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Conflict Minerals Policy Statement

Dear Customer,

Parallax Inc. is aware of reports that profits from the sale of certain metals mined in the Democratic Republic of the Congo (DRC) or adjoining countries have helped fuel war and human rights violations in the eastern Congo.

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act imposes new supply chain reporting requirements on U.S. publicly traded companies to promote transparency and consumer awareness regarding the use of "conflict minerals" (tantalum, tin, tungsten, and gold) that directly or indirectly finance or benefit armed groups in that region. As required by the Dodd-Frank Act, the U.S. Securities and Exchange Commission (SEC) has adopted rules requiring publicly traded companies to disclose whether they use conflict minerals that originated in the DRC or an adjoining country and if so, to issue a report identifying their products that are not conflict free and their due diligence efforts to determine the country of origin and chain of custody of the metals. Conflict free means the product does not contain conflict minerals that directly or indirectly finances or benefits armed groups in the DRC or an adjoining country.

While Parallax Inc. is a privately held company, and therefore, not subject to the ruling we are concerned about the use of conflict minerals. Parallax Inc. is committed to working with suppliers to identify use of conflict minerals in third party components. Parallax Inc. does not purchase any metals directly from smelters or mines or knowingly use any components that contain conflict minerals. Like many companies in the electronics industry there is the possibility that third party suppliers utilize these materials during manufacturing. Parallax Inc. will not knowingly provide any direct or indirect support to non-state armed groups or security forces that illegally control or tax mine sites, transport routes, trade points, or any upstream actors in the supply chain. Our suppliers are encouraged to procure materials through conflict free sources and, when reasonably feasible, through validated smelters.

Supplier Requirements

Where possible, Parallax Inc. will incorporate the principles of responsible sourcing of Conflict Minerals into our contract terms with suppliers and will work with our suppliers to create awareness of these issues within our supply base. We will make our position statement available to our suppliers and expect them to adopt similar positions or policies with respect to their own supply chains.

Parallax Inc. encourages its suppliers that manufacture components, parts, or products containing Conflict Minerals to procure those materials from conflict-free sources. We expect our suppliers to adopt, implement and communicate to sub-suppliers their positions and policies regarding Conflict Minerals, and where possible, require their down-stream suppliers to adopt and implement similar positions and policies. Parallax's suppliers are expected to work with sub-suppliers to trace conflict materials at least to the smelter level and encourage the use of a standard reporting process (e.g. the EICC-GeSI Minerals Reporting Template). Parallax Inc. reserves the right to request its suppliers provide further evidence of their conflict mineral supply chain, including down to the mine level, if necessary. We expect suppliers to maintain such traceability data for five years and provide this information to Parallax upon request.

Suppliers are encouraged to support industry efforts to enhance traceability of Conflict Minerals and responsible practices in their global supply chains.

Parallax's approach is to establish long-term relationships with suppliers and, when feasible, to seek sustainable solutions while working with suppliers to drive improvements. Suppliers acting contrary to Parallax's position described herein must commit to and implement a corrective action plan within a reasonable timeline. Parallax reserves the right to require suppliers to provide support for the effectiveness of such corrective actions and to conduct supply chain assessments. A supplier's continued non-conformance and failure to take corrective actions may lead to additional actions, up to and including termination of the business relationship.

Should you wish to discuss further please feel free to contact us.

Ken Gracey, CEO