

## **Strategic Sourcing Policy**

### **Mineral Supply Chains – North America**

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The Superior Essex Strategic Sourcing Policy pertaining to Mineral Supply Chains System in North America follows The Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance and Annex II Risks framework. This strategic sourcing policy aims to ensure the responsible procurement of minerals, while upholding human rights and preventing the contribution to conflict through purchasing decisions and practices.

The OECD Due Diligence Guidance provides comprehensive recommendations for companies operating in the mineral supply chain, offering a framework to assess and address potential human rights and conflict risks associated with mineral sourcing. Our adherence to this guidance underscores our dedication to ethical practices and sustainability.

Additionally, our dedication to responsible sourcing is evident through adherence to The OECD Annex II Risks, which prioritize risks associated with mineral extraction, trading, handling, and exporting globally, particularly from conflict-affected and high-risk areas (CAHRAs).

The OECD Annex II Risks provide a comprehensive framework for identifying and addressing risks in mineral supply chains. These risks are categorized into three overarching criteria: human rights, conflict, and good governance.

Superior Essex acknowledges the importance of addressing conflict-related risks in mineral supply chains and is dedicated to avoiding the use of minerals sourced from conflict-affected areas.

As a responsible corporate citizen, Superior Essex is committed to continuously improving its Strategic Sourcing Policy for Mineral Supply Chains in North America. The company remains dedicated to upholding the highest standards of ethical conduct and sustainability in its operations.

## **Policy**

### **1. Customer Identification:**

The supplier onboarding process is a documented procedure that is required for every new supplier added to the system before any commercial transaction can take place.

The process has commercial (i.e.: payment terms), KYC (legal identity documentation), and regulatory (CTPAT) components.

The process was officially established on 5/29/2020 by signature of the Global Vice President – Strategic Sourcing.

### **2. Risk Assessment:**

Superior Essex (“SPSX”) assesses the risk of a failure within the SPSX Supplier Code of Conduct as well as commercial concerns via two primary methods:

- **Onsite Supplier Inspections**
  - In the specific case of Copper Suppliers, SPSX team members visit all major suppliers and can verify claims firsthand from suppliers including the vertical integration (mine to cathode or mine to rod) infrastructure. This established infrastructure significantly lowers the risk of

Supplier Code of Conduct failures. Currently, SPSX only maintains copper supply chains with North American suppliers for SPSX North America magnet wire operations.

- **Third-party Risk Assessments**

- SPSX contracts with a third party to engage our most critical suppliers (defined as the top 90% Spend) to collect and validate information related to SPSX supply chain. The third party distributes the Supplier Code of Conduct, conducts public risk hits in the media on a global basis that might indicate a violation of our suppliers, identifies Conflict Affected and High-Risk Areas (CAHRAs) identified through the EU Commission, and provides and evaluates supplier self-assessments for Environmental, Social, and Governance (ESG) metrics.
  - The third party sends reports of the Risk Hits, survey submissions, ESG supplier risks, corrective actions, and other key relevant information to the SPSX team weekly.
  - The third party meets to review the items with the SPSX team biweekly.
  - The SPSX team reviews with the Sustainability Leadership Council on a quarterly basis and validates the threat and if necessary, initiates further actions.
  - SPSX launches a new campaign to suppliers annually in Q1.

### **3. Supplier Due Diligence:**

SPSX utilizes various mechanisms to ensure acknowledgement of the Supplier Code of Conduct.

- Personal Meetings and Communication for signed acknowledgement
- Signed acknowledgement during the set up and /or PO process
- Third-party platform disbursement and acknowledgement

If deemed warranted by the SPSX Sustainability Leadership Council and Responsible Sourcing Subcommittee, potential violations of the Supplier Code of Conduct are referred to the Global Vice President – Strategic Sourcing for further review.

- Potential violations are communicated to the known supplier contacts for an official corporate response
- If the hit is deemed significant and applicable, it is investigated directly (onsite or remote).
- If a violation response from the supplier is deemed inadequate by the Global Vice President – Strategic Sourcing and reviewed by the SPSX Sustainability Leadership Council, a supplier exit strategy will be initiated and, if applicable, referred to SPSX Legal.

### **4. Monitoring Transactions:**

All transactions have multiple points of verification according to the profile determined in the supplier set-up phase. This includes documentation on every delivery, including BOL's and CoA's in certain circumstances.

- In the particular case of copper deliveries, all rail and truck shipments arrive direct from the refineries in sealed cars / trucks.
- If the seal is broken upon arrival, the car is isolated and investigated further.
- This process concretely confirms chain of custody from the source that is vetted in the risk assessment step of the KYC.
- In addition, SPSX contracts with a third-party software platform to establish the time and location shipments enter the transportation phase, follows the shipments enroute and notifies Strategic Sourcing when the shipment has arrived and been received.

- Select SPSX sites are participating in the Copper Mark Chain of Custody Standard. For those sites, incoming and outgoing transactions must be monitored to the Standard for select suppliers and customers in order to check that the copper comes from a Copper Mark site that has achieved the Chain of Custody. A mass balance approach is utilized on an annual timeframe.

#### **5. Record-keeping:**

Maintain accurate and up-to-date records of all customer information, including the results of the customer identification during the supplier onboarding phase as well as risk assessment data and communications with the suppliers.

#### **6. Reporting Suspicious Activities:**

Any violations deemed substantial enough to warrant a supplier exit strategy will be referred to Legal for any further reporting internally or externally to SPSX.

For external grievances, a supplier can communicate via:

- Anonymous Reporting System (found in SPSX *Code of Ethics*)
- Website Contact
- Email, Phone, Mail Communication

#### **7. Internal / External Reporting**

SPSX holds itself accountable to understanding all impacts of our supply chain, both upstream and downstream, and communicate this knowledge internally and externally, when appropriate. SPSX follows the guidance on communication from the Employee Handbook. For applicable Magnet Wire operations, the Stakeholder Engagement Plan is followed for reporting for ESG-related communication.

The company maintains its commitment to transparency and responsible sourcing through the publication of an annual public due diligence report. This report includes a comprehensive risk assessment for Conflict-Affected and High-Risk Areas (CAHRAs) and high-risk suppliers.

The SPSX Public Due Diligence Report provides stakeholders with valuable insights into the company and its commitment to responsible sourcing. It outlines the company's efforts to identify and mitigate risks associated with CAHRAs and high-risk suppliers, ensuring that the minerals used in its products are sourced ethically and sustainably.

The complete report is available on the Essex Furukawa website. SPSX invites stakeholders, customers, and industry peers to review the report and join them in their commitment to responsible mineral sourcing.