

May 2016

Conflict Minerals Policy Statement

Herholdt Controls is deeply concerned by reports that profits from the sale of certain metals mined in the Democratic Republic of the Congo (DRC) or adjoining countries has helped fuel war and human rights violations in the eastern Congo.

In fact in August 2012, the United States Securities and Exchange Commission ("SEC") issued its final rules regarding "Conflict Minerals" (known as '3TG' – Tantalum, Tin, Tungsten and Gold) as defined in and required by section 1502 of the DoddFrank Wall Street Reform and Consumer Protection Act (the "Act"). As a result, many companies are now focusing on whether and to what extent their products contain Conflict Minerals and whether such Conflict Minerals come from the Democratic Republic of Congo and the adjoining countries named in the Act.

As directed by the Act, the U.S. Securities and Exchange Commission (SEC) has adopted rules requiring companies to disclose whether they use tantalum, tin, gold and tungsten that originated in the DRC and if so, to issue a report identifying their products that are not conflict free and their due diligence efforts to determine the source and chain of custody of the metals. Conflict free means the product does not contain tantalum, tin, gold and tungsten that directly or indirectly finances or benefits armed groups in the DRC or an adjoining country. In addition, governments around the world are developing policies related to supply chain due diligence of these metals.

Herholdt Controls, like many companies in electronic industry, uses tin and gold to manufacture their products, therefore we are aware which products are impacted and targeting our efforts accordingly, not buying products and materials containing Conflict Minerals directly from Conflict Mines, and finally asking our suppliers to work towards ensuring that any materials containing 3TG elements, supplied to Herholdt Controls, are not originated from Conflict Mines.

Herholdt Controls requires that suppliers whose products contain tungsten, tantalum, tin, gold, submit these informations to Herholdt Controls using the standardized EICC/GeSI Conflict Minerals Reporting Template that traces the metals back through the supply chain.

If Herholdt Controls becomes aware of a supplier whose supply chain includes tin from a conflict source, Herholdt Controls will take the appropriate actions to remedy the situation in a timely manner, including reassessment of supplier relationships, to achieve that objective.

Herholdt Controls expects our suppliers to take similar measures with their suppliers to ensure alignment throughout the supply chain.