protected.

Confidential information should not be disclosed to anyone outside of the Cooperative or to anyone inside the Cooperative who does not have a need to know that information.

We must protect customer information that is sensitive, private or confidential just as carefully as our own. Only those who have a need to know should have access to confidential information of our customers.

Our financial information is not to be released to anyone unless it is included in a published report, or otherwise made generally available to the public. Questions concerning the disclosure of confidential information should be referred to the appropriate corporate officers. Confidential business matters, which could be of interest to competitors, and customer information, should never be discussed with representatives of the media or in any other public forum. All media inquiries or requests for information from financial analysts or our stockholders should be referred to the appropriate corporate officers.

FAIR COMPETITION AND ANTI-TRUST

The primary antitrust concerns in our segment of the industry lie in the communications with our competitors and with our customers. Our competitors include anyone in our geographic markets manufacturing or selling the same or similar products that we manufacture or sell. Our customers are companies that purchase our products.

We are required to comply with antitrust and unfair competition laws. These laws are complex and vary considerably from country to country. The following activities are generally prohibited under these laws:

- Agreements with competitors that harm customers, including price fixing and allocations of customers or contracts.
- Agreements that unduly limit a customer's ability to sell a product, including establishing the resale price of a product or service, or conditioning the sale of products on an agreement to buy other of our products and services.
- Attempts to monopolize, including pricing a product below cost in order to eliminate competition.
- Use of theft, deceit or subterfuge in order to obtain information.
- Engaging in illegal kickbacks, tying, and refusals to deal, price discrimination or other illegal competitive practices.



Employees may not discuss information with our competitors or customers relating to such subjects as projected sales for any specific product or service, revenues or expenses, unannounced products and services, pricing strategies, personnel situations and other proprietary information.

Questions whether particular conduct is appropriate, should be addressed to management.

Our goal is to build long-term relationships with our customers by demonstrating honesty and integrity. Our marketing and advertising will be accurate and truthful. Deliberately misleading messages, omissions of important fact, or false claims about our competitors' offerings are never acceptable.

Compliance with our quality processes and safety requirements is essential to maintain our valuable reputation. We damage our reputation when we ship products or deliver services that fail to live up to our standards.

POLITICAL CONTRIBUTIONS

It is the practice of the Cooperative that no cooperative assets be used for political contributions to any party or individual candidate, either directly or indirectly, whether or not such contributions are legal in the jurisdiction involved.

PROPER ACCOUNTING AND FINANCIAL RECORD KEEPING

Cooperative books and records shall be properly maintained and shall accurately reflect all transactions. Every person subject to these Standards must comply with prescribed accounting practices, procedures, and controls. No undisclosed or unrecorded funds or assets shall be established for any purpose. All contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading. Each person with responsibility for financial or accounting matters has a responsibility to ensure that our financial statements and other disclosures are full, fair, accurate, timely and understandable.

We are subject to the Foreign Corrupt Practices Act of 1977 (the "FCPA"). Our policy is to strictly comply with the provisions of the FCPA, which establishes certain accounting requirements and prohibits the bribery of foreign governmental officials.

Through the FCPA we are subject to two interrelated accounting requirements. First, the FCPA requires that we maintain books, records and accounts that fairly and accurately reflect our transactions and dispositions of assets in reasonable detail. This requirement is designed to improve the accuracy of our financial records and the audits that represent the cornerstone

of our financial disclosures. Second, the FCPA requires that we devise and maintain a system of internal accounting controls that are sufficient enough to provide reasonable assurances that our bookkeeping and accounting objectives will be attained.



The FCPA also prohibits us from directly or indirectly giving anything of value to foreign government officials, foreign political parties, candidates for political office, or any person where the payment will inure to the benefit of any of the above parties for the purpose of obtaining special treatment from a foreign government official, even if the payment is requested by that person or organization.

We have established and maintain a records retention policy. You should understand the procedure for the retention of business documents. Never alter or destroy documents or records in response to an investigation or other lawful request.

REQUESTS FOR WAIVERS FROM THE PROVISIONS OF THE STANDARDS

Any employee who wishes to request waiver of, or any required consent under, any provision of the Code must make a written request to their immediate supervisor; in the case of the Company's executive officers or directors, requests for waivers or required consents must be made to the Company's Audit Committee of the Board of Director.

