

Policy Number PEI-CMP-02		Policy	
Organizational Units Affected All Prestolite Owned or Controlled Entities		Subject CONFLICT MINERALS	
Effective Date 6/30/2014	Version 1.0	Amends/Replaces	

POLICY AND PURPOSE:

As a company that operates internationally, Prestolite Electric Incorporated and its related entities (“Prestolite”) continue to emphasize its commitment to conducting business in accordance with high ethical standards and all applicable laws. This commitment to ethical operation includes the procurement of minerals that are not used to support African armed groups that derive financial support from the sale or distribution of these minerals.

In accordance with this goal, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act requires that publicly traded U.S. companies survey their supply base to determine if they use any “Conflict Minerals” in the products they manufacture or contract to manufacture. Conflict Minerals are columbite-tantalite (coltan), cassiterite, gold, wolframite, and derivatives of those minerals (tin, tungsten, and tantalum).

If Conflict Minerals are used that originated in Angola, Burundi, Central African Republic, the Congo Republic, Democratic Republic of the Congo (formerly Zaire), Rwanda, South Sudan, Tanzania, Uganda, or Zambia (collectively known as the “DRC Region”), then reporting of that fact to the Securities and Exchange Commission (“SEC”) is required by companies subject to the Dodd-Frank Act.¹ The Dodd-Frank law also requires those same reporting companies to seek certifications regarding the sourcing of Conflict Minerals from their suppliers. To provide these certifications, those suppliers may in turn seek similar certifications from their own supply chain.

As a private company, Prestolite itself is not subject to the Dodd-Frank Act or its Conflict Minerals reporting requirements. But as a supplier to many customers who themselves are directly or indirectly subject to those reporting requirements, Prestolite receives requests for information about its own use of Conflict Minerals. To respond to such requests, and in furtherance of Prestolite’s commitment to avoiding the use of inappropriately sourced Conflict Minerals, Prestolite is promulgating this compliance policy.

¹ Although one Court of Appeals has held that certain elements of the reporting requirement are unconstitutional, the SEC has stated that in all other respects the Conflict Minerals regulations remain intact. No change to Prestolite’s responsibility to conduct a reasonable country-of-origin inquiry to determine the sourcing of any Conflict Minerals it uses has occurred.

PRESTOLITE’S EXPECTATIONS OF SUPPLIERS

As a matter of company policy, Prestolite intends that its products be “Conflict Free.” Conflict Free means that, to the extent any product incorporates Conflict Minerals, those Conflict Minerals must be ones that: (i) do not originate from the DRC Region; (ii) are from recycled or scrap sources; or (iii) come from a smelter that has been certified to be conflict-free (as identified in the listing on www.conflictreesmelter.org/cfshome.htm).

To implement these requirements, Prestolite has the following expectations of its suppliers:

- Suppliers may not include any Conflict Minerals in any products sold to Prestolite that are not Conflict Free, as defined above.
- Suppliers are required to sign supply agreements that contain provisions certifying as to their own sourcing of any Conflict Minerals.
- Suppliers who supply or use any Conflict Minerals in the products they provide to Prestolite are required to conduct sufficient due diligence to allow them to reliably certify that any Conflict Minerals used or supplied are Conflict Free. To facilitate their compliance and due diligence process, Prestolite encourages its suppliers to develop compliance policies that are compatible with the Conflict Minerals guidelines of the Organization for Economic Cooperation and Development (“OECD”) (as listed on www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf).

CERTIFICATION REQUIREMENTS

To ensure that it can reliably certify as to the origin of any Conflict Minerals as being Conflict Free, Prestolite has put in place consistent certification requirements. Suppliers to Prestolite must submit a Supplier Certification in the form found in Attachment A to this Policy. Alternatively, Suppliers may provide a certification that contains equivalent provisions.

