



## Conflict Materials Policy Statement

Kele, Inc. supports Section 1502 of the Dodd-Frank Act<sup>1</sup> and its efforts to prevent the sourcing of conflict minerals used to aid the funding of armed groups in the Democratic Republic of the Congo.

Kele distributes over 125,000 products from over 300 vendors, both Branded and Private labeled. As a privately held company many levels removed from the supply chain origin for these products, Kele is not subject to the complete rules or reporting requirements of Section 1502 of the Dodd-Frank Act. However, Kele is committed to acting in a socially and environmentally responsible manner and to working with its customers to supply products that meet the customer's specifications.

1 On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. The Dodd-Frank Act and related 2012 U.S. Securities and Exchange Commission rules require certain companies to disclose whether the products they manufacture or contract to manufacture contain Conflict Minerals necessary for the production or the functionality of the products that are sourced from mines in the Democratic Republic of the Congo or adjoining countries. Conflict Minerals are tantalum, tin, tungsten and gold.

In furtherance of these commitments, Kele sets forth the following policy:

### Policy:

- Kele supports the aims and objectives of the Dodd-Frank Act concerning conflict minerals sourcing.
- Kele will make available this policy and the CMRT Conflict Materials Reporting Template (latest version) stating our due diligence findings and policies.
- Kele expects that all of its current and future manufacturing and supply partners will comply with applicable law, including Section 1502 of the Dodd-Frank Act. This will include the following:
  - **Supplier Requirements:**
    - **All Suppliers to Kele, Inc. shall fill out and return to Kele the CMRT Conflict Materials Reporting Template for their products as requested by Kele, Inc.**
    - Ensure that all materials in their supply chain that are sold to Kele, Inc. do not contain any Conflict Materials that are not DRC Conflict Free.
    - Suppliers shall develop Conflict Materials policies, due diligence frameworks, and management systems that are designed to prevent any Conflict Materials that are not DRC Conflict Free from being included in the products sold to Kele, Inc.

- Cease and desist purchasing from conflict minerals sources; and otherwise refrain from using conflict minerals in the products supplied to Kele.
  - Implement and communicate to their personnel and suppliers policies that are consistent with this Policy, and require their direct and indirect suppliers to do the same.
  - Put in place procedures for the traceability of Conflict Minerals, working with their direct and indirect suppliers as applicable.
  - Use reasonable efforts to source Conflict Minerals from smelters and refiners validated as being DRC Conflict Free, and require their direct and indirect suppliers to do the same.
  - Provide communication in written for to Kele, Inc. of any determination that the supplier either has concluded or has a reasonable basis to believe that products it currently sells or has sold to Kele, Inc. are not DRC Conflict Free.
  - Maintain reviewable business records supporting the source of Conflict Minerals; and At Kele, Inc.'s request, provide Kele, Inc. with information concerning the origin of Conflict Minerals included in products sold to Kele, Inc. As such, Kele, Inc. shall be entitled to use or disclose this information so as to satisfy any legal or regulatory requirements, customer requests, or any marketing communications, notwithstanding the terms of any confidentiality agreements that do not specifically reference this paragraph.
  - Suppliers also are encouraged to support industry efforts to enhance traceability and responsible practices in Conflict Minerals supply chains.
- **Consequences for Supplier Non-compliance:**
  - Kele, Inc. evaluates its relationships with its suppliers on an ongoing basis.
  - Kele, Inc. reserves the right to evaluate the extent to which a supplier has failed to reasonably comply with this Policy.
  - Kele, Inc. reserves the right to request additional documentation from its suppliers regarding the origin of any Conflict Minerals included in any products sold to Kele, Inc.
  - Suppliers who do not reasonably comply with this Policy shall be reviewed by Kele, Inc.'s supply chain organization for future business.
  - In the event Kele, Inc. determines that a supplier's efforts to comply with this Policy have been deficient and the supplier fails to cooperate in developing and implementing reasonable remedial steps, Kele, Inc. reserves the right to take appropriate actions up to and including discontinuing purchases from the supplier.
  - Additionally, nothing in this Policy is intended to in any way grant any additional rights or expectations to a Kele, Inc. supplier or in any way modify or otherwise limit in any way any of Kele, Inc.'s contractual or legal rights.

- **Customer Requests Obligations:**
    - Kele, Inc. has completed the standardized CMRT Conflict Materials Reporting Template and will provide it upon request to our customers.
    - If a Kele, Inc. customer should require additional information not covered by this policy, the CMRT form, or information provided by our employees; the customer must submit the following:
      - A complete parts list of items that have been purchased from Kele, Inc. for which you require information. This list will must have Kele, Inc. part numbers.
      - A contact for all communications and information.
      - Specific details for the “additional information” requested.\*
      - Kele, Inc. will be given 90 days to return requested information unless otherwise agreed upon by Kele, Inc. CMRT administrator and customer.
- \*Kele, Inc. does not guarantee that all “additional information” requests will be fulfilled or completed.

In conclusion, while Kele, Inc., as a down-stream distributor, is not completely able to certify as to the country of origin of the minerals contained in the products manufactured by its suppliers, Kele, Inc. represents that, to the best of its knowledge, the products Kele, Inc. distributes do not contain Conflict Materials and that these materials are DRC Conflict Free. Kele, Inc. fully understands the importance of this issue to its customers and is committed to supply chain initiatives and overall corporate social responsibility and sustainability efforts that work towards a DRC Conflict Free supply chain. We encourage all of our suppliers to likewise support these efforts.

Should you require further information, Kele will be glad to put you in contact with its vendors so you can direct your questions to them.

Sincerely,  
Danny Lyons  
Chief Financial Officer