


| | | | | | |
|--|-----------------|-----------------------|--|----------------------|-------------|
|  CONFIDENTIAL | | | Department | Document Type | Page |
| | | | Corporate | Policy | Page 1 of 4 |
| Document Number | Revision | Effective Date | Document Title | | |
| POL-CORP-0002 | 01 | 13May2020 | SP Industries, Inc. Conflict Minerals Policy | | |

Background

In globalization of industrial markets and economies, there has been increased concern that the exploitation and trade of certain minerals originating in the Democratic Republic of the Congo (DRC) and surrounding countries are helping to finance armed conflict characterized by extreme levels of violence. In 2010, the Dodd-Frank Consumer Protection Act was signed into law. Section 1502 of that act addresses the international trade and use of Conflict Minerals. Similarly, to the issues of Conflict Diamonds or Blood Diamonds, the term Conflict Minerals refers to raw materials that come from a particular part of the world where conflict is occurring and affects the mining and trading of those materials.

Tin, tantalum, tungsten and gold are commonly referred to as "conflict minerals" regardless of their country of origin. As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the U.S. Securities & Exchange Commission ("SEC") has adopted a rule to bring greater supply chain transparency to the use of conflict minerals originating from the Democratic Republic of the Congo and surrounding countries. The SEC's Conflict Minerals Rule requires SEC registrants who manufacture or contract to manufacture products containing conflict minerals that are necessary to such products' functionality or production to disclose the origin and status of the conflict minerals.


Under these rules, many of our publicly traded customers have to report annually to the SEC on their use of conflict minerals (tantalum, tin, tungsten and gold) originating in the Democratic Republic of Congo ("DRC") or any of the DRC's adjoining countries. As such as a key equipment supplier to our customers supply chain, we aim at ensuring compliance with our Conflict Minerals policy in the products and services provided by our company.

Our Commitment

SP is committed to conducting its business worldwide with respect for human rights and in compliance with all applicable laws, as evidenced by Our Values and Standards, Our Statement on Human Rights and our Business Partner Code of Conduct. We are taking steps to determine the origin and status of any 3TG necessary to the functionality or production of our products.³ Merck will work closely with our supply chain partners and will seek, over time, to identify, reduce and eliminate the use in its products of conflict minerals that originate in the DRC Region and support armed conflict or violence

SP Scientific is committed to ensuring that it conducts its business to worldwide customers with respect for human rights and in compliance with all applicable laws and fair labor practices, as evidenced by our Statement on Human Rights and our Responsibility Standards for Suppliers.

SP is committed to the responsible sourcing of minerals through our global supply chain. In 2012, the U.S. Securities and Exchange Commission ("SEC") issued rules implementing the "conflict

| | | | | | |
|--|-----------------|-----------------------|--|----------------------|---------------------------|
|  CONFIDENTIAL | | | Department | Document Type | Page |
| | | | Corporate | Policy | Page 2 of 4 |
| Document Number | Revision | Effective Date | Document Title | | |
| POL-CORP-0002 | 01 | 13May2020 | SP Industries, Inc. Conflict Minerals Policy | | |

minerals" disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank").


Underlying the Dodd-Frank disclosure requirements is a concern that conflict minerals originating in the DRC or adjoining countries may be mined and sold by armed groups to finance civil violence. These minerals can make their way into the supply chains of the products used by consumers and businesses around the world. Tracing these minerals in the international supply chain is complex.

We currently focus our compliance efforts in the following areas:


Conducting a reasonable country of origin inquiry with our global supply base as part of our conflict minerals due diligence process.

Utilizing a Supply Chain risk-based approach SP relies on several methods to ensure that our suppliers are committed to DRC Conflict Free materials they provide in the SP products and services. These methods include but are not limited to:

- **Supplier Declarations:** Requiring declaration of and certificates of origin and compliance with the non-use of DRC Conflict Minerals within their supply chain
- **Reporting:** Collection and evaluation of various supplier responses to the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT).
- **Supplier Surveys:** to identify products in their supply chain that contain conflict minerals and validate the country of origin of these minerals.
- **Purchase Order Terms & Conditions:** Clauses related to conflict minerals in new or renewed U.S. and non-U.S. suppliers requiring, in accordance with our Supplier Standards of Business Conduct, our suppliers to comply with any applicable laws and regulations regarding conflict minerals and assist us in meeting our obligations under law and regulations.
 - Suppliers should not include in any products sold to SP any minerals that are not DRC Conflict Free.
 - Suppliers should develop Conflict Minerals policy, due diligence process, and management systems designed to mitigate and prevent DRC Conflict Minerals from being included in the supply chain of products sold to SP.

