

# KRAUSS-MAFFEI CORPORATION CONFLICT MINERALS POLICY

## **OBJECTIVE**

The United States Securities and Exchange Commission (the “SEC”), in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), requires publicly traded companies to report on the origin of certain minerals from the Democratic Republic of Congo (the “DRC”) and countries adjoining it which have been linked to violations of human rights through the funding of illegal armed groups.

Although Krauss-Maffei Corporation (“KMC”) is not required to report to the SEC, it is our objective to ensure the responsible sourcing of any such minerals contained in the products we sell. Thus we have chosen to implement this policy regarding Conflict Minerals within our supply chain. This policy is consistent with the KraussMaffei Group Code of Ethics which clearly states our strong commitment to ethical business principles.

## **DEFINITIONS**

**Conflict Minerals:** Refers to columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives; or any other mineral or its derivatives determined by the United States Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country. Tantalum, tin, tungsten and gold are the widely accepted derivative metals to be of interest at present.

**DRC Adjoining Countries:** Are countries that share an internationally recognized border with the Democratic Republic of the Congo. The following countries are currently recognized as “adjoining countries”: Angola, Burundi, Central African Republic, Congo Republic (a different nation than DRC), Rwanda, South Sudan, Uganda and Zambia.

**DRC Conflict Free:** As defined in Section 1502 of the Dodd-Frank Act, “a product may be labelled as ‘DRC Conflict Free’ if the product does not contain Conflict Minerals that directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo or an adjoining country.”

## **RESPONSIBILITIES**

KMC expects its suppliers to partner with it to comply with the reporting requirements as set forth in the SEC Conflict Minerals Reporting Rule. Specifically, KMC expects that its suppliers will:

- work with their own suppliers to identify the chain of custody for any Conflict Minerals (including the smelter, country of origin, mine location and status of any Conflict Minerals that may be present);
- cooperate with KMC in connection with any due diligence (or additional due diligence) that KMC chooses to perform with respect to its country of origin inquiries;
- provide, upon request by KMC, reasonable proof of the due diligence performed by the supplier to support any country of origin/sourcing certification provided to KMC; and
- as needed, assist KMC in identifying opportunities to source DRC conflict mineral-free materials.

## **SCOPE**

This policy applies to KMC's global business operations. Employees whose responsibilities relate to the supply or sourcing of parts, components and materials should be informed and are expected to comply with these requirements and associated legislation or regulation.

KMC will work with its suppliers to seek remedies for non-compliance with this policy. These remedies may include suspension or discontinuing engagement with the supplier.

Violations or potential violations of this policy should be reported by employees to your manager or to the KMC Legal Department.

Contact the KMC Legal Department for questions or concerns regarding compliance with this policy.

## **POLICY**

KMC is committed to conducting its worldwide business operations in a manner that complies with applicable laws and regulations regarding Conflict Minerals. To comply with these requirements, KMC is committed to:

- Inform suppliers about this Conflict Minerals Policy and its relationship to the company's Code of Ethics.
- Work with its suppliers and sub-suppliers to understand the chain of custody for Conflict Minerals at least to the smelter or refiner level.

- Take measures to source parts and components from its suppliers and sub-suppliers that are DRC Conflict Free. These measures may include adopting, disseminating and incorporating this policy in related purchase orders, contracts and other appropriate agreements with suppliers.
- Encourage suppliers to track and improve their performance in sourcing minerals from their suppliers and sub-suppliers that are validated as being DRC Conflict Free in accordance with a national or internationally recognized due diligence framework.

KMC will survey suppliers as a part of our Conflict Minerals due diligence program. Suppliers are expected to respond to survey requests in a timely manner, and with full disclosure, following the specific instructions provided. KMC encourages its suppliers to:

- Undertake reasonable due diligence within their supply chain to determine the chain of custody and origin of the Conflict Minerals. Due diligence includes developing policies and management systems to use DRC conflict free minerals, including making these requirements apply to their suppliers and sub-suppliers and requiring them to do the same with lower tiers of suppliers.
- Take measures to purchase parts, components or materials from their suppliers and sub-suppliers who source minerals for their products from smelters or refiners validated as being DRC Conflict Free in accordance with a nationally or internationally recognized due diligence framework.
- Comply with information requests on the source and origin of Conflict Minerals in the parts, components or materials provided to KMC. Chain of custody data shall be maintained for five years and be provided to KMC upon request.
- Maintain records that document supplier's compliance with applicable laws and regulations regarding Conflicts Minerals, including those related to Conflicts Minerals due diligence, for a period of no less than five years.