



CONFLICT MINERALS STATEMENT

SMI takes very seriously the possibility that conflict minerals may find their way into our supply chain. Conflict minerals or conflict metals are defined as gold (Au), tantalum (Ta), tungsten (W), and tin (Sn) sourced from mines in conflict areas controlled by armed groups, including but not limited to the Eastern region of Democratic Republic of Congo (DRC). We understand that the minerals trade has a role in financing the ongoing conflict in the DRC and the associated atrocities and human rights abuses. Accordingly, we support Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to discourage companies from using conflict minerals.

SUPPORTING TRACEABILITY

As with all the assemblies we build, SMI holds its suppliers to the company's high standards of integrity and responsibility. Once the mines associated with armed groups have been identified, suppliers can have a part in stopping the devastating humanitarian crisis by choosing to source from the conflict-free mines.

As such, we ask that suppliers identify the source of their gold, tantalum, tungsten, and tin to the greatest extent possible and use reasonable efforts to supply commodity metals to SMI that are conflict-free. We also ask our suppliers to certify to such a designation if applicable.

BEYOND EMBARGO

Avoidance of sourcing from conflict mines is a very serious issue, but the pressure on smelters and suppliers to certify minerals as DRC conflict-free is creating a de facto embargo on all tin, tantalum, tungsten, and gold exported from the DRC and surrounding region. In order to avoid an adverse impact to African economies, we are encouraging the SEC to adopt transition rules that will allow for construction of the proper infrastructure within the DRC region to trace conflict minerals back to the mines. We are also asking U.S. government officials to help identify the conflict mines, which would then allow certain mines to be certified as conflict-free.

We are also in active dialogue with our suppliers on what can reasonably be done to increase supply chain transparency despite these challenges. As information in the industry becomes more freely available and mine origin more discernible, we will expand our due diligence and tighten our compliance requirements accordingly.

LOCALIZATION

We believe we can have a positive impact on the environment and local communities in which we do business by buying materials close to the facilities where they will be consumed. Localization shortens transportation distances, which in turn reduces fuel consumption and other transportation costs. It also bolsters the economic development in the local community.

Our goal is to achieve localized spending between 85% and 95% of our total direct material and to maintain that status as we grow our production and expand into new regions.

Preventing conflict minerals—like gold, tantalum, tungsten and tin, sourced from armed conflict areas—from reaching our supply chain is a key part of our SSR efforts. Working together with our suppliers, we are establishing practices to assure our end customers that our products and materials are responsibly sourced.

OUR COMMITMENT

SMI strives to have a conflict-free supply chain, and is committed to sourcing products and materials from non-conflict sources. We expect suppliers to have processes in place to trace Conflict Minerals through their supply chain, and provide SMI with assurance that these minerals do not originate from mines within the Democratic Republic of Congo and the surrounding region responsible for the human rights abuses targeted by legislation.

To help further the intended benefits of Section 1502 of The Dodd-Frank Act and promote its intended purpose, SMI will work with suppliers with underdeveloped processes, providing information and guidance in an attempt to increase transparency.