

# Kaman Environmental Policy Guide

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## TABLE OF CONTENTS

INTRODUCTION .....	1
ENVIRONMENTAL POLICY .....	2
Compliance Policy and Scope .....	2
Environmental Principles .....	2
Implementation of the Guide .....	3
Coordination with the Corporate Legal Department and the Corporate ESRM Department .....	4
Compliance Standards .....	5
Reporting and Monitoring .....	5
Response to Violations .....	6
Spill Reporting and Response.....	6
Construction and Modification of Facilities.....	7
<u>EXHIBIT A</u> THE STATUTORY FRAMEWORK IN THE UNITED STATES.....	8
The Clean Air Act.....	8
The Clean Water Act.....	10
The Resource Conservation and Recovery Act .....	11
The Comprehensive Environmental Response, Compensation, and Liability Act .....	12
Other Federal Laws .....	13
State and Local Environmental Laws and Regulations.....	14

## **INTRODUCTION**

Kaman Corporation and its subsidiaries (the “Company”) recognize their obligations as corporate citizens to carry out their activities in ways that are consistent with and contribute to a clean and safe environment. It is, therefore, the policy of the Company, as set forth in this Environmental Policy Guide (the “Environmental Guide”), that all of its employees comply with applicable environmental laws and regulations. No officer, employee, representative or director of the Company has any authority to knowingly engage in conduct that does not comply with this policy or to authorize, direct, approve or condone such conduct by any other employee. The consequences of failure to adhere to this Environmental Guide can be serious for the Company, as well as for individual employees, officers, representatives or directors involved, and the communities in which we operate and live.

Environmental protection and compliance are complex undertakings that require attention at each level of the Company. It is not possible to set forth in this Environmental Policy Guide all of the specific environmental compliance obligations applicable to the Company because many of these obligations are very detailed and specific to individual facilities, process lines or even pieces of equipment, and the requirements for a particular process may vary greatly in different countries and in different locations. General principles applicable to all operations are stated in the Kaman Code of Business Conduct, and more specific principles are set forth below which must be taken into account in structuring and carrying out the Company's environmental compliance program.

## **ENVIRONMENTAL POLICY**

The Company's environmental compliance policies and procedures are set forth in the following paragraphs and in Exhibit A attached which provides an overview of environmental laws in the United States. This discussion is not designed to provide answers to all environmental questions which you may encounter, but is intended to provide guidance for dealing with environmental issues. Please contact the Corporate Legal Department if you have questions with respect to any environmental laws or legal requirements. The Corporate Environmental Safety and Risk Management Department (the "Corporate ESRM Department") is available to assist with technical issues, the implementation of compliance activities, and the applicability of environmental rules or regulations.

### **Compliance Policy and Scope**

It is the policy of the Company that compliance with applicable environmental laws is fundamental to our commitment to preserve the overall environment and to comply with environmental quality standards. The Company's policy is to observe and comply with environmental laws and regulations applicable to each facility, regardless of whether such law is discussed in this document. "Environmental law" is meant generally to address laws which limit pollution of the environment or otherwise are designed to protect the environment and human health from adverse effects resulting from contamination or modification of the environment.

### **Environmental Principles**

To further this policy, all business units of the Company will observe the following principles when conducting their operations:

- a. comply with applicable environmental laws and regulations.
- b. strive to engineer facility modernization, manufacturing processes, and products with consideration to the sustainable use of natural resources and the environment, including pollution prevention, waste minimization, recycling, energy and natural resources conservation, and minimizing the use of hazardous materials when technically and practically feasible.
- c. strive to educate each individual as to the individual's responsibility for sound environmental decisions, acts, and management.

d. foster the observance of these principles through the pursuit of creative solutions to environmental compliance and operational performance.

e. seek to continually improve environmental management systems and processes when technically and practically feasible.

