

H. C. MATERIALS CORPORATION

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HC Materials Corporation position on responsible sourcing in relation to Conflict Minerals

As a leading manufacturer of high performance single crystal piezoceramics, HC Materials is committed to ensuring the safety, health and protection of people and the environment worldwide. We promote these principles in our global business practices.

HC Materials expects its suppliers, as partners in our sustainability ambitions, to share this commitment. Since 2012, we have required our suppliers to sign up to our Supplier Sustainability Declaration, which promotes social, health & safety and environmental standards.

Conflict minerals

The proceeds from harmful social and environmental practices in mines, especially in the eastern provinces of the Democratic Republic of Congo (DRC), have been used to fuel armed conflict in the region. This is a major concern to the electronics industry, among others. The recently enacted Dodd Frank law in the United States defines conflict minerals as Tin, Tungsten, Tantalum and Gold (3TG) and any derivatives thereof¹.

Our commitment to sustainable development drives us to address this concern, even though HC Materials does not directly source minerals from the DRC and the mines are typically seven or more tiers removed from our direct suppliers². HC Materials has committed not to purchase raw materials, subassemblies, or supplies which we know contain conflict minerals that directly or indirectly finance or benefit armed groups in the DRC or an adjoining country.

We have requested our relevant suppliers to confirm they provide only conflict-free minerals to HC Materials. While those suppliers have stated that indeed, to their knowledge, they have provided us with conflict-free minerals or are performing a detailed supply chain analysis, we nevertheless recognize that our suppliers may have too limited insight into their supply chains to fully understand the origin of the minerals. Due to the size of our vendor's supply chain as well as the complexity of the routes by which these conflict minerals are traded, smelted, recycled, and sold (including the common practice of mixing ores and recycled scrap from many different sources), HC Materials and its suppliers face a huge challenge to obtain – for all minerals – full traceability to exact origin with a high degree of certainty. However we remain committed to this policy and will continue to implement this with our vendors towards this goal.

¹Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires certain manufacturers to conduct due diligence on the use of conflict minerals in their supply chain and to make annual disclosures to the SEC.

²The Electronics Industry Citizenship Coalition (EICC), the Global e-Sustainability Initiative (GeSI) and RESOLVE jointly conducted a supply chain study in 2010, "Tracing a Path Forward: A Study of the Challenges of the Supply Chain for Target Metals Used in Electronics," (See www.eicc-gesi.resolv.wikispaces.net). The

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study found that tin, tungsten and tantalum make up a small percentage of the components and subcomponents in electronic products and the supply chain for these minerals generally contains seven or more layers.