When Prestolite receives a request to provide a certification as to its own use or sourcing of Conflict Minerals, it shall do so using the form set forth in Attachment B (or its equivalent). (*Note:* Use of Attachment B requires that Prestolite have completed the type of supplier inquiry required for a certifying supplier under the Dodd-Frank Act. As of the date of promulgation of this Policy, Prestolite is in the process of conducting an inquiry of its Suppliers designed to ensure that Prestolite has a reasonable basis to certify as to the sourcing of any Conflict Minerals that it uses. Until such time as Prestolite has completed this inquiry, the form set forth in Attachment C shall be used for responses to requests received by Prestolite for Conflict Minerals certifications.)

ADDITIONAL INFORMATION

Further information is found in the Frequently Asked Questions immediately following this Conflict Minerals Compliance Policy. Questions regarding Prestolite’s Conflict Minerals Compliance Program should be addressed to Bill Brauen, the North American Compliance Manager of Prestolite.

Frequently Asked Questions

1. *What minerals are considered conflict minerals?*

Conflict minerals are columbite-tantalite (tantalum), cassiterite (tin), wolframite (tungsten), gold, and their derivatives, as indicated in parentheses. Other materials, such as copper, are not included within the definition, even if they are sourced in the Democratic Republic of the Congo and adjoining areas.

2. *What does it mean for minerals to be “DRC conflict free”?*

Products are considered “DRC conflict free” if they “do not contain minerals that directly or indirectly finance or benefit armed groups” in the DRC Region. Prestolite’s expectations for the sourcing of conflict-free minerals is contained within its compliance policy, and relies upon the certifications of its own suppliers regarding their own sourcing or reliance upon smelters that have been certified to meet the requirements of conflict-free sourcing. Although the sourcing of Conflict Minerals from within the DRC Region is generally permitted if those minerals are determined not to have benefited any of the armed groups that are destabilizing the region, because of the difficulty in confirming the accuracy of such a determination, as a matter of policy Prestolite will not procure any conflict minerals that originate from the DRC region unless they can be traced back to a smelter that has been independently certified to be “conflict free.” The list of smelters that have been certified to be conflict free can be found at www.conflictreesmelter.org/cfshome.htm.

3. *What is the origination of the conflict minerals compliance requirements?*

U.S. law requires companies regulated by the Securities and Exchange Commission (“SEC”) to inquire into the origin of any conflict minerals in their supply chain. In addition, companies that are publicly traded in the United States are required to report to the SEC as to whether any Conflict Minerals in the products they manufacture, or contract to manufacture, originate in the DRC Region. And those same companies are required to seek certifications regarding the sourcing of Conflict Minerals from their suppliers.

4. *Since Prestolite is not a company regulated by the U.S. SEC, why is it concerned about these requirements?*

Companies that are subject to the U.S. law on Conflict Minerals are customers of Prestolite. Other customers of Prestolite are suppliers to companies that are subject to the law and therefore are called upon to provide certifications as to sourcing of Conflict Minerals in the products sold by those suppliers. As a member of the supply chains of companies involved in reporting, Prestolite is and will be called upon to provide certifications as to its own use and sourcing of any Conflict Minerals. To respond to and support its customers, Prestolite needs to be in a position to provide reliable information to its customers to help them comply with their own obligations under this law.

5. *Is there a minimum content requirement for the Conflict Minerals rules to apply?*

No.

6. *Has Prestolite completed a Reasonable Country of Origin Inquiry (“RCOI”)?*

Prestolite is in the process of completing an RCOI for its products. Until this is completed, Prestolite will not be able to provide certifications that its products are conflict free, as contemplated by Attachment B. Any certification inquiry should be answered with the language found in Attachment C.

7. *How is it determined whether a certification is “adequate” and can be relied upon for purposes of the Prestolite RCOI?*

The evaluation of whether certifications are adequate needs to be conducted on a supplier-by-supplier and mineral-by-mineral basis. The certification found in Attachment A is designed to provide easy-to-follow information for each individual mineral. Supplier certifications may be relied upon unless there are reasonable suspicions that such a certification is not accurate or is not based upon a reasonable country of origin inquiry that was conducted by the supplier at issue.