### Implementation of the Guide

The responsibility for ensuring Company-wide compliance with all environmental laws and with this Environmental Guide, including the periodic monitoring of compliance within each facility, rests with the general managers of each facility all of whom are designated as Environmental Compliance Officers. Each General Manager may designate additional Environmental Compliance Officers within his/her segment or facility by notifying the Corporate Legal Department and the Corporate ESRM Department. The Environmental Compliance Officers are responsible for:

- (a) reviewing and developing necessary plant-specific environmental compliance procedures undertaken in furtherance of this Environmental Policy Guide;
- (b) identifying all activities, facilities, sources and conditions present at the facility which are subject to environmental laws or regulations;
- (c) developing and implementing appropriate safeguards to ensure that each activity, facility, source or condition attains and maintains compliance with applicable laws;
- (d) reviewing and updating on an on-going basis all environmental management systems and processes; and
- (e) developing and ensuring that financial budgets for environmental management and compliance are adequate within overall budget constraints.

If you have any questions or require assistance in complying with any environmental laws, you should contact the Corporate Legal Department. The Corporate ESRM Department is available to assist Environmental Compliance Officers by providing up-to-date information

and technical support on all implementation issues and compliance activities.

Coordination with the Corporate Legal Department and the Corporate ESRM Department.

Environmental matters have the potential for being extremely complex given the multitude of environmental laws and regulations. It is the Company's policy that all employees have a continuing obligation to familiarize themselves with laws, regulations, and the policies contained herein to the extent applicable to their job.

The Corporate ESRM Department is available to assist each facility and each Environmental Compliance Officer in:

- (a) conducting environmental management activities;
- (b) investigating and remediating current environmental conditions;
- (c) evaluating environmental liabilities associated with prospective acquisitions and divestitures;
- (d) reviewing and evaluating disposal and recycling services and activities; and
- (e) conducting environmental audits.

The Corporate Legal Department is available to answer any legal question which may not be addressed in this Environmental Guide, and should always be consulted:

- (a) before any communication is made with any governmental agency or regulator; and/or
- (b) before any environmental action is taken for which a permit or other legal compliance is required, other than the filing of applications for routine permits or other routine compliance submittals, such as Discharge Monitoring Reports.

## Compliance Standards

Many pollution control standards, such as wastewater discharge limits, are absolute and *any* departure is generally punishable whether or not the employee is aware of the violation since many environmental laws generally impose strict liability. The effect of a strict liability statute means that a good faith effort to comply and/or an unintentional violation is not a defense to liability (although it may help in mitigating penalties). It should not be assumed that an activity is unregulated merely because the Company has never been informed by regulatory agencies that the activity is subject to regulation, nor that it is acceptable to exceed numerical pollution control standards since it has not resulted in enforcement actions. As a general matter, neither the silence of regulatory agencies nor informal assurances (e.g. by a field inspector) that a source or activity is not covered by the regulations can be used as a defense to a later enforcement action. Any questions regarding the applicability of environmental legal requirements should be directed to the Corporate Legal Department.

## Reporting and Monitoring

Monitoring reports, permit applications, and other disclosures filed with environmental agencies often require certifications by corporate officers or their designees. Under the federal and state environmental laws and criminal codes, a false or misleading report made to a governmental agency is viewed by many prosecutors as a particularly serious offense and is likely to result in criminal prosecution. It is, therefore, the Company's policy that all environmental-related reports, whether prepared by the Environmental Compliance Officer or another employee, are required to be accurate to the best of such individual's knowledge and belief. For those situations where reports are required to be certified by a corporate official, such as annual certifications of compliance under various permits, such certifications should only be made based on inquiry of individuals responsible for obtaining the information set forth in such report. In this regard, because various environmental laws and the Company's policy may require the self-monitoring of Company environmental compliance activities (e.g. sampling, reporting, etc.) as a measure for assessing the effectiveness of the Company's environmental management efforts, any environmental sampling done by the Environmental Compliance Officer or his/her staff must be taken and analyzed in accordance with protocols acceptable to the cognizant environmental oversight agency. Any samples not taken or analyzed in accordance with such protocols could subject the Company to civil and/or criminal liability. Any questions

regarding approved protocols should be addressed to the Corporate ESRM Department.

