

CyberOptics Corporation - Conflict Minerals Policy

July 2015

This document sets forth CyberOptics Corporation's policy statement regarding the content of Conflict Minerals in our products. This Policy applies to CyberOptics Corporation and its wholly-owned subsidiary Laser Design, Inc. (collectively "CyberOptics").

Background

Tin, tantalum, tungsten and gold are used widely in manufacturing consumer electronic devices. The Democratic Republic of Congo (DRC) has vast reserves of these natural resources. Many of these minerals are illegally sourced and traded by armed groups in the eastern DRC and adjoining countries who are responsible for human rights violations throughout the region. Accordingly, tantalum, tin, tungsten and gold sourced from the DRC and adjoining countries have become commonly known as "conflict minerals."

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act was passed into law in July 2010. This Act requires U.S. publicly traded companies to report to the Securities and Exchange Commission ("SEC") on the origin of conflict minerals or their derivatives and show due diligence in determining if the conflict minerals are sourced from the DRC or an adjoining country. The goal of the Act is to cut direct and indirect funding of armed groups engaged in conflict and human rights abuses. The SEC published regulations implementing the Act on August 22, 2012 ("Conflict Minerals Regulations").¹

CyberOptics Policy

CyberOptics fully supports the goals associated with the Conflict Minerals Regulations. Even though CyberOptics does not directly source conflict minerals from the mines located in the DRC or adjoining countries, and these mines are many tiers removed from our direct suppliers, we are still committed to not purchasing any components, subassemblies or supplies that we know contain conflict minerals that directly or indirectly finance or benefit armed groups in the DRC or adjoining countries. Accordingly, CyberOptics suppliers will be expected to develop and implement their own policies towards preventing the use of any such conflict minerals and to document their efforts in support of these policies.

Implementation

In support of this Policy, CyberOptics has implemented the following good faith steps. In developing these steps, CyberOptics took into consideration the guidance provided in the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Minerals from Conflict-Affected and High Risk Areas as applied to the specific factors, circumstances, and structure of CyberOptics' business and supply chain.²

¹ <http://sec.gov/rules/final/2012/34-67716.pdf>

² <http://www.oecd.org/corporate/mining.htm>

1. Dedicated Resources

CyberOptics has established a Conflict Minerals Steering Committee to ensure a high level of focus and executive commitment for this important area of compliance. This Steering Committee consists of the following CyberOptics individuals: Chief Financial Officer & Chief Operating Officer, Vice President of Operations, Operations Logistics Manager, Corporate Counsel, and Buyer/Logistics Associate.

These dedicated resources will be responsible for establishing, implementing, monitoring and ensuring compliance with this Policy.

2. Supplier Requirements – Reasonable Country of Origin Inquiry

CyberOptics will endeavor to identify its first-tier suppliers that supply items to CyberOptics that include any conflict minerals. All such suppliers will be provided with a copy of this Policy and directed to develop and implement their own policy in support thereof. As part of this communication process, each first-tier supplier will be required to complete a survey in the form of the Conflict Minerals Reporting Template, which is issued by the Conflict-Free Sourcing Initiative (an initiative of the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI)).

These suppliers in turn will be requested to identify and seek certification from their affected first-tier suppliers, and so on. Based on the results of this process, CyberOptics will determine what additional actions may be necessary or beneficial in order to maximize compliance with this Policy and the Conflict Minerals Regulations.

CyberOptics also encourages its suppliers to visit the Conflict-Free Sourcing Initiative's website (www.conflictreesourcing.org), which provides a number of excellent tools, resources, guidance documents and training materials related to conflict minerals sourcing.

3. Contract / T&C Clauses

CyberOptics has included terms and conditions in its supply contracts and standard terms and conditions of purchase requiring all suppliers to comply with this Policy and prohibiting the supply of items that include conflict minerals in contradiction thereof.

4. Other

CyberOptics will continue to monitor both the law and industry practices in this area and adjust this Policy when deemed necessary or appropriate in response thereto.

Any questions related to this Policy should be directed to David Hatteberg, Corporate Counsel, CyberOptics Corporation, at dhatteberg@cyberoptics.com.