8. *How is “recycled metal” defined?*

Recycled metal includes excess, obsolete, defective, and scrap metal

9. *What is the OECD and what is its relevance for conflict minerals compliance?*

The Organisation for Economic Cooperation and Development (“OECD”) is an international organization that provides ethics materials in various areas. The OECD has put together a model compliance and certification program for conflict minerals. The audit process that the OECD has drafted is singled out as being sufficiently rigorous to satisfy the U.S. Securities and Exchange Commission (“SEC”) conflict minerals certification requirements.

Attachment A: Certification of Sourcing of Conflict Minerals

[Insert Date]

Subject: Conflict Mineral Declaration

This request for a certification is provided to aid Prestolite in helping its customers implement the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 1502 concerns the sourcing of Conflict Minerals necessary to the functionality or production of products used by Prestolite. The Conflict Minerals are defined as columbite-tantalite (coltan), cassiterite, gold, wolframite, or derivatives of these minerals (tin, tungsten, and tantalum). Because these materials are commonly refined and sold in the form of gold, tin, tantalum, and tungsten, the references in the certification form are to these derivatives.

To aid its customers in their conflict minerals compliance, Prestolite is conducting a Reasonable Country of Origin Inquiry (“RCOI”) of all of its suppliers of conflict minerals. Pursuant to this inquiry, Prestolite is seeking information to determine the sourcing of conflict minerals that are necessary to the functionality of the products manufactured by Prestolite to determine whether they: (i) originate in the Democratic Republic of the Congo and its neighboring countries (Angola, Burundi, Central African Republic, the Congo Republic, Rwanda, South Sudan, Tanzania, Uganda, and Zambia) (collectively known as the “DRC Region”); (ii) come from, or can be traced back to, a recycler or scrap supplier; or (iii) come from, or can be traced back based to, from a smelter that has been certified to be conflict-free through completion of an audit process, and accordingly is listed on www.conflictreesmelter.org/cfshome.htm. Any conflict mineral that does not originate in the DRC Region, or that can be traced back to a recycler, scrap supplier, or certified conflict-free smelter, can be certified to be “DRC conflict free.”

To complete this RCOI, you are required to complete the certification form on the next page. This certification is in the form of an ongoing certification; should any information provided by you on this form change, you are under a duty to provide updated information. Further, as part of its ongoing compliance efforts, Prestolite will seek a new Conflict Minerals certification form from you every year through the annual supplier certification process, so long as the Dodd-Frank Conflict Minerals provisions remain in effect.

All information should be sent to the attention of Bill Brauen, the North American Compliance Manager for Prestolite Electric Incorporated.

1. Are any of the following metals necessary to the functionality or production of your company's products that it supplies, manufactures, or contracts to manufacture for Prestolite? (If the responses to all four products are "no" then no further information is required, other than to check these boxes and to sign this form and to return it to Prestolite).			
			Comments
Tantalum	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tin	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Gold	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tungsten	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
2. If the response to Question 1 is in any part "yes," then do the following metals that are necessary to the functionality or production of your company's products that it supplies to Prestolite originate from the DRC or an adjoining country? (If the responses to all four products are "no" then no further information is required, other than to check these boxes and sign this form and to return it to Prestolite).			
			Comments
Tantalum	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tin	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Gold	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tungsten	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Have you received completed Conflict Minerals certification from all of your suppliers or confirmation that the metals come from: (i) a smelter listed as conflict-free for that metal on www.conflictreesmelter.org/cfshome.htm ; or (ii) a recycler or scrap supplier?			
			Comments
Tantalum	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tin	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Gold	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tungsten	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Have you conducted other due diligence that allows you to certify that the materials that you supply to Prestolite are conflict-free, as that term is defined above? If you are relying on other due diligence, please provide a separate response for each mineral indicating why this due diligence allows you to provide reasonable assurances of the conflict-free status of the materials at issue.			
			Comments
Tantalum	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tin	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Gold	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tungsten	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
5. Do the certifications or other due diligence conducted by your company allow you to certify that the materials that you supply to Prestolite are conflict-free, as that term is defined above?			
			Comments
Tantalum	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tin	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Gold	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Tungsten	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Date: _____		Signature: _____	
		Company: _____	

