

STAFSA STAKEHOLDER CODE OF CONDUCT

Version: September 2019

PURPOSE

The purpose of this policy is to guide you as you fulfill your role as an Stafa stakeholder. *Stakeholders van be defined as: Suppliers, Customers, Government, Employees, Creditors, Community, Trade unions and all other persons, groups or organizations that has interest, relation or concern in Stafa.*

This policy is not intended to change or replace any specific contractual requirement. Rather, this Stakeholder Code establishes the basic principles for business conduct which Stafa expects from you. If a contract between us contains stricter or more detailed requirements than this Business Code of Conduct, then we expect you to meet those stricter or more detailed contractual requirements.

STATEMENT

Stafa has agreed to abide by moral and ethical values in the management of the company. We expect our stakeholders to respect and adhere to the same philosophy in the management of their own companies. We seek to work with stakeholders that agree to comply with the requirements of this Stakeholder Code which also abides by the principles stipulated in the Conventions of the International Labor Organization, the Universal Declaration on Human Rights, the guiding principles of the OECD (Organization for Economic Co-operation and Development) and the principles of the Global Compact, which we also support. Any breach of conduct or any violation of this code of conduct by our stakeholders or their subcontractors will result in a review and possible termination of the business relationship.

SCOPE

This policy applies to all Stafa stakeholders, their factories, subcontractors, as well as their own stakeholders. This policy covers:

- Labor
- Health and Safety
- Environment
- Business ethics
- Management system
- Additional Provisions
- Sustainability policy for controversial industries

GUIDELINES

1. Labor

Stakeholders are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The labor standards are:

Freely Chosen Employment

Forced or indentured labor (including debt bondage), involuntary prison labor, slavery or trafficking of persons shall not to be used. This includes transporting, harboring, recruiting, transferring or receiving

vulnerable persons by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Workers must not be required to surrender any government-issued identification, passports, or work permits as a condition of employment. Excessive fees are unacceptable and all fees charged to workers must be disclosed.

Child Labor Avoidance

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 16 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers.

Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 48 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

Wages and Benefits

Compensation paid to workers shall comply at a minimum with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Workers shall be compensated for overtime at rates in compliance with local laws. Deductions from wages as a disciplinary measure shall only be performed in accordance with the law. The basis on which workers are being paid is to be provided in a timely manner via pay slip or similar documentation.

Humane Treatment

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or

verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

Non-Discrimination

Stakeholders should be committed to a workforce free of harassment and unlawful discrimination. Stakeholders shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, health (including pregnancy), nationality, religion, commission or conviction of criminal offense, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests for any discriminatory purposes.

Freedom of Association

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. The rights of workers to associate freely, join or not join labor unions, seek representation, and join workers' councils in accordance with local laws shall be respected. Workers shall be able to openly communicate and share grievances with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment.

2. Health and Safety

Stakeholders recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Stakeholders also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. The health and safety standards are:

Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/ tag-out), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment. Workers shall not be disciplined for raising safety concerns in good faith.

Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response

procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

Sanitation, Food and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Worker dormitories provided by the stakeholder or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency exit, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

3. Environmental

Stakeholders recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. The environmental standards are:

Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their

operational and reporting requirements are to be followed.

Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

Hazardous Substances

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal. Waste water and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal.

Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

Product Content Restrictions

Stakeholders are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal.

4. Ethics

To meet social responsibilities and to achieve success in the marketplace, stakeholders and their agents are to uphold the highest standards of ethics including:

Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Stakeholders shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). All business dealings should be transparently performed and accurately reflected on stakeholder's business books and records. Monitoring and enforcement procedures are or will be implemented to ensure compliance with anti-corruption laws.

No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be offered or accepted. Disclosure of information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. The confidentiality of such information is to be respected. Falsification of records or

misrepresentation of conditions or practices in the supply chain is unacceptable.

Intellectual Property

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights.

Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be available.

Protection of Identity

Programs that ensure the confidentiality and protection of stakeholder and employee whistleblower are to be maintained.

