

RESPONSIBLE MINERALS SOURCING REPORT



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This report is available online at <https://acecomputers.com/company/sustainability/>

Revision History:

| Revision No. | Revision Date | Description | Sections Effected | Revised By | Approved By |
|---------------------|----------------------|--|--------------------------|-------------------|--------------------|
| 1 | 6/22/2020 | Report initially created | All | DD | JS |
| 2 | 7/14/2020 | Added additional responses | EMS/CI | DD | JS |
| 3 | 7/20/2021 | Annual Review, updated 2020 Suppliers information, updated report formatting | All | LH | AR |
| 4 | 8/10/2021 | Added additional responses and information for server supplier Tyan | Supplier List & Summary | LH | AR |

Responsible Minerals Sourcing Report

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INTRODUCTION

3TG Minerals (Tin, Tungsten, Tantalum, and Gold, aka “3TG minerals”) are commonly found in electronic products and have been determined to be necessary for product functionality and production. Unfortunately, the mining, trade, and sale of 3TG minerals have been used directly and indirectly to finance armed conflict and violence in the Democratic Republic of Congo and several adjoining countries (the “DRC Region”). While Ace Computers does not purchase 3TG minerals directly from mines, smelters, or refiners, 3TG minerals can be found and are used in components that Ace Computers purchases for utilization in critical technology solutions. Therefore, Ace Computers is committed to ensuring that 3TG minerals contained in our products are sourced with due respect for Human Rights, the need to avoid contributing to conflict, and the desire to support development through our supply chain practices. At the same time, Ace Computers does not ban the use of 3TG Minerals that originate in conflict- affected and high-risk areas when they are sourced in accordance with existing international standards. Avoiding the sourcing of all 3TG minerals from these areas would cause a de facto embargo with serious adverse impact on the living conditions of local populations. In order to meet our program goals, Ace Computers collaborates with suppliers, industry peers, and stakeholders. Ace Computers has implemented processes to perform our own RCOI (Reasonable Country of Origin) search and due diligence practices to evaluate smelters/refiners used within our supply chain.

Ace Computers Conflict Mineral Policy can be found online at:

<https://acecomputers.com/company/sustainability/>

Conflict Mineral Review Procedure

Annually, Ace Computers will work with suppliers and stakeholders to obtain an exhaustive list of all smelters/refiners that are used in our supply chain. The list of smelters/refiners is compared against the list of independently verified smelters/refiners found to be responsibly sourcing 3TG minerals (i.e., Conflict Free Smelter Program). As necessary, Ace Computers will follow up with our suppliers in the event it has become apparent the use of a nonconformant smelter/refiner is being utilized.

The following procedure outlines the steps that will be taken by Ace Computers to evaluate our suppliers and the use of 3TG minerals within Ace Computers' Supply Chain;

1. Prepare list of applicable suppliers utilized for previous calendar year. This is done through the utilization of Ace Computers' ERP system.
2. Perform online searches of the United States Security and Exchange Commission (SEC) Form SD system for submittal of the Annual Form SD reporting.
 - a. *Note: Publicly traded companies are required to report to the SEC by the end of May of each calendar year.*
3. If a company is not required to report to the SEC or they have not yet done so, an online search of the supplier's public website for information as it relates to Conflict Minerals, for the most recent calendar year will be conducted.
4. If the company does not have any publicly available information Ace Computers' will send out ACE080 3TG Supplier Request Letter, requesting the information be shared.
5. The goal of search/inquiries as noted in # 2, 3, and 4 is to compile an exhaustive list of all smelters/refiners utilized by Ace Computers suppliers.
6. Ace Computers has chosen to use the most recent version of the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template to document and review our smelters/refiners.
7. Once the most exhaustive list possible has been compiled, Ace Computers will then review the list of smelters/refiners against the RMI RMAP conformant smelters and refiners list.
8. If a smelter/refiner on the list is found to be nonconformant or does not currently participate in any third-party verification program, and they are located in a covered conflict region, Ace Computers will take action, working with the supplier to determine an appropriate corrective action.
 - a. *Note: All companies have their own unique set of process and challenges and as such the type of corrective actions may vary on a case-by-case basis, the details of the inquiries and proposed corrective actions will be noted in ACE081 Ace Computers Annual Responsible Sourcing Report.*
9. The results of Ace Computers RCOI and due diligence process will be summarized in ACE081 Ace Computers Annual Responsible Sourcing Report and will be publicly available via Ace Computers website.

Supplier List

Ace Computers supplier list is updated annually and includes suppliers utilized for computers, desktops, laptops, and servers that conform to the EPEAT Standard. All suppliers listed below have been reviewed through Ace Computers Conflict Materials Review Procedure for the most recently completed calendar year (2020).

| Suppliers used for Computers, Desktops, Laptops, and Servers | |
|--|-------------------------------|
| AMD (Advanced Micro Devices) | LG |
| ASUSTek Computer (also known as ASUS) | Logitech |
| Cherry Inc | PNY |
| EVGA | Samsung |
| Gigabyte Technology | Seagate Technology |
| HGST,(Now a Western Digital Subsidiary) | Intel |
| In-Win | Kingston Tech |
| Chenbro Micom Co., Ltd | Team Group |
| Sohoo | Star Tech |
| SanDisk (Western Digital Subsidiary) | ADATA |
| Micron | Shuttle |
| Biostar | WDC (Western Digital Company) |
| Crucial (Micron Subsidiary) | SuperMicro |
| Tyan | |

Summary

Ace Computers has completed the Conflict Mineral Review Procedure, outlined above, for all 2020 suppliers and has compiled Ace Computers Conflict Minerals Reporting Template (CMRT) outlining all Smelters/Refiners utilized during 2020.