### Response to Violations

Violations of environmental regulations can subject the Company to civil penalties. If such violations are “knowing” and, in some cases if they are negligent, criminal fines may be imposed on the Company, and the responsible employees may be fined and imprisoned. Accordingly, violations of the environmental laws must be taken seriously and concerted efforts must be made to prevent them from occurring. It is the Company’s policy that employees and Environmental Compliance Officers should promptly report suspected violations of all environmental laws first to their managers/supervisors or to the Corporate ESRM Department and to the Corporate Legal Department. **The Corporate Legal Department and the Corporate ESRM Department should always be contacted prior to contacting any governmental authority.** By doing this, the Company will have the opportunity to investigate and, if necessary, take prompt action without having to involve a governmental or other outside organization in cases where it may be unnecessary to do so. The Corporate Legal Department will coordinate with the Corporate ESRM Department as appropriate. No one shall be subject to disciplinary action for making a good faith report to a supervisor of a suspected environmental violation.

### Spill Reporting and Response

Any spill, unpermitted discharge or emission, leak or other release of virtually any chemical material or waste is a potentially serious matter under the environmental laws. It is the Company policy that after being informed of a spill, the Environmental Compliance Officer or his/her designee, in coordination with the Corporate Legal Department and the Corporate ESRM Department, will be responsible for reporting any such incidents to the appropriate government agencies in accordance with applicable environmental laws and regulations. If any employee is aware of a past spill, discharge, leak or other release this should be reported immediately to the Environmental Compliance Officer in order to: (1) assure prompt and appropriate evaluation of the legal obligation of the Company to notify government agencies; and (2) enable him/her to notify the Corporate Compliance Officer or take remedial actions to mitigate or prevent possible harm to public health or the environment. It is the Company’s policy that the Environmental Compliance Officer will undertake prompt and effective implementation of any remedial

measures determined to be required by law or otherwise warranted by the Company under the circumstances.

### Construction and Modification of Facilities

The environmental laws impose special procedural and substantive requirements for the construction of certain new facilities and modifications to existing facilities (denoted below as “new source activities”). It is the responsibility of the Environmental Compliance Officers to review and address new source activities. An illustrative, but not exclusive, list of new source activities which may be regulated are:

- Construction in or filling of areas that are or might be deemed to be wetlands;
- Installation of a new source of air pollutant emissions (e.g. a new boiler) or institution of physical or operational change (including a fuel switch) in any existing source subject to regulation;
- A new discharge to the surface waters or sanitary sewer, or a new process or activity or change in materials that will introduce a new pollutant to an existing wastewater or sanitary sewer discharge or increase the amounts of an existing pollutant that are so discharged to levels beyond legally permissible limits;
- A new process or activity which will change the amount or type of solid waste generated beyond that legally permitted; and
- Maintenance or demolition that will or might disturb existing asbestos containing insulation or other building material.

This Environmental Policy Guide is made as a supplement to Kaman Corporation’s Code of Business Conduct and any compliance questions or suspected violations may be reported to any Company Compliance Officer or to the Company’s Chief Compliance Officer, either directly or through the Kaman Corporation ‘Hotline’ (866) 450-3663 (international/ and nationwide in the United States)

## EXHIBIT A

### **THE STATUTORY FRAMEWORK IN THE UNITED STATES**

The activities of the Company are subject to the requirements of a number of federal, state and local environmental laws and regulations. The following sections explain the basic requirements of major environmental laws and provide a framework for understanding the application of these laws to the Company's activities in the United States.

However, similar laws are in effect in countries other than the U. S. As explained in the section entitled Implementation of the Guide, the General Manager of each Kaman facility is responsible for ensuring implementation of the policies set forth in this Environmental Policy Guide and for compliance with all environmental laws applicable to such facility. Questions regarding environmental laws in countries other than the United States should be referred to the Corporate Legal Department, which will coordinate with local counsel as necessary. The Corporate ESRM Department will assist in providing information and technical support.

