

DARLEY FAMILY CONSTITUTION



PREAMBLE: *We have been Blessed*

We, the descendants of William Stuart and Mary Darley, along with our spouses, are extremely *grateful* for the many blessings that we have received from God, our ancestors, parents, and family members through our family business. None of our successes have been due to our efforts alone, but thanks to the help of others. Therefore, *gratitude* is at the heart of our core values. Because we have been blessed, we would like to repay our debt of gratitude and pass these blessings on to the next generation.

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GLOSSARY

To improve clarity and provide legal certainty to the reader, specific definitions have been listed in the Glossary. The phrases and terms listed below are followed by a definition that is specific to the Darley Family Constitution.

Blood relation/Blood line: An individual descendant of William Stuart and Mary J. Darley, including adopted (as defined in the Darley Family Constitution) family members.

Integrity: The quality of being honest and having strong moral principles

Marriage: Legal union between two individuals

Adoption: The legal process where an individual assumes parental responsibility of a Minor.

Stewardship: An ethic that embodies the responsible planning and management of the Darley Company.

Nepotism: An individual of power showing favoritism to their relatives or friends

MISSION STATEMENT

Based on our family's shared values, the Darley family mission is to maintain a loving and harmonious family with strong values. We realize that this contributes to a successful family business which in turn makes a valuable contribution to society and the world. This will become the true legacy of our family and our family business.

The mission of the Family Council is to promote family unity, advise the company on family issues, implement best business practices and provide support to the company as needed.

We are one family, growing together and making a difference.

VISION STATEMENT

To passionately serve the world's first responder and tactical communities by providing high quality products. We will accomplish this by pursuing profitable business ventures while creating jobs, developing people, and maintaining a philanthropic mentality.

CORE FAMILY PRINCIPLES

Promoting Harmony and Resolving Conflict

Descendants of William S. Darley place a high priority on family harmony. When there is a conflict, the most important course of action is self-reflection and humility. *Humility* means to consider the point of view and welfare of others ahead of our own and to listen to others even when we are being criticized. It means to be considerate of others before ourselves.

Although we may not agree on everything, it is with *a spirit of cooperation, trust and mutual respect* that we agree to listen and understand the point of view of others. We agree to make *mutual concessions* whenever possible to keep our family and business strong. We also want to acknowledge the efforts of others and realize that most of our accomplishments come with help from others. When family members are unable to resolve their conflicts, we shall seek the assistance of professional mediators.

Helping Family Members in Times of Trouble

It may be necessary to help family members when they are having difficulties. At such times, we can give them our love and support, and do our best to help them. There may be times when emotionally supporting family members is more important than giving monetary aid, physical help, or our advice.

Dedication & Commitment

We show our gratitude for the blessings we have received through hard work, dedication, and commitment to supporting the business activities of the Darley Company in order for us to carry this blessing onto future generations. Family and business success will be earned through continuous efforts to strengthen both pillars.

FAMILY VALUES

We aim to practice the virtues and principles which we have outlined in this constitution in order to make our family and family business prosperous for generations to come.

Gratitude

We are extremely grateful for the many blessings that we have received through our ancestors, parents, and family members. None of our successes have been due to our efforts alone, but thanks to the help of others.

Faith

The foundation of our family is our faith in God. Through our practice of the principles we have learned through our faith, we shall see the value of spiritual principles in business, and we will thereby influence society for the better.

Service

We are given an opportunity to contribute to society by providing high quality equipment to the world's fire and defense industries. The spirit of Service is also at the heart of our family and business life.

Family Unity

We are blessed to be part of a great family. All of us are tied together through blood relationship, marriage, or adoption. In addition to family ties, we are also inseparably connected through our ownership and/ or involvement in varying degrees in the family business. We will continue to do things that strengthen us as a family as this will also bring strength to the business.

Love and Respect

While the rewards for those working in the company are based on merit, the basis of a healthy family will be the mutual love and respect we show to one another unconditionally.

Stewardship

We all share a responsibility to each other and will strive to make decisions that positively impact the longevity of our business, family, and community. The decisions we make today should be guided by our vision for long-term success and continuity of our business and family.

Integrity

We want to grow the business in an honest, ethical way so that future generations will be able to truly enjoy the fruits of our efforts and take great pride in our family reputation. We maintain this reputation by living by moral principles that enable us to do what is right regardless of business circumstance.