Privacy

Stakeholders are to commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including stakeholders, customers and employees. Stakeholders are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

Non-Retaliation

Stakeholders should have a communicated process for their personnel to be able to raise any concerns in good faith without fear of retaliation.

5. Management system

Stakeholders shall adopt or establish a management system whose scope is related to the content of this Code. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to the stakeholder's operations and products; (b) conformance with this Code; and (c) identification and mitigation of operational risks related to this Code. It should also facilitate continual improvement. The management system should contain the following elements:

Company Commitment

Corporate social and environmental responsibility policy statements affirm stakeholder's commitment to compliance and continual improvement, and are endorsed by executive management.

Management Accountability and Responsibility

Clearly identified company representative(s) responsible for ensuring implementation of the management systems and associated programs, where senior management reviews the status of the management system on a regular basis.

Legal and Customer Requirements

Visitors

Den Engelsman 18
6026 RB Maarheeze
The Netherlands

Postal address

P.O. Box 2670
6026 ZH Maarheeze
The Netherlands

Contact

+31 (0)495 599 888
info@stafa.nl
stafa.nl

IBAN: NL63 ABNA 0444 6696 39

BIC: ABNANL2A

VAT: NL800966041B01

CoC: 17075593

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of this Code.

Risk Assessment and Risk Management

A process to identify the environmental, health and safety and labor practice and ethics risks associated with stakeholder's operations, along with a determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

Improvement Objectives

Written performance objectives, targets and implementation plans to improve the stakeholder's social and environmental performance, including a periodic assessment of stakeholder's performance in achieving those objectives.

Training

Programs for training managers and workers to implement stakeholder's policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

Communication

A process for communicating clear and accurate information about stakeholder's policies, practices, expectations and performance to workers, stakeholders and customers.

Worker Feedback and Participation

Ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions covered by this Code and to foster continuous improvement should be in place.

Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility.

Corrective Action Process

A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.

Documentation and Records

Creation and maintenance of documents and records is ensured of regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

Stakeholder Responsibility

A process to communicate Code requirements to stakeholders and to monitor stakeholder compliance to this Code.

6. Additional Provisions

Data Privacy and Protection of Information Personal Information is any kind of information that can be related to an identified or identifiable individual. This includes, but is not limited to name, address, email, phone number, credit card information, social security number, other identification number (e.g. HR-ID), etc. Stakeholders that have access to Personal Information of Stafa, its' customers or partners are to:

- Implement appropriate technical and organizational measures to protect information against threats to confidentiality, integrity and availability;
- Process, share, store and transmit personal information only for the purpose the data was collected or provided for; and
- Comply with all data privacy and data protection requirements defined in the contract between stakeholder and Stafa.

Intellectual Property

All IP provided, disclosed or licensed to stakeholder, including trademarks, patents, copyrights and business secrets or information whether registered or unregistered are owned by Stafa and stakeholder agrees to utilize such IP solely for the limited purpose of complying with the terms of the relevant agreement with Stafa, and in no event shall stakeholder seek registration of such IP either directly or indirectly and will not produce and/or distribute unauthorized and/or counterfeit Stafa products.

Gifts

Stafa's internal policies prohibit gifts and entertainment given by or received from our stakeholders that are considered lavish, not reasonable under the circumstances and designed to influence decision-making or judgment. In some situations, any gifts are prohibited. Please be mindful of these standards when considering providing such a benefit to an Stafa employee.

7. Sustainability policy for controversial industries

Stafa Group strives to create long-term value for its stakeholders, to respect human rights and safeguard the environment. Stafa has formulated sustainability requirements for stakeholders in - or related to - controversial industries. Stafa respects and adheres (inter)national laws and regulations concerning weapons trade or arms industry. Stafa acknowledges that these industries poses sustainability risks, such as:

- Human rights violations; weapons or dual use goods may contribute to human rights violations in the hands of oppressive regimes or terrorists.
- Violation of international laws and regulations and/or international convention's and agreements.