#### **The Clean Air Act**

The federal Clean Air Act regulates a wide range of activities that may cause "air pollutants" (broadly defined) to become present in the ambient (outdoor) air. The presence of such pollutants in the indoor air (e.g. in a plant or office) generally does not implicate this Act although such indoor activities may be regulated under the federal Occupational Safety and Health Act or its state counterparts. It is the escape of air pollutants to the outdoors through windows, vents, stacks, chimneys, etc., and the conduct of various outdoor activities which are regulated under the Clean Air Act.

The Clean Air Act does not cover all such emissions, but establishes a wide variety of federal, state and local air pollution control requirements that are applicable to the Company's facilities. For example, "stationary sources" in plants (e.g. boilers, ovens or printing presses) may be subject to emission limitations promulgated by the federal Environmental Protection Agency ("EPA") or by state agencies (or their local delegates) as part of each state's Clean Air implementation plans. State implementation plans may also regulate emissions from cars, trucks, and other "mobile sources"; such plans may also include inspection and maintenance programs, "clean fuels" programs for vehicle fleets, and mandatory employee car pooling. Other types of activities also may be regulated under the Clean Air Act such as the use and management of certain zone depleting substances as

refrigerants, or the removal and disposal of asbestos which is governed by federal hazardous air pollutant regulations.

It may be difficult to identify all of the air pollution control requirements applicable to a given facility. For some operations, it may be necessary to review the entire state implementation plan and other potentially applicable local, state and federal regulations to identify all applicable requirements. In addition, under the 1990 Amendments to the Clean Air Act, individual states are implementing new or modified permit programs under which many industrial facilities will be issued operating permits incorporating all applicable emission limitations and other requirements. Such permit programs are intended to simplify the process of identifying requirements applicable to those facilities requiring the new permits.

Once approved by the EPA, a plan or program established by a state or local government to implement the Clean Air Act provisions (a state or local implementation plan) may be enforced by the EPA or private citizens as well as by the state or local government. The EPA has a broad right of access to regulated facilities to verify compliance and may compel production of extensive compliance information. Self-monitoring and reporting may be required under the plan and, since passage of the 1990 Amendments, regulated entities may be required to submit periodic "compliance certifications" to various enforcement agencies.

The enforcement consequences of Clean Air Act violations can be severe. For violations of most of its provisions, the Clean Air Act provides for general administrative civil penalties of up to \$200,000, unlimited administrative "noncompliance penalties" based on the economic benefit of noncompliance, and administrative field citations assessing penalties of up to \$5,000 per day. In addition, the EPA may seek to impose civil penalties of up to \$25,000 per day. Civil liability under the Clean Air Act is established without regard to fault. The law provides for penalty amounts to be adjusted to reflect various inflation adjusting provisions. For "knowing" violations, the EPA may seek large criminal fines or imprisonment of responsible employees, including senior management personnel and responsible corporate officers. Penalties are particularly severe for offenses which endanger human health. In addition to monetary penalties, civil or criminal enforcement actions can result in the violator's debarment from government contracts or subcontracts.

## The Clean Water Act

The federal Water Pollution Control Act (commonly known as the Clean Water Act) regulates direct and indirect discharges of “pollutants” (broadly defined) to most surface waters. “Direct” discharges from pipes, channels, or other discrete conveyances called “point sources” to lakes, rivers, streams, drainage ditches, storm sewers or other channels that ultimately flow into such bodies of water, are all prohibited under the Clean Water Act unless the discharger has a national pollutant discharge elimination system (“NPDES”) permit from the EPA or from a state with an EPA-approved permit program. The prohibition applies alike to industrial process wastewater discharges and many “clean” discharges such as non-contact cooling water. Wastewater discharges which do not go to sanitary sewers or surface waters generally are not regulated under the Clean Water Act, but may be addressed by federal and/or state statutes governing hazardous waste management, discharges to groundwater, or deep well injection of wastes.

