



**PITTSBURGH ELECTRICAL INSULATION**  
MANUFACTURER | CONVERTER | DISTRIBUTOR

## PEI CONFLICT MINERALS POLICY STATEMENT

In July 2010, President Barack Obama signed into law the Wall Street Reform and Consumer Protection Act, also known as the Dodd-Frank Act. This law directs the U.S. Securities and Exchange Commission (SEC) to enact rules obligating certain publically traded manufacturing companies to annually report whether the products they manufacture or contract to manufacture contain “Conflict Minerals” that are necessary to the functionality or production of those products. Pittsburgh Electrical Insulation (PEI) is not a listed company, but as a company in the supply chain of these listed companies PEI will follow reasonable due diligence guidelines to satisfy our customers and to help assist in eliminating the illicit exploitation of human rights.

The goal of the SEC rule is to help end civil conflict and human rights abuse in the Democratic Republic of Congo (DRC) Region committed by armed militant groups by denying revenue to those groups that derive their funding from control of mines in the DRC Region that produce Conflict Minerals.

PEI is committed to maintaining high standards of responsibility and takes seriously reports that the violent conflict in the DRC region is partially financed by the exploitation and trade of conflict minerals (collectively the “3TGs”: tantalum, tin, tungsten and gold). Accordingly, PEI supports the underlying objective of legislation enacted to curb the illicit trade in conflict minerals. PEI is engaged in efforts to reduce the risk that minerals used in its products contribute to the violence in the DRC region.

PEI intends to comply with the requirements of the SEC’s Conflict Minerals rule and expects our suppliers to do the same. However, PEI does not directly purchase raw metal ores that may be used in the manufacture of our products from smelters or mines. Since we are several supply chain layers removed from the mining and processing of these metals we do not have first-hand knowledge of their source. Upon request from the customer, PEI will take all necessary steps to source any conflict mineral activity, if any, in our supplied products.

PEI has decided to use the iPoint Conflict Minerals Platform reporting system to receive requests from our customers in regards to this matter. The process of tracing Conflict Minerals through a global supply chain is complicated and time-consuming, and some component suppliers or sub-suppliers may lack the resources to trace minerals all the way back to their source.

*SEC Summary of the Rule:* <http://www.sec.gov/news/press/2012/2012-163.htm>

*SEC Final Rule:* <http://www.sec.gov/rules/final/2012/34-67716.pdf>

# PEI CONFLICT MINERAL SUPPLIER POLICY

Suppliers are expected to supply materials to PEI that are DRC conflict free.

DRC conflict-free means:

- (1) any conflict minerals necessary to the functionality or production of supplied materials do not directly or indirectly finance armed groups through mining or mineral trading in the Democratic Republic of Congo or an adjoining country, or
- (2) any 3TGs in supplied materials that are from recycled or scrap sources.
  - a. Recycled metals are reclaimed end-user or post-consumer products, or scrap processed metals created during product manufacturing. Recycled metal includes excess, obsolete, defective, and scrap metal materials which contain refined or processed metals that are appropriate to recycle in the production of tin, tantalum, tungsten, and/or gold. Minerals partially processed, unprocessed or a bi-product from another ore are not recycled metals.

When PEI receives a request from a customer in regards to reporting conflict mineral risk in certain products PEI suppliers are considered a part of the supply chain. This will result in a request for additional information to the supplier. When this happens, PEI suppliers are to report back in a timely manner.

If a supplier has not adopted a company policy for the supply chain of minerals originating from conflict-affected and high risk areas and receives a request from PEI in regards to one or several of their products, the supplier is to contact PEI to understand what is the next step and what can be done to resolve this on both ends. Due diligence in this matter is still expected from the supplier. It is necessary to understand that this is taken seriously on an international level and cooperation on the highest level is expected from any and all companies that fall within the supply chain.

## The Mineral Supply Chain Definition

(per \*OECD Guidelines):

The process of bringing a raw mineral to the consumer market involves multiple actors and generally includes the extraction, transport, handling, trading, processing, smelting, refining and alloying, manufacturing and sales of end products. The term Supply Chain refers to the system of all the activities, organizations, actors, technology, information, resources, and services involved in moving the mineral from the extraction site downstream to its incorporation in the final product for end consumers.

## PEI & DUE DILIGENCE IN THE MINERAL SUPPLY CHAIN

(per \*OECD Guidelines)

*What is due diligence:*

Due diligence is an on-going, proactive and reactive process through which companies can ensure that they respect human rights and do not contribute to conflict. Due diligence can also help companies ensure they observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations. **Risk**-based due diligence refers to the steps companies should take to identify and address actual or potential risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.

>**Risk** is defined in relation to the potentially adverse impacts of a company's operations, which result from the company's own activities or its relationship with third parties, including suppliers and other entities in the supply chain.

### *PEI's Due Diligence:*

PEI is a third party supplier that does not directly source minerals/ores from any mining site. Knowing our status in this supply chain, we are dedicated to do as much as we can to source the necessary information for our customers upon request. PEI will endeavor in good faith to have its suppliers exercise reasonable due diligence to evaluate their respective supply chains for the information called for by the Conflict Minerals rule. We will continue to evaluate our policies to ensure compliance with the SEC's Conflict Minerals Rule and make adjustments when necessary.

Below are some of the proactive steps we have already taken to aid in due diligence:

1. PEI Conflict Minerals Policy has been created and posted on our public company website. <http://www.peipittsburgh.com/#!/downloads/pc6k2>
2. PEI has purchased a license for a data management reporting system (iPoint-see line b below). This system allows us to receive reporting request from customers, submit reports, and send out requests to our suppliers.
  - a. The PEI contact in charge of internally managing this system is Natasha Dombroski (nd@peipittsburgh.com).
  - b. PEI has purchased a license through the iPoint System. This software is a web-based data management solution that works with the \*\*EICC-GeSI template (conflict mineral report template) and facilitates the preparation, delivery, and tracking of reports concerning Conflict Minerals. If you believe that you will be required to provide Conflict Minerals information to other customers, we strongly encourage you to also purchase a license. This application directly incorporates the EICC-GeSI template, and will make it easier for you to report the information you must either provide to Federal Signal or receive from your own suppliers. If you choose to use the iPoint platform, PEI will subsequently be able to roll up the information from its suppliers for its SEC reporting purposes. The iPoint website is <http://www.conflict-minerals.com/> and it contains additional information on iPoint and a link for licensing options.

*\*OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (second edition): <http://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>*

*\*\*Free EICC-GeSI Template Download: <http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>*