

## Ace Computers Responsible Minerals Sourcing Report

Ace Computers is concerned that proceeds from the mining, trade and sale of conflict minerals (tin, tantalum, tungsten and gold) are being used to directly or indirectly finance armed conflict and violence in the Democratic Republic of Congo and several adjoining countries (the “DRC Region”). In an effort to curb the violence, a portion of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) required the Securities and Exchange Commission (“SEC”) to issue rules relating to the use of conflict minerals (Gold, Tantalum, Tin and Tungsten) or “3TG” within manufactured products. In August 2012, the SEC issued a final rule implementing the “conflict minerals” disclosure requirements of the Dodd-Frank Act (the “SEC Conflict Minerals Reporting Rule”). If an SEC registrant manufactures (or contracts to manufacture) commercial products containing “3TG” that are necessary to the products’ functionality or production, the Rule requires that company to determine the origin and status of those minerals.

As Ace Computers is not an SEC registrant, we are not subject to the effects of the Dodd-Frank act but we have voluntarily adopted these rules because it is the responsible thing to do and we want nothing to do with firms who are assisting the armed oppressors in the DRC and the affected areas.

Ace Computers supports, respects and upholds the internationally-recognized human rights of all people, including all internal team members and those in our supply chain. Ensuring the responsible sourcing of minerals is also part of this global approach.

Ace Computers manufactures and contracts to manufacture products for which 3TG minerals are necessary to their functionality or production. As a manufacturer of technology products, Ace Computers does not purchase 3TG directly from mines, smelters, or refiners, but does purchase components and materials that may contain 3TG. Therefore, we collaborate with suppliers, industry peers, and other stakeholders to meet our program goals and customer expectations.

As stated in our Responsible Minerals Sourcing Policy, Ace Computers is committed to the responsible sourcing of materials used in our products. With this commitment, in 2019 we initiated the scope of our Conflict Minerals Program and established our Responsible Minerals Program.

In order to determine the RCOI, we had to put together metrics on how this investigation should proceed. To make this determination, downstream companies like ACE must obtain and review sourcing information on the entities reported to provide conflict minerals necessary to functionality or production contained in our products in the form of the 3TG products.

In order to determine these products, we established the following mandatory criteria:

- 1) Ask Direct suppliers (who in turn will ask their suppliers) to provide us with relevant information and report to us the entities who were providing conflict minerals to them or their suppliers;
- 2) Surveying the results of direct and indirect suppliers which will allow us to identify actual suppliers of materials, parts, components or products containing conflict minerals;
- 3) Requiring that 3TG Direct Suppliers use the Responsible Minerals Initiative (“RMI”) Conflict Minerals Reporting Template (the “Template”) to obtain and provide to us information from their supply chains regarding relevant entities and the origin of necessary conflict minerals sourced by these entities;
- 4) Conducting follow-up investigations with 3TG Direct Suppliers with analysis of their submissions compared to these criteria, specifying deficiencies to be corrected in their responses, if necessary, to clarify, update or complete information reported to us so that it meets our expectations;
- 5) Providing useful training and education to support 3TG Direct Suppliers in completing the Template;

- 6) Obtaining acceptable responses from 3TG Direct Suppliers, to represent an estimated 95% of our 2018 spend with such suppliers;
- 7) Reviewing any information on countries of origin or recycled and scrap sourcing available publicly available information from the Responsible Minerals Initiative (RMI) for reported entities;

and the following two optional criteria:

- 8) Potentially joining the RMI ourselves to obtain additional information;
- 9) Potentially engaging with an outside consultant who is an expert in the field to review other publicly available information and to contact reported entities to assist us in determining whether or not reported entities may have sourced from the Covered Countries or may source only conflict minerals from recycled or scrap sources.

As part of our Responsible Minerals Program activities, we also continue to develop our due diligence program for cobalt, and have set have expectations for paint suppliers to take steps for responsible sourcing for the mineral mica.

It is our goal not to purchase product materials containing minerals whose mining and sale directly or indirectly finance armed conflict or contribute to human rights abuses. We remain committed to supporting responsible sourcing from those regions in which specific mining operations may present risk. If we vote with dollars and avoid purchasing products that are not sourced responsibly, the vendors will get the hint and avoid conflict products themselves.

To help us reach our goal, we are monitoring the Responsible Minerals Initiative (RMI) 2. RMI's programs, tools, and guidance documents help companies address responsible sourcing risks for minerals. Many of our raw material suppliers are members of this organization, but not all. Our revised initial supplier list is listed below and they were all sent a request for RCOI for their smelters and refiners:

AMD (Advanced Micro Devices)	LG
ASUSTek Computer (also known as ASUS)	Logitech
Cherry Inc	Microsoft
Cooler Master	nVidia Corporation
EVGA	Opentext
Gigabyte Technology	PNY
HGST,(Now a Western Digital Subsidiary)	Samsung
Hynix	Seagate Technology
Intel	Super Micro Computer
In-Win	Thermaltake
Ingram Micro	Toshiba
Kingston Tech	Western Digital

We are also looking to monitor other multi-stakeholder initiatives working to address issues in responsible mineral sourcing, including the Public/Private Alliance for Responsible Minerals Trade and the Responsible Cobalt Initiative.

Ace aspires to be DRC Conflict-Free and to source responsibly from the Covered Countries through RMAP conformant smelters or refiners. We found that some suppliers either misunderstood how to use RMAP RCOI to determine country of origin, or based their responses to whether they were sourcing from the Covered Countries solely on what their suppliers had reported to them. In these situations, we encouraged suppliers to join RMAP to get accurate data and educated some on using the RMAP data. Suppliers who publish their conflict minerals policy show a commitment to responsible sourcing.

Under our Conflict Minerals Policy, we intend to be “DRC Conflict-Free,” not “DRC-free,” and therefore we support responsible sourcing from the Covered Countries in order to support peaceful economic activity in the region. Thus, we review our suppliers’ conflict minerals policies to assure there is no intent to ban sourcing from the Covered Countries, and provide feedback on improving their policies if necessary. We expect all suppliers to work toward sourcing only from RMAP conformant smelters.

When a supplier reports a smelter that has not been audited we require them to take steps to engage those smelters in RMAP or remove them from their supply chains. Thus, we review our suppliers’ conflict minerals policies to assure there is no intent to ban sourcing from the Covered Countries, and provide feedback on improving their policies if necessary. Suppliers reporting smelters in their supply chain identified by us as presenting higher risk and having low probability of remediation will undergo a deeper assessment.

We intend to require suppliers reporting high-risk smelters to provide information on the sources reporting those smelters, and whether those suppliers were providing material for the products sold to Ace. If the supplier was unable to remove those smelters from our supply chain during the 2019 reporting year, we will require them to provide a smelter removal timeline for 2020. Issues with suppliers not providing this additional information and commitment to remove high-risk smelters will be escalated through procurement staff responsible for the commercial relationships.

In 2019, we are initiating our policies and are maintaining our expectations for suppliers to source only from RMAP conformant smelters and refiners and to take steps to address risks in the 3TG supply chain. As part of these efforts, we will continue to work with and support capability building for our suppliers to help them understand and address areas of risk in their own supply chains.

This document is online at: [https://acecomputers.com/documents/ACE\\_Conflict\\_Minerals\\_Policy.pdf](https://acecomputers.com/documents/ACE_Conflict_Minerals_Policy.pdf)