The results of Ace Computers review, are as follows:

- 362/406 (89.16%) Smelters/Refiners have been identified on the Responsible Minerals Initiative (RMI) website.
- 44/406 (10.83%) Smelter/Refiners are not currently listed on the RMI website.
 - 2/406 (0.5%) Smelters/Refiners not currently listed on the RMI website are High-Risk Smelters/Refiners.

**Note- High-Risk Smelters/Refiners include Smelters/Refiners found to be nonconformant or do not currently participate in any third-party verification program and are located in a covered conflict region.*

Ace Computers has sent a Supplier Request Letter to the following suppliers to obtain their most recent calendar year list of Smelters/Refiners.

| | |
|---------|----------|
| Biostar | Startech |
|---------|----------|

Ace Computers is waiting on a response from Biostar. Ace Computers is performing follow-up actions, outlined in the next section.

Startech responded to our Supplier Request Letter with an incomplete CMRT for 2020. Startech completed the Declaration portion of the CMRT but did not completed the list of Smelters/Refiners. Startech indicated that this is a new expectation they are working on achieving with their suppliers. Startech also indicated that they do have a general Conflict Minerals Statement and are working towards establishing a DRC conflict free sourcing policy. Ace Computers is performing follow-up actions, outlined in the next section.

Ace Computers has concluded that the following suppliers do not source from any high-risk Smelters/Refiners:

| | |
|---|-------------------------------|
| AMD (Advanced Micro Devices) | LG |
| ASUSTek Computer (also known as ASUS) | Logitech |
| Cherry Inc | PNY |
| Chenbro Micom Co., Ltd | Samsung |
| Gigabyte Technology | Seagate Technology |
| HGST,(Now a Western Digital Subsidiary) | Intel |
| In-Win | Kingston Tech |
| SanDisk (Western Digital Subsidiary) | Shuttle |
| Micron | WDC (Western Digital Company) |
| Crucial (Micron Subsidiary) | ADATA |
| Team Group | EVGA |
| Sohoo PC | Tyan |

Super Micro was found to be the only supplier that sourced from two High-Risk Smelters/Refiners during 2020, which made up 0.5% of Ace Computers total Smelters/Refiners. The two High-Risk Smelters/Refiners are the following:

1. Luna Smelter, Ltd. (Smelter Identification Number CID003387) located in RWANDA
2. African Gold Refinery (Smelter Identification Number CID003185) located in UGANDA

Ace Computers is performing follow-up actions, outlined in the next section.

Follow-up Actions

Biostar

Ace Computers is currently in the process of following up with the above listed suppliers to obtain their most recent calendar year Smelters/Refiners lists. Once this information is received Ace Computers will complete the remaining steps in the Conflict Mineral Review Procedure outlined above and make all findings publicly available through our company website.

Startech

Ace Computers has contacted Startech urging the importance of a Conflict Minerals Policy and Responsible Minerals Sourcing in their supply chain to align with Ace Computers Conflict Mineral Policy. Ace has requested a timeline from Startech on when they intend to have their Conflict Mineral Program and list of Smelters/Refiners completed by. Ace will continue communications with Startech to better understand the scope of their Conflict Minerals program.

Ace Computers is currently performing a due diligence evaluation on our bill of materials for EPEAT registered products. Ace intends to review all EPEAT registered products that utilized Startech products/components and make a determination if Ace should reconsider sourcing from a more direct supplier.

SuperMicro

Due to the expansion of Ace Computer's scope of product as intended to be registered on EPEAT via the server category, as of Rev 4 of this document, it is no longer correct to say that only one product is supplied via Super Micro. Thus, a slight shift in our plan of action to include all EPEAT registered product, or product intended to be EPEAT registered. We will continue to work with SuperMicro to support our effort of conflict free sourcing, in addition to determining if their two high risk suppliers directly impact our supply chain.

Ace Computers has contacted Super Micro and notified them that their Smelters/Refiners list identified two High-Risk Smelters/Refiners and posed the question of what corrective actions SuperMicro currently has in place to mitigate this supply chain risk. SuperMicro indicated that they have reduced their High-Risk Smelters/Refiners from 2019 to 2020 and perform supplier trainings to stress the importance of Responsible Minerals Sourcing to their supply chain. Their next supplier training is scheduled for August/September 2021. Although SuperMicro performs these trainings, they also noted that if they had more leverage with their suppliers that would help mitigate this issue. SuperMicro intends to have zero High-Risk suppliers for the next reporting year of 2021.