

2015 OSI Systems Conflict Minerals Report

This Conflict Minerals Report (“Report”) of OSI Systems, Inc. (“Company”, “we,” “us,” or “our”) for the reporting period January 1, 2015 to December 31, 2015 is provided in accordance with Rule 13p-1 (the “Rule”) under the Securities Exchange Act of 1934, as amended. The Rule imposes certain reporting obligations on Securities and Exchange Commission registrants whose manufactured products contain conflict minerals which are necessary to the functionality or production of their products. For purposes of the Rule, the term “conflict minerals” is defined as cassiterite, columbite-tantalite, gold, wolframite, and their derivatives, which are limited to tin, tantalum, tungsten, and gold. These requirements apply to registrants whatever the geographic origin of the conflict minerals and whether or not they fund armed conflict.

Information included in this Report covers the Company and all of its consolidated subsidiaries. A copy of this Report is publicly available at www.osi-systems.com/about/conflict-minerals-report, and the Company’s Conflict Minerals Policy Statement (the “Policy Statement”) is available at www.osi-systems.com/about/conflict-minerals-policy.

This Report has not been subject to an independent private sector audit as allowed under the Rule.

1. Overview and Description of Products

The Company is a vertically integrated provider of specialized electronic systems and components that meet the critical needs in the homeland security, healthcare, defense, and aerospace industries. The Company has three operating divisions: (a) Security, providing security and inspection systems, turnkey security screening solutions and related services; (b) Healthcare, providing patient monitoring, diagnostic cardiology, anesthesia systems, and defibrillator products, and related services; and (c) Optoelectronics and Manufacturing, providing specialized electronic components and electronic manufacturing services for the Security and Healthcare divisions, as well as to external original equipment manufacturing clients for applications in the defense, aerospace, medical and industrial markets, among others.

The Company designs, develops, manufactures and sells products ranging from security and inspection systems to patient monitoring, cardiology and anesthesia systems to discrete optoelectronic devices and value-added subsystems. Based on a review of our principal products, primarily evaluating our products and their components against typical industry uses for conflict minerals, we determined that tin, tantalum, tungsten, and gold (collectively, “3TG”) are necessary to the functionality of each of our product lines. Most of our physical products (excluding software) are assembled using electronic components, metal, and plastics parts. Electronic components used in our products typically contain both custom made components, including printed circuit boards, sensors, and other passive electronic components, and components designed and manufactured by other companies. Most of these electronic components contain conflict minerals.

Consequently, we established a system for surveying our supply chain and complying with the requirements of the Rule that we believe is in material conformity with the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Second Edition, and the related Supplements on Tin, Tantalum and Tungsten, and on Gold (collectively, the “OECD Guidance”).

2. Reasonable Country of Origin Inquiry; Due Diligence

In accordance with the Rule, we have conducted a good faith reasonable country of origin inquiry regarding the use of conflict minerals which was reasonably designed to determine whether any of the conflict minerals originated in the Democratic Republic of the Congo or an adjoining country or are from recycled or scrap sources. Our due diligence process was designed in material conformity with the OECD Guidance and documented in an internal conflict minerals compliance program (the "Conflict Minerals Compliance Program"). The Conflict Minerals Compliance Program includes the Policy Statement regarding conflict minerals and our expectations regarding our suppliers to support our compliance efforts. We have implemented those OECD due diligence guidelines that are relevant to our business and supply chain, consistent with the intent of the OECD Guidance.

Our supply chain is complex. There are multiple tiers between our Company and the mines. Also, at times our operating divisions operate independently, and their respective manufacturing locations may have separate supply chains, although they may purchase components and raw materials from some of the same vendors. Accordingly, we rely on our direct suppliers to provide information on the origin of the conflict minerals contained in components which are included in our products.

Some of our direct suppliers are currently unable to confirm the origin information of conflict minerals contained in components which they supply to us. Some of these suppliers need to survey their suppliers which in turn are expected to continue the cascade of reasonable country of origin inquiries and due diligence requirements until all conflict minerals content and smelter or refiner information can be identified. Based on information provided by our suppliers, it is our current understanding that not all of these surveys have been initiated or are complete.

Our Conflict Minerals Compliance Program includes the following key due diligence, risk assessment, and risk mitigation efforts undertaken to date by the Company:

Because the Company does not directly procure conflict minerals from smelters and refiners, we focused our efforts on establishing controls for engaging with our first-tier suppliers to gather information about the smelters and refiners in their own supply chain in order to meet our reporting requirements.

We sent correspondence to our direct suppliers, explaining the Rule, confirming our commitment to comply with the Rule, and communicating our expectations regarding how they can assist us in complying with the Rule.

We designed a customized, web-based survey tool based on the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative Conflict Minerals Reporting Template and conducted a global supply-chain survey with our direct suppliers.

We reviewed responses that we received from our direct suppliers, and we followed up on inconsistent, incomplete, or insufficient responses. Additionally, we sent reminders to suppliers who did not respond to our requests for information.

We added conflict minerals reporting to our standard terms and conditions for our direct suppliers.

We have implemented mandatory annual Conflict Minerals Compliance Program training for all applicable personnel in our purchasing, supply chain, and materials departments.

We adopted our Policy Statement which is publicly available at www.osi-systems.com/about/conflict-minerals-policy. As of the date this Conflict Minerals Report was filed, our Policy Statement read as follows:

We have a responsibility to source materials and supplies responsibly, as well as a duty to comply with the laws concerning conflict minerals.