



Hope Industrial Systems, Inc.

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February 27, 2025

In recent years, there has been increasing international attention concerning the extraction, processing and use of “Conflict Minerals” originating from mining operations in the Democratic Republic of the Congo (DRC) and adjoining countries. The trade of conflict minerals may directly or indirectly finance human rights and environmental abuses in the DRC and adjoining countries. In response to such concerns, the United States Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act which requires companies utilizing conflict minerals in their products to disclose the source of such minerals. Such legislation was enacted in an effort to dissuade companies from continuing to engage in mineral trade which directly or indirectly supports regional conflicts.

In recent legislation regarding sourcing of minerals under Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, approved by the U.S. Securities and Exchange Commission (SEC) on August 22, 2012, certain minerals and derivatives were designated as “Conflict Minerals” regardless of where they are sourced. In Section 1502, conflict minerals were defined as the following and their derivatives:

1. Columbite-tantalite (Tantalum Ore)
2. Casserite (Tin Ore)
3. Gold
4. Wolframite (Tungsten Ore)

Certain products manufactured by Hope Industrial Systems do require the use of minerals designated as “Conflict Minerals” that are deemed “necessary to the functionality or production” of the products in question. Since Hope Industrial Systems is not a publicly traded company, we are not required to perform any due diligence obligations. However, as a company, we agree with the Dodd-Frank legislation and have worked with our suppliers to obtain copies of all of their reports to help ensure our compliance towards this legislation. At this time we have not been able to confirm all of the sourcing of metals used in our products since the supply chain is very complex and some of the companies we order from are also privately owned, but we have received greater than 90% of reports from our suppliers.

Hope Industrial Systems continues to work with our suppliers to achieve 100% reporting, however since Hope Industrial Systems purchases finished products instead of the raw minerals we can only rely on the reliable and updated information we receive from our suppliers in order to determine any conflict minerals sourcing. Although seen in our report that some of our minerals do come from the “covered countries” we have been assured from our suppliers that those are sourced responsibly from recognized conflict free smelters worldwide.

If you would like a copy of our conflict minerals report, please email sales@HopeIndustrial.com