Attitude

Through life's lessons, we learn that good things often arise from adversity. Those who came before us have exemplified a positive attitude in the challenges they have faced. They have also exemplified an ability to see the good in all things, even in their greatest challenges. With these examples of humility and acceptance that we have been shown, we vow to meet all future challenges with a positive attitude.

THE DARLEY FAMILY EMPLOYMENT POLICY

The Darley family views itself as having a stewardship responsibility for the company begun by William Stuart Darley. Ownership will always remain solely in the bloodline.

Family members are encouraged to consider making The Darley Company a place to invest their talents, and express their career aspirations, but only when it is a fit for both them and the company. Family members must work outside the company in a role that matches their proposed position at Darley. They must work elsewhere for no less than three years in meaningful employment to gain experience outside the company. Family members are expected to have and continue to develop the education, training, and skills needed to fulfill the job requirements. Under no circumstances is there an obligation on either side to the other.

No family member is allowed to enter the company in a capacity that is beyond their current role or responsibilities. They are required to have the education and experience required to meet the job requirements. Once active in the business, family members are encouraged to pursue opportunities for advancement.

Prior to joining the business family members will be required to submit a formal application and a letter addressed to the Executive Team which outlines the value he or she intends to bring to the company. They must interview with the board of directors and receive their recommendation to the executive team.

W.S. Darley & Co. will be operated with the best professional management available, whether family or non-family, and will adhere to common business practices of planning at every level and review of performance against those plans.

Family members will be paid at market rate for their position and receive approved company benefits appropriate to their position. Income that comes to family members active in the business from their ownership is not part of compensation for employment.

Family employees will be expected to hold to a higher standard of conduct and contribution to the business. They will be subject to the same rules as all other employees.

“The most common problem that inhibits a family business is employing a relative who is not capable of handling a job professionally or, at the very least, adequately. Sometimes it is lack of skills; more often it is a lack of desire or ambition.” John Ward

RULES FOR BRINGING FAMILY MEMBERS INTO THE BUSINESS

1. Clear, explicit expectations about what the person will do his or her role and future.
2. Salary should be based on service to the business and comparable to that of other employees doing the same work.
3. The new person should have real responsibility for a clear area of the business and performance should be reviewed regularly.
4. Give Siblings different areas of focus. Rotate into different areas of the business.
5. Education must be completed prior to joining the business.
6. A minimum of two years of outside employment or military service must be completed prior to joining the business.
7. Understanding Family versus Business relationships. There will be no nepotism tolerated.

Source: Working with the ones you love. Leon Danko

STOCK TRANSFER

- A. Stock Transfer Procedure
- B. Stock Transfer Instructions
- C. Application for waiver of right of first refusal upon proposed stock transfer

[See Company By-Laws and stock transfer agreement]

CODE OF CONDUCT

- Family members should respect each other
- Family should strive to be good listeners
- Family should treat each other fairly
- Family loyalty and harmony are paramount
- A stronger family, a stronger business
- Family members will deal with each other professionally and openly keeping personal differences out of business relationships
- Respect privacy
- Present a professional appearance
- Restrict public and restrain private criticism
- Family members should speak out...respectfully

ARTICLES

A. Membership

The membership of the “family” of WS Darley & Company includes all direct descendants of William Stuart Darley and Mary Darley, by blood, marriage and adoption. It includes but is not limited to shareholders and employees who are descendants. The family is represented by the Family Council.

B. Family Council Officers

The officers of the Family Council shall be a Chairman, secretary and representatives from multiple generations of the family council. The Family Council should consist of a manageable number of qualified professionals (5-10) working both for the company and in positions outside of the company. These officers shall be appointed by the Board of Directors of the Darley Company

C. Duties of the Chairman

The Chairman shall oversee organizing activities, events and meetings, and shall present any important information at family meetings. He/she along with the family council shall represent the family to the Company. Apart from organizing family council meetings the Chairman shall call meetings to address current issues facing the family. The Chairman shall also present family members to the BOD for selection and appointment.

D. Appointment

The Family Council Chairman shall be appointed by the Board of Directors of WS Darley & Company.

E. Meetings

Shareholders and their spouses are encouraged to attend Shareholders Meetings to stay informed and active in the Company. All family members are encouraged to attend Family Meetings in order to maintain family unity. Family Council meetings are open to all Officers of the family council. The Family Council will hold meetings twice per year in conjunction with shareholder and family meetings.

F. Rights and Responsibilities of Members

The members of the family council executive team shall address all family matters brought forth to them by Darley Family members. They shall meet at least annually with reasonable costs being paid for by W.S. Darley & Co.