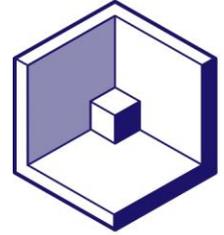


Purchasing Policy – Conflict Minerals

PR308 Rev 2, 29/4/16



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Introduction

MIL-Systems manufactures electronic products that contain a small amount of the minerals tantalum, tin, tungsten and gold. These products are exported to our customers in USA and Canada. The USA has restrictions on the sources of these minerals and requires our USA and Canada customers to report on the sources of these minerals using information from MIL-Systems.

The USA Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, directed the USA Securities and Exchange Commission (SEC) to issue rules requiring publicly traded companies to disclose the extent to which their products contain so-called "Conflict Minerals" (tantalum, tin, tungsten and gold) sourced from conflict mines in the Democratic Republic of the Congo or adjoining countries (DRC). The concern underlying this requirement is that the use of these metals, derived from minerals mined in the DRC, has helped to fuel war and human rights abuses in eastern Congo. The USA SEC issued implementing rules in August 2012. They require USA companies to file an annual report on their use of Conflict Minerals from such sources.

Policy

MIL-Systems is a company with a commitment to social responsibility in regard to Conflict Minerals. We will support our customers and our suppliers in this commitment. MIL-Systems support efforts to eliminate the use of tantalum, tin, gold and tungsten from conflict sources that could promote such serious problems in the DRC. MIL-Systems does and will continue to conduct reasonable diligence within our suppliers to ensure that the Conflict Minerals are not sourced from mines in the Conflict Region which directly or indirectly may finance or benefit armed groups in the DRC or adjoining countries.

This policy PR308 shall be available for public viewing on the MIL-Systems website.

Purchasing Restrictions

MIL-Systems is working toward the elimination of Conflict Minerals from its supply chain. MIL-Systems' ultimate goal is to have a supply chain that consists of material that is DRC Conflict Free.

All MIL-Systems purchase orders to our suppliers of parts and materials that may contain Conflict Minerals (tantalum, tin, tungsten and gold) will prohibit the sourcing from the Conflict Region.

All suppliers to MIL-Systems of potential Conflict Minerals (tantalum, tin, tungsten and gold) are required to:

1. Have conflict mineral policies and procedures in place to ensure material is not sourced from the Conflict Region.
2. Not procure material from the DRC or adjoining countries that is not "DRC Conflict Free".
3. Exercise due diligence to determine the source of conflict minerals, and provide a declaration to confirm the conflict minerals in their supply chain are DRC Conflict Free.

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If MIL-Systems determine that a supplier is, or a reasonable risk exists that it may be, violating this policy, then MIL-Systems will require the supplier to commit to devise and undertake suitable corrective action to move to a “Conflict Free” source. If suitable action is not taken by a supplier, MIL-Systems intends to look to alternative sources for the parts/minerals and towards transitioning to alternative sources to the extent reasonably practical. The time frame for any such transition would depend on the criticality of the specific part and the availability of alternative suppliers.

General Reporting

MIL-Systems will provide its USA customers the necessary reports and information regarding Conflict Minerals sourcing from our suppliers:

MIL-Systems will, where possible, collect conflict minerals due diligence information from our suppliers which are in conformance with the IPC-1755 Conflict Minerals Data Exchange standard.

CPI Reporting

CPI Inc. is required to comply with the USA Securities and Exchange Commission (SEC) rules implementing the conflict mineral disclosure requirements of the Dodd-Frank Act. This rule requires CPI Inc. to conduct supply chain diligence and make annual disclosures about the presence in their products of Conflict Minerals. MIL-Systems supplies power conversion products to CPI Inc. that may contain small amounts of tantalum, tin, tungsten and gold which are called Conflict Minerals. MIL-Systems will support CPI Inc. in making their annual disclosure by providing a report.

Information Review and Corrective Action

As a supplier to CPI Inc., MIL-Systems is responsible to determine whether CPI’s products contain tantalum, tin, tungsten and gold originating from the DRC or its adjacent countries. MIL-Systems will review its sourcing of Conflict Minerals and provide a report with corrective actions if needed. The review will include:

- Request smelter names from our suppliers.
- Obtain reasonable due diligence information regarding Conflict Minerals from our suppliers.
- Review the supplier information and our purchase orders and undertake corrective action if need be.

MIL-Systems will use this information to complete the IPC-1755 Conflict Minerals Data Exchange spreadsheet when requested annually by CPI Inc. The template is available on the web at:

<http://www.conflictreesourcing.org/conflict-minerals-reporting-template/>