

CHALLENGE MANUFACTURING CONFLICT MINERALS POLICY

The final rules to implement Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) were issued by the Securities and Exchange Commission in August 2012. Under the rules, a public company that uses conflict minerals for the manufacture or functionality of one or more products is required to perform due diligence on its supply chain to determine how the minerals are sourced. In addition, such companies must annually report and disclose whether any conflict minerals originate from the Democratic Republic of Congo or any of its adjoining countries (collectively, the “Covered Countries”). The conflict minerals are commonly known as tin, tantalum, tungsten and gold.

Even though Challenge Manufacturing is not a public company, it supports the objective of the Act regarding the use of conflict minerals. Challenge Manufacturing is committed to promoting supply chain transparency and identifying the sources of conflict minerals as accurately as possible and seeking to avoid the use of conflict minerals that directly or indirectly finance conflict in the Covered Countries. Challenge Manufacturing expects that its suppliers will adopt policies and procedures with respect to conflict minerals that will give Challenge Manufacturing reasonable assurance that the products supplied to it are conflict-free. Challenge Manufacturing continues to review and evaluate its procedures in connection with its due-diligence compliance efforts.