QUESTIONS REGARDING THE STANDARDS REPORTING OF VIOLATIONS

Violation of the principles of these Standards or applicable policies and procedures by any of our directors, officers or employees (or their immediate family members, to the extent applicable) will result in disciplinary action, up to and including discharge of the officer or employee. Violations of these Standards by a director may be the basis for removal of such director by the Board of Directors. Violation of these Standards by any business partner may result in termination of the distribution, dealer or agency agreement. In some cases, violation of these Standards may also be a violation of civil or criminal law and any disciplinary action by the Cooperative would be in addition to any governmental civil or criminal penalties.

We encourage you to ask questions regarding these Standards and their application to you or any matter.

If you have questions, want to report concerns you have about your situation or that of any other person subject to these Standards or want to report violations of these Standards, you should contact:



Type of Question, Concern, Violation

If your concern relates to any matter other than questionable accounting or auditing practices

Contact

Your immediate supervisor if you are a non-officer employee, with the Chief Financial Officer if you're an officer employee or The Chairman of the Audit Committee of the Board of Directors if you're a director, the Chief Financial

Officer or the Chief Executive Officer.

If the matter involves someone to whom you would report, you should report up to the next level of authority. For example, an employee who had a concern about the behavior of his or her immediate supervisor should report the concern to the Chief Financial Officer.

If your concern relates to questionable accounting or auditing practices

The Audit Committee of the Board of Directors has assigned the responsibility for investigating complaints pursuant to this Policy. Reporting should be made through the Cooperative's anonymous compliance reporting solution. You may report either by using the toll-free telephone hotline (phone number is 877376-3931) or by using the internet webbased reporting service

(<http://MDFC.alertline.com>).

All reports of violations of these Standards will be kept confidential to the extent consistent with the need for a thorough investigation and taking into consideration our disclosure obligations and the requirements of law.

SPECIAL NOTE REGARDING ACCOUNTING AND AUDITING CONCERNS

We have designated our Audit Committee of the Board of Directors to investigate and address employee concerns regarding questionable accounting or auditing practices. All employees or other persons who would like to submit concerns regarding accounting or

auditing practices should submit them to the Cooperative's anonymous compliance reporting solution. You may report either by using the toll-free telephone hotline (phone number is 877-376-3931) or by using the internet webbased reporting service (<http://MDFC.alertline.com>). Concerns may be submitted on a confidential and anonymous basis.



We are committed to maintaining an environment in which all directors, officers, employees and other representatives feel comfortable reporting all questions, concerns and violations of these Standards.

Under federal law, Minn-Dak Farmers Cooperative may not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment because of any lawful report regarding a violation of any rule or regulation of the Securities or Exchange Commission, including those relating to auditing or financial disclosures, or any federal law relating to fraud against shareholders of MDFC.

In addition, Minn-Dak Farmers Cooperative will not take any retaliatory action against any person who in good faith assists or participates in an investigation, proceeding, or hearing relating to a report under these Standards, or who files, causes to be filed, testifies, or otherwise assists in such a proceeding against the Cooperative.

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NON-RETALIATION

Any individual making a complaint will not be retaliated against, even if a complaint made in good faith is determined to be unfounded. Protection from retaliation shall extend to any witness and to any individual participating in an investigation. An individual has the right to raise the issues of sexual harassment without fear of reprisal.



MINN-DAK FARMERS COOPERATIVE STANDARDS OF BUSINESS CONDUCT ACKNOWLEDGMENT

I, _____, acknowledge that I have received a copy of the Minn-Dak Farmers Cooperative Standards of Business Conduct (the "Standards").

By signing below, I acknowledge that I have read and understand the policies and procedures in the Standards and I agree to comply with these policies and procedures. I further acknowledge that the Standards require me to report violations of the Standards to a supervisor or management or Audit Committee of Minn-Dak Farmers Cooperative. I hereby confirm that I have reported all violations of the Standards of which I am aware.

I acknowledge that the policies and procedures of the Standards may be changed, interpreted, modified or eliminated or added to by Minn-Dak Farmers Cooperative at any time with or without prior notice to me.

Signature

Date