

**DISTRIBUTION SOLUTIONS GROUP, INC.**  
*(f/k/a Lawson Products, Inc.)*  
**CORPORATE GOVERNANCE PRINCIPALS**  
**APPROVED MARCH 20, 2017**

**1. Purpose**

These Corporate Governance Principles have been adopted by the Board of Directors (the “Board”) of Distribution Solutions Group, Inc. (the “Company”) and are generally designed to assist the Board in the exercise of its fiduciary duties and responsibilities to the stockholders of the Company.

**2. Role of the Board; Responsibilities of Directors**

The Board’s primary responsibility is to advance the best interests of the Company’s stockholders through the oversight and provision of effective policy guidance with respect to the affairs of the Company. In all actions taken by the Board, each director is expected to exercise his or her business judgment in good faith in what they reasonably believe to be the best interests of the Company and its stockholders. In discharging that obligation, each director may generally rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors. While the Board may rely upon information furnished by management, the Board should be diligent in defining and requesting the information required, from its perspective, to meet its responsibilities. The Board should periodically assess the major risks facing the Company and review options for monitoring and controlling these risks.

**3. Board Size**

The By-Laws of the Company provide that the Board shall consist of such number of members, between five and nine, as the Board determines from time to time. The Board is divided into three classes, with one class being elected each year for a three-year term.

**4. Director Independence**

Subject to applicable statutory and regulatory (including Nasdaq) requirements, the Board shall determine on a case-by-case basis whether or not a director or candidate for election as a director is “independent”.

**5. Service on Other Boards**

Prior to accepting an invitation to serve on another public company board of directors, directors should advise the Chairman of the Board (“Chair” or “Chairman of the Board”) and the Chairman of the Nominating and Corporate Governance Committee. In deciding whether to serve on another public company board, the Board believes that directors should consider the effect on the director’s attendance, participation and effectiveness on the Board.

**6. Director Retirement Policy; No Limit on Terms**

The Company does not believe a fixed retirement age for its directors is appropriate. There is no limit to the number of terms a director may serve.

**7. Change in Employment Status**

Any director who retires from his or her present employment, or who materially changes his or her position, should inform the chairperson of the Nominating and Corporate Governance Committee as soon as reasonably practicable. The Nominating and Corporate Governance Committee shall determine whether directors continue to satisfy the Board's membership criteria in light of changes in their occupational status.

**8. Agenda at Board Meetings**

The Chairman of the Board, in consultation with management of the Company, shall establish the agenda for each meeting of the Board. In addition, directors may suggest topics for the agenda and may raise subjects at Board meetings and executive sessions that are outside the agenda. In advance of each Board meeting, a copy of the proposed agenda and, to the extent feasible or appropriate, information and data that is important to an understanding of the business to be discussed, will be distributed. Each director is requested to review these materials prior to the meeting.

**9. Attendance at Meetings**

The Company expects each director to attend all meetings of the Board and committees on which the director serves, and to attend the annual meeting of stockholders. The Company recognizes that from time to time, extraordinary circumstances may prevent a director from attending each meeting.

**10. Executive Sessions**

The independent directors and the committees of the Board shall regularly meet in executive session without the presence of any management directors or representatives.

**11. Board Access to Senior Management**

The Board shall have full and free access to Company management, recognizing that judgment and discretion are to be observed in such contacts. Each director is encouraged and provided opportunities to talk directly with the Company's management regarding any questions or concerns the director may have.

**12. Board Access to Independent Advisors**

The Board shall have the authority to obtain advice and assistance from independent advisors including, legal, accounting, investment banking, compensation, executive search and other professionals, at the Company's expense. The Board is not required to obtain management's consent to retain outside advisors.

### 13. **Lead Independent Director**

#### Selection and Responsibilities of Lead Director

The Lead Director is elected annually by the independent directors of the Board but is generally expected to serve for more than one year. In selecting the Lead Director, the independent members of the Board consider evolving market, operational, and governance issues facing the Corporation, in addition to the following considerations:

- Relevant Experience. The Lead Director should have strong corporate governance, operating, and leadership experience.
- Chair of Board Committee. It is preferable that the Lead Director has held a position as Chair of a Board Committee, either at the Corporation or another public company to effectively lead the Board, as appropriate, and leverage all Board member capabilities.
- Board Experience and Tenure. The Lead Director should have sufficient tenure so that he or she has deep knowledge of the Corporation's operations, strategy and business to effectively oversee management.
- Relationship with Board members, the Chair, and the Chief Executive Officer ("CEO"). To effectively act as a liaison between management, the Chair, and the independent members of the Board, the Lead Director must have strong integrity and professional credibility with the other directors and management.
- External Commitments. The Lead Director should have the ability to devote the time and effort necessary to serve as an effective leader.

The responsibilities of the Lead Director are reviewed annually in connection with the annual evaluation of the Lead Director's performance. The responsibilities of the Lead Director include:

- presides at all Board meetings at which the Chair is not present and at all executive sessions;
- has authority to call meetings of the independent directors;
- serves as a liaison between the Chair and the independent directors, and between the Chair and CEO if the roles are held by different individuals, when necessary to provide a supplemental channel of communication;
- works with the Chair in developing, and approves, Board meeting agendas, schedules, and information provided to the Board;
- in conjunction with the Chair of the Compensation and Management Development Committee, facilitates and communicates the Board's performance evaluation of the CEO;

- guides the CEO succession process together with the Compensation Committee and with input from the Nominating and Governance Committee (and similarly guides the Chair succession process if the Chair and CEO roles are held by different individuals);
- ensures the implementation of a Committee self-evaluation process; reviews reports from each Committee to the Board; and provides guidance to Committee Chairs, as needed, with respect to Committee topics, issues, and functions;
- facilitates the Board’s self-evaluation process; and
- communicates with significant stockholders and other stakeholders on matters involving broad corporate policies and practices when appropriate.

**14. Director Stock Ownership Guidelines**

The Board may establish stock ownership guidelines for directors.

**15. Review of Corporate Governance Principles**

These Corporate Governance Principles shall be reviewed by the Nominating and Corporate Governance Committee on a periodic basis, but not less than annually, and, to the extent the Nominating and Corporate Governance Committee deems necessary or desirable, shall be updated as appropriate.