

Deswell Industries, Inc. Conflict Minerals Policy

In 2012, the U.S. Securities and Exchange Commission (“SEC”) approved the final rules implementing the conflict minerals reporting obligations of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requiring issuers to publicly disclose the use in products of minerals originating in the conflict regions of the Democratic Republic of Congo (“DRC”) and adjoining countries. The minerals currently subject to the disclosure requirements of the Dodd-Frank Act are columbite-tantalite (coltan), cassiterite, wolframite and gold, and their derivatives, including tin, tantalum and tungsten (“Conflict Minerals”). As a manufacturer and SEC registrant, Deswell Industries, Inc. (“Deswell”) is required to comply with the Dodd-Frank Act and SEC rules, and is taking steps to fully comply with the legislation and requires its direct suppliers to assist in this effort, whether or not they are subject to the Dodd-Frank Act and SEC rules.

Deswell is committed to the responsible sourcing of Conflict Minerals, such that the Conflict Minerals do not directly or indirectly finance or benefit armed groups in the DRC and adjoining countries. Deswell is committed to comply with the obligations as required under the Dodd-Frank Act, as well as the related rules issued by the SEC.

Deswell encourages its suppliers to better understand their use of the Conflict Minerals, and Deswell is committed to work with its suppliers to ensure responsible sourcing of the Conflict Minerals. Suppliers are expected to communicate with their suppliers regarding the subject, and track the source of the Conflict Minerals.

If the components supplied to Deswell contain no Conflict Minerals, suppliers should provide evidences or declarations specifically regarding this matter. If the components supplied to Deswell do contain Conflict Minerals, suppliers should provide supporting documents on the source of Conflict Minerals. In either case, suppliers are expected to respond with appropriate actions in Deswell’s due diligence efforts regarding the source of Conflict Minerals.

Deswell will evaluate its relationships with its suppliers on an ongoing basis to ensure continued compliance with this policy. As such, Deswell will require its suppliers to agree and follow the requirements laid out in this policy. If a supplier refuses to cooperate or fails to meet the reasonable requirements requested by Deswell, Deswell may suspend its relationship with the supplier.

Deswell employees or suppliers shall report any violation of the Dodd-Frank Act or this Conflict Minerals Policy by

- i. Regular mail: 10B Edificio Associacao Industrial De Macau, No. 32-36 Rua do Comandante Mata e Oliveira, Macao; or
- ii. Email: anti-fraud@jetcrown.net.