



CONFLICT MINERALS POLICY

The mining and trading of “conflict minerals” and their derivatives – cassiterite (tin), wolframite (tungsten), coltan (tantalum) and gold – in the Democratic Republic of the Congo is helping to finance armed groups which promote widespread violence, human rights violations and environmental degradation in the DRC and adjacent countries (the DRC Region).

Section 1502 of the Dodd-Frank Act and related SEC regulations endeavor to reduce these actions by motivating businesses to obtain their conflict minerals from sources which do not support armed groups in the DRC Region. The Act and regulations require SEC reporting companies to make certain inquiries and conduct due diligence on their entire supply chain regarding the sources of any conflict minerals used in their products, and to report annually as to whether or not they have found these conflict minerals to have originated in the DRC Region and to be “conflict free.”

As an SEC reporting company, ESCO is subject to the conflict minerals provisions of the Act and SEC regulations, and we fully support their objectives. However, because we do not smelt or refine conflict minerals ourselves, we must rely on assistance from our many suppliers – and their own suppliers in turn – in gathering the information necessary for our due diligence and reports, and in attempting to trace the conflict minerals used in our products all the way back to their ultimate sources. We realize this places a burden on our suppliers, many of whom are private or foreign companies which are not themselves subject to the conflict minerals provisions. In addition, many of the procedures for determining whether sources are “conflict free” have not yet been fully developed, and we expect that the refinement and implementation of these due diligence procedures will be an ongoing process requiring cooperation among entities throughout our entire supply chain.

It is ESCO’s policy that:

We expect our suppliers to cooperate with us in the conflict minerals compliance process, to assist us in identifying the sources of the conflict minerals in the products and components they supply to us, and to endeavor to become “conflict free” themselves;

Our eventual goal is to procure products and components containing conflict minerals exclusively from sources which are “conflict free”; and

In making procurement decisions we will evaluate our suppliers on the extent to which they meet these expectations and share this goal.