“Indirect” discharges, those to sanitary sewer systems, typically require permits from state or local governmental authorities and they are subject to the Clean Water Act’s prohibition of discharges that interfere with the operation of municipal sewage treatment plants. Indirect discharges of storm water from industrial facilities are widely regulated under the Clean Water Act typically through the issuance of general permits. In addition, some states’ water pollution control laws, unlike the Clean Water Act, regulate discharges to land or wells that may contaminate groundwater. The Clean Water Act requires periodic monitoring of direct and indirect discharge activities and certified reporting to the responsible agencies.

Discharge permits issued by the Army Corps of Engineers are required for filling and other damaging activities in “wetlands” and water courses which is defined to include not only recognizable swamps and streams, but also many areas that are dry much of the year. In addition, the Act requires a company to report spills of oil or hazardous substances that may get into surface waters to the Coast Guard and to pay for any required government clean-up of such spills. Violations of the Clean Water Act’s requirements (including NPDES permitting, effluent limitation, pretreatment, monitoring, reporting, etc.) may be enforced by the EPA, the state and private citizens. The EPA may levy administrative penalties of up to \$125,000 or seek to impose civil penalties of up to \$25,000 per day, per violation adjusted for inflation. If the violation is “knowing”, i.e. intentional, or in some cases merely negligent, the EPA may seek criminal penalties, including fines in excess of millions of dollars and imprisonment of employees, including a

responsible corporate officer. As with the Clean Air Act, larger penalties are prescribed for offenses that entail endangerment. State agencies authorized to implement the NPDES permit program generally have comparable enforcement authority.

### The Resource Conservation and Recovery Act

The federal Resource Conservation and Recovery Act of 1976 ("RCRA") requires that "hazardous waste" be treated, stored and disposed of so as to minimize its present and future threat to human health and the environment. Hazardous wastes subject to RCRA include those specified wastes enumerated under federal and state laws and those listed commercial chemical products if they are discarded. Also covered is waste that exhibits one of four hazardous "characteristics" which are ignitability, corrosivity, reactivity or toxicity. Under the RCRA, the Company has the burden of determining whether its wastes are considered hazardous and to ensure that its hazardous waste is handled and disposed of in compliance with RCRA requirements.

RCRA and the implementing regulations promulgated by the EPA (and states with EPA-approved programs) are designed to provide "cradle to grave" control of hazardous waste by imposing management and performance requirements on generators and transporters of hazardous waste and upon owners and operators of hazardous waste treatment, storage and disposal ("TSD") facilities. The critical dividing line between a generator and a TSD facility is that generators must generally ship hazardous waste off-site within 90 days of generating it. Generators of hazardous waste are required to comply with standards governing the handling of such wastes and prepare manifests to track the shipment of the wastes to TSD facilities. There are special rules for "small quantity" generators, the short-term storage of hazardous waste, and hazardous waste destined for recycling. TSD facilities are required to obtain detailed operating permits and are subject to various other requirements. For example, they must post a bond or other financial assurance, monitor groundwater quality, and establish plans for closure and post-closure care. Under the "corrective action" program, companies that own TSD facilities are required as a condition of obtaining a formal permit for such facilities to investigate and remedy virtually all soil and groundwater contamination on their sites, not only that associated with the actual hazardous waste management units.

RCRA also includes a program regulating underground storage tanks containing petroleum products, which generally do not qualify as hazardous waste. The underground tank program requires registration

of such tanks and imposes leak protection, detection and clean-up requirements.

The enforcement authorities set forth under RCRA are generally similar to those under the Clean Air and Water Acts. RCRA requires self-monitoring and reporting by generators and TSDs. The EPA is given broad investigatory powers, and may seek administrative or judicial civil penalties of up to \$25,000 per day (adjusted for inflation) and criminal fines or imprisonment for “knowing” (i.e. intentional) violations and offenses causing endangerment. States with federally approved RCRA programs have similar enforcement authority and citizens may bring civil enforcement actions under the federal statute.