Attachment B: Prestolite Conflict Minerals Declaration

[Insert Date]

Subject: Conflict Mineral Declaration

This certification of Prestolite is provided to aid in the compliance with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which defines the reporting obligations for companies that are publicly traded in the United States. To aid in your compliance with the requirements of section 1502, we are providing this certification with regard to the sourcing of the Conflict Minerals necessary to the functionality or production of products used by Prestolite. The Conflict Minerals at issue are columbite-tantalite (coltan), cassiterite, gold, wolframite, or derivatives of these minerals (tin, tungsten, and tantalum).

Prestolite has completed a Reasonable Country of Origin Inquiry (“RCOI”), including through the conduct of a due diligence inquiry with its own supply chain. This inquiry was reasonably designed and was conducted in good faith to obtain reliable representations indicating smelter or refiner facilities for Conflict Minerals sourced by Prestolite. Pursuant to this inquiry, Prestolite is in a position to determine that no conflict minerals that are necessary to the functionality of the products manufactured by Prestolite: (i) originate in the Democratic Republic of the Congo and its neighboring countries (Angola, Burundi, Central African Republic, the Congo Republic, Rwanda, South Sudan, Tanzania, Uganda, and Zambia) (collectively known as the “DRC Region”); (ii) come from recycler or scrap supplier; or (iii) come from, or can be traced back based upon reasonable assurances, from a smelter that has been certified to be conflict-free through completion of an audit process, as per <http://www.conflictreesmelter.org/cfshome.htm>. Based upon this RCOI, Prestolite certifies that its products are “DRC conflict free.”

Any questions about this certification should be directed to Bill Brauen, the North American Compliance Manager for Prestolite Electric Incorporated.

Attachment C: Prestolite Certification of Ongoing Due Diligence Inquiry

[Insert Date]

Dear _____:

We have received your request for certification related to the use of Conflict Minerals by Prestolite Electric Incorporated (“Prestolite”).

Although Prestolite is not an SEC registrant, it is the policy of Prestolite to comply with the supply chain reporting and reasonable due diligence requirements of the Dodd-Frank section 1502 Conflict Minerals reporting requirements. To do so, Prestolite is engaged in a Reasonable Country of Origin Survey of its suppliers, to determine whether the suppliers who provide Prestolite with products and materials that are necessary to the functionality or production of Prestolite products are DRC Conflict Free, specifically in relation to their use of gold, tantalum, tin, and tungsten.

This inquiry is ongoing, and will require that Prestolite be in a position to conduct a due diligence inquiry for any suppliers who are unable to provide certainty regarding the sourcing of their purchased Conflict Minerals. Currently, Prestolite is waiting for the results of its polling of its supply base. As the surveys are returned to Prestolite, we are confirming the reliability of the data provided so as to determine which suppliers require additional due diligence. Our goal is to finish this inquiry by December 31, 2014.

Please understand that until this due diligence inquiry is completed, Prestolite is not in a position to complete any representations regarding the Conflict Minerals found in its products. Once the Reasonable Country of Origin Survey and associated due diligence are completed, Prestolite will be in a position to provide a certification regarding the sourcing of its inputs. This approach is the only one that Prestolite can adopt to ensure that it provides reliable certifications and information to its customers.

If you have any questions, please direct them to Bill Brauen, the North American Compliance Manager of Prestolite.