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- Proliferation of Controversial (chemical or nuclear) weapons, components or techniques may be used in the manufacturing process of controversial weapons thus contributing to the proliferation of controversial weapons.
- Corruption; trade of weapons in fragile states may be associated with corruption.
- Production of, trade in or distribution of controversial weapons (cluster bombs, anti-personnel mines, nuclear, chemical (including white phosphorus) or biological weapons).

This Stafa policy applies to all Stafa's (prospective) stakeholders regardless of whether one would classify them as part of controversial industries. This means that all (prospective) stakeholders are screened for a defense link. Sometimes this link is obvious because a company produces protective armour, for example. In other cases this link may be less obvious because a company produces so-called dual use goods which have a civilian - but also a military use or a company which violates human rights, ethnic integrity, international laws and regulations or the environment, directly or indirectly in an obvious or less obvious manner.

The requirements set out in this policy are complimentary to existing local laws, licensing obligations, regional agreements and international laws and conventions. Stafa's stakeholders must comply with at least the following requirements:

- They demonstrate a high level of governance and transparency.
- They have an anti-corruption policy.
- They have a robust internal approval - and monitoring process for defense related products and services.
- They have a Supplier Code of Conduct.
- They have a strong ethical track record.
- Their products and services have a legitimate and non-controversial ('generally accepted') defensive use.

Stafa will not support, trade, sell to or finance, invest in corporations that produce, sell, distribute (will not be associated with) controversial industries, arms, weapons or parts of these weapons. This exclusion materializes in the so-called controversial production

of, trade in or distribution of controversial weapons, cluster bombs, anti-personnel mines, nuclear, chemical (including white phosphorus) or biological weapons.

Stafa's products and services will not be sold directly to companies in these controversial industries within our span-of-control. Stafa's products will not be used to manufacture products with controversial, illegitimate intend, dual-use or products / services which cause other sustainability risks as mentioned above within our span-of-control.

Stafa reviews (prospective) stakeholders at various moments to determine their compliance with this Policy and, when necessary, take adequate measures in an proactive manner.

We do this by following the '[Wassenaar Arrangement](#)' on export controls for military goods, including dual-use goods. Participating countries seek to ensure that transfers of military-used goods don't contribute to the development or enhancement of military capabilities that undermine those goals. The aim is also to prevent terrorists from acquiring military goods.

MONITORING & ENFORCEMENT

Stafa expects that stakeholders and their employees will respect this Code and strive to achieve and uphold the standards described within. Stafa stands ready to assist stakeholders to achieve compliance. Although we recognize cultural differences may exist, Stafa will not compromise on the fundamental requirements set out in this Code. When requested, stakeholders must inform Stafa where each order is to be produced, and Stafa reserves the right to make unannounced visits (or to have a designee make unannounced visits) to sites where people directly - or indirectly - work for Stafa and/or stakeholders. Stakeholders and/or their workers or subcontractors should promptly notify Stafa Group Office if they suspect, observe or learn of unethical business conduct or the commission of any dishonest, destructive or illegal act.

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SIGNING

We hereby agree to adhere to all principles outlined in STAF's Code of Conduct.

Company:	
Address:	
Date:	
Name:	
Title:	
Authorized Signature:	

Please direct any questions/concerns to:

Stafa Group
Den Engelsman 18
6026 RB Maarheeze, The Netherlands
P.O. Box 2670, 6026 ZH Maarheeze, The Netherlands
Tel: 0031-(0)495 599888
E-mail: info@stafa.nl



REFERENCES

Stafa consulted the following references in preparation of this Code:

- Electronic Industry Code of Conduct v5.0: <http://www.eicc.info>
- ECO Management and Audit System: www.quality.co.uk/emas.htm
- Ethical Trading Initiative: www.ethicaltrade.org
- ILO Code of Practice in Safety and Health:
www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf
- ILO International Labor Standards: www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm
- ISO 14001 www.iso.org
- National Fire Protection Agency: www.nfpa.org/catalog/home/AboutNFPA/index.asp
- OECD Due Diligence Guidance: www.oecd.org
- The Wassenaar Arrangement. Export Controls for Conventional Arms and Dual-Use Goods and Technologies
<https://www.wassenaar.org/control-lists/>

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