

**Arc-Tronics  
Conflict  
Minerals Due  
Diligence Plan**

(9/16/13)

**Introduction:** Under Section 1502 of the Dodd-Frank Financial Reform and Consumer Protection Act (Dodd-Frank Act), publicly traded companies will be required to provide reports to the U.S. Securities and Exchange Commission (SEC) if their products contain “conflict minerals” from the Democratic Republic of Congo (DRC) or adjoining countries. Although the reporting requirements apply only to publicly traded companies, Arc-Tronics is a supplier to publicly traded companies, therefore our customers will be requiring Arc-Tronics to provide them with conflict minerals data.

The Dodd-Frank Act applies to manufactured goods containing tin, tantalum, tungsten, and gold. Section 1502 of the Dodd-Frank Act and the SEC rules both cite need for due diligence regarding conflict minerals supply chain determinations. Due diligence is a legal finding that an entity has exhibited a level of care or judgment that would reasonably be expected to be conducted under particular circumstances. The appropriate level of due diligence is often scaled to the size of the company or the number of its supply chain relationships. Larger companies and companies that are closer to the source of the mines and smelters (“upstream companies”) will be expected to conduct more due diligence than smaller companies and companies that are further downstream from the mines and smelters (“downstream companies”).

Arc-Tronics believes itself to be a “downstream company”. Arc-Tronics does not purchase any materials from a mine or smelter. Arc-Tronics is many levels removed from that process. Arc-Tronics must rely on the reporting of its supply chain and third party auditing of its supply chain.

**Company Plan:** Arc-Tronics is an electronics manufacturing services provider. Arc-Tronics provides assembly services such as printed circuit board assemblies, cable and harness assemblies, and box build assemblies. Arc-Tronics understands that there is tin, tantalum, and gold in many of the components that it assembles. Arc-Tronics, in most cases, is directed as to which manufacturer it must use in the assembly of its customers products.

In the few instances where Arc-Tronics has control over the manufacturer/supplier (IE. Solder Manufacturer, Raw PCB Manufacturer), Arc-Tronics has required that these suppliers submit a conflict minerals report. To date Arc-Tronics has received conflict free declarations from those suppliers it has control over.

In the majority of the situations, where Arc-Tronics does not have control over the manufacturer/supplier, Arc-Tronics expects its customers to select manufacturers that will comply with the Dodd-Frank Act. Arc-Tronics will assist our customers as requested.

**Arc-Tronics Conflict Minerals Company Statement:** “Conflict Minerals” refers to minerals or other derivatives mined in the eastern provinces of the Democratic Republic of the Congo (DRC) and in the adjoining countries where revenues may be directly or indirectly financing armed groups engaged in civil war resulting in serious social and environmental abuses.

In July 2010, the United States enacted the Dodd-Frank Financial Reform Bill and Consumer Protection Act 1502(b) (the Conflict Minerals Law), which requires all US stock listed companies and their suppliers to disclose information concerning chain of custody and usage of conflict minerals (Tin, Tantalum, Tungsten, and Gold, also known as 3TG).

Arc-Tronics believes the Conflict Minerals Law and related efforts to avoid using Conflict Minerals in its manufactured products aligns with Arc-Tronics corporate policy.

Arc-Tronics expects its customers, who control the bill of materials (BOM’s), to source conflict mineral free suppliers and components.

It is Arc-Tronics policy to fulfill its conflict minerals reporting obligations.

It is Arc-Tronics policy to adopt and implement a conflict minerals reporting plan and obtain conflict mineral disclosures from its suppliers it has control over (IE. solder suppliers).

Arc-Tronics expects its suppliers to source 3TG materials from socially responsible suppliers.

Arc-Tronics expects its suppliers to fully comply with the Conflict Minerals law and provide all necessary declarations.

Arc-Tronics expects its suppliers to pass these requirements through their supply chain in order to determine the source of 3TG.

Suppliers that fail to meet these requirements shall be reviewed by Arc-Tronics for further action, including possible supplier disqualification.