| | | | | | |
|--|-----------------|-----------------------|--|----------------------|-------------|
|  CONFIDENTIAL | | | Department | Document Type | Page |
| | | | Corporate | Policy | Page 3 of 4 |
| Document Number | Revision | Effective Date | Document Title | | |
| POL-CORP-0002 | 01 | 13May2020 | SP Industries, Inc. Conflict Minerals Policy | | |

- SP's suppliers are expected to source only from sources that are DRC Conflict Free.
 - Products are "DRC Conflict Free" if they contain only materials that did not originate in the DRC or an adjoining country, are not from a related recycled or scrap source(s), or have not benefitted the armed groups identified that are the subject of the Dodd-Frank Act.
- Suppliers are be expected to:
 - Implement and communicate to their supplier chain policies that are consistent with this Policy, and require their supply chain providers to do the same
 - Their suppliers are expected to put in place procedures for the traceability of Conflict Minerals, working with their direct and indirect suppliers as applicable
 - Suppliers are expected to use reasonable efforts to source Non-Conflict Materials from smelters and refiners validated as being DRC Conflict Free
 - Suppliers are expected to require their direct and indirect suppliers to comply with the same requirements within their supply chain.
- **Supplier Notifications:** Suppliers shall advise SP of any determination that the supplier either has concluded or has a reasonable basis to believe that products it currently sells or has sold to SP are not DRC Conflict Free
- **Supplier Records:** Suppliers shall maintain business records supporting the source of materials and at SP's request, provide SP with information concerning the origin of materials included in products or services sold to SP
- **Disclosure:** SP may be entitled to disclose as per any legal or regulatory requirements or in any customer or marketing communications, compliance of Non-Usage of DRC Conflict Minerals notwithstanding the terms of any confidentiality agreements that may prohibit this use of disclosure and usage statement
- **Supplier Support:** Suppliers also are encouraged to support industry efforts to enhance traceability and responsible practices in Conflict Minerals supply chains. Consequences of Supplier Non-Compliance SP evaluates its relationships with its suppliers on an ongoing basis.
- **Supplier Conformity Evaluation:** SP reserves the right to evaluate the extent to which a supplier has failed to reasonably comply with this Policy. SP reserves the right to request additional documentation from its suppliers regarding the origin of any Conflict Minerals included in any products sold to SP.
- **Supplier Disqualification:** Suppliers who do not reasonably comply with this Policy shall be reviewed by SP's supply chain organization for future business. In the event SP determines that a supplier's efforts to comply with this Policy have been deficient and the supplier

| | | | | | |
|--|-----------------|-----------------------|--|----------------------|-------------|
|  CONFIDENTIAL | | | Department | Document Type | Page |
| | | | Corporate | Policy | Page 4 of 4 |
| Document Number | Revision | Effective Date | Document Title | | |
| POL-CORP-0002 | 01 | 13May2020 | SP Industries, Inc. Conflict Minerals Policy | | |

fails to cooperate in developing and implementing reasonable remedial steps, SP reserves the right to take appropriate actions up to and including discontinuing purchases from the supplier resulting in supplier disqualification.

- **Supplier Diversity:** Nothing in this Policy is intended to in any way grant any additional rights or expectations to a SP supplier or in any way modify or otherwise limit in any way any of SP's contractual or legal rights.

Revision History

| Revision | Revision Description(s) |
|---------------|-------------------------|
| 01 | Original Document |
| Author | |
| Rob Gardner | |

REQUIRED APPROVALS

| |
|---|
| AUTHOR and OWNER |
| Rob Gardner, Corporate Quality Director/Quality Assurance |
| HR REPRESENTATIVE |
| Laura Pierce, Vice President- Human Resources/Human Resources |
| PURCHASING |
| Stanley Oskiera, Purchasing Director /Purchasing |
| QUALITY ASSURANCE APPROVAL |
| Maria Malenfant, Documentation Manager/Quality Assurance |

Security Notice: This document is classified Company Internal Use throughout. The master is in electronic format. Users should not make any unauthorized copies or alterations. User must determine version and completeness prior to use. Any deviations found with this document should be reported to the Quality department.