### The Comprehensive Environmental Response, Compensation, and Liability Act

The principal purpose of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA” or “Superfund”) is to require the cleanup of contamination created in the past. CERCLA authorizes the EPA and/or responsible private parties to respond to the “release” or threat of release of any “hazardous substance” from any “facility” into the “environment.” These terms have been broadly defined and interpreted under CERCLA. For example, “hazardous substances” include those listed under federal environmental statutes, as well as other substances which the EPA so designates.

The EPA is authorized to recover its response costs which typically are millions of dollars and additional “natural resources damages” from, or to issue clean-up orders to, four categories of responsible parties: (1) the current owner or operator of the contaminated site; (2) the owner or operator at the time of disposal; (3) the waste generators who arranged for treatment or disposal of materials containing hazardous substances which came to be located at the site; and (4) transporters who selected the site. Except for extremely narrow statutory defenses, liability for CERCLA violations is strict, which means that responsible parties will be held liable regardless of their knowledge, fault, degree of care or intent to violate the law. Liability for clean-up costs of at least the latter three categories of responsible parties generally is retroactive such that the act or event giving rise to the liability often predates the enactment of CERCLA by many years and may have been perfectly lawful when it occurred. Civil and criminal penalties for CERCLA violations may also be imposed in addition to clean-up costs.

The principal means of enforcing compliance obligations required by CERCLA concern reporting and responding to EPA information requests and orders. For example, CERCLA requires companies promptly to report releases of more than a reportable quantity of any hazardous substance within any 24 hour period. Information requests issued by the EPA under CERCLA typically are very broad and they may ask for all information relating to the recipient's past dealings with specified disposal facilities and waste haulers, its other waste disposal practices and information concerning the recipient's corporate structure and ability to pay. The responses to such requests usually are critically important, since they can significantly impact the government's CERCLA case against the alleged violator. For this reason and because the requests sometimes are over broad, the Corporate Legal Department must be involved in formulating the response.

### Other Federal Laws

Other federal environmental statutes also may be applicable to certain of the Company's facilities. Examples are as follows:

- The Emergency Planning and Community Right-to-Know Act of 1986 ("EPCRA") subjects many companies to procedures for emergency planning, spill notification, and annual reporting of chemical inventories and routine and accidental toxic chemical discharges into the environment. The program is complicated because EPCRA's various requirements apply to different lists of chemicals -- "extremely hazardous substances"; "hazardous substances"; "hazardous chemicals"; or "toxic chemicals" -- and in some instances, only to facilities that use more than a specified quantity of one or more of the chemicals on the relevant list.
- The Safe Drinking Water Act ("SDWA") directs the EPA to establish and enforce standards for drinking water contaminants. Regulated water systems which may include industrial facilities that have their own water supply systems serving 25 or more employees are required to comply with at least some of these standards. The SDWA also regulates underground injection of certain wastes.
- The Toxic Substance Control Act ("TSCA") empowers the EPA to gather data on, and regulate a wide range of both new and existing chemical substances. TSCA requires a manufacturer or importer of a new chemical substance to submit a premanufacture notification ("PMN") to the EPA before

manufacturing or importing the substance. A chemical substance is “new” if it does not appear on the EPA’s TSCA Chemical Substances Inventory. TSCA also authorizes the EPA to require manufacturers and processors to undertake expensive and time consuming testing of chemical substances. In addition, TSCA imposes special handling and disposal provisions relating to polychlorinated biphenyls (“PCBs”), and restricts the use of equipment containing PCBs.

### State and Local Environmental Laws and Regulations

State and local environmental regulations adopted pursuant to federal programs generally mirror the applicable federal rules or guidelines in most respects, but may include more stringent provisions. In addition, many states have environmental laws with no federal counterparts. Several states, including Connecticut, have enacted various forms of property transfer legislation, including laws requiring environmental investigations and disclosure when real property or industrial establishments are bought or sold. Local governments, particularly those of large cities, may also have specific environmental laws in addition to state requirements.