

Essex Solutions Inc.
Public Due Diligence Report
Mineral Supply Chains – North America
April 2024

The Essex Solutions *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.

Essex Solutions 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, Essex Solutions 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.

Company

A globally diverse powerhouse in magnet wire technology, Essex Solutions consistently pushes the boundaries of innovation, sustainability, and engineering. We lead these efforts across the globe to foster lasting success for the customers we serve. Built on more than 90 years of expertise, our teams form mutually beneficial relationships with members of the automotive, commercial, residential, industrial, and energy markets to provide the products and services they need to flourish, and in turn, inspire their customers to thrive. From the newest electric vehicles, power transformers, to commercial generators, we produce the wire that powers your connection to the world.

North American Magnet Wire Plants

The Essex Solutions ECOR Metals Processing Center in Columbia City, IN serves as a vital hub for the company's operations, showcasing the commitment to quality, innovation, sustainability, and customer satisfaction. The facility is equipped with cutting-edge technology and advanced machinery. This enables the plant to efficiently process and produce high-quality copper rod used in both Essex Solutions magnet wire products as well as in other wire and cable products produced by other companies across various industries. The Columbia City facility holds ISO 14001 and ISO 9001 certifications.

The Essex Solutions magnet wire plant located in Torreón, Mexico has been in operation since 2000 and plays a vital role in supporting the company's commitment to delivering high-quality products and exceptional customer

service. The plant in Torreón is equipped with cutting-edge technology and advanced manufacturing processes used to meet the growing demand for magnet wire products in various industries, including automotive—especially the xEV market—as well as the energy sector. Torreón holds ISO 14001, ISO 9001, and IATF 16949 certifications.

The Fort Wayne, IN magnet wire plant is located on the North American headquarter campus serves as a key facility for developing best practices in the production and distribution of high-quality magnet wire that serves to a wide range of industries and customers worldwide. With a commitment to excellence, the plant consistently delivers superior products that meet the stringent requirements of various applications, including automotive, energy, industrial, commercial, and residential sectors. The Fort Wayne plant holds ISO 9001 and IATF 16949 certifications.

The Franklin, IN magnet wire plant serves as a vital hub for the production and distribution of high-quality magnet wire, catering to a wide range of industries with a focus on the automotive and energy markets. The plant is equipped with cutting-edge technology and advanced machinery that enables us to meet the growing demand for magnet wire, which is an essential component in various applications such as electric motors, transformers, and automotive systems. Franklin IN holds ISO 9001 and IATF 16949 certifications.

Policy

Essex Solutions and its *Strategic Sourcing Policy for Mineral Supply Chains* follows the OECD Due Diligence Guidance and Annex II Risks Framework. It is a key component of its commitment to responsible sourcing and avoidance of conflict minerals. The policy sets out clear guidelines and expectations for suppliers, emphasizing the importance of compliance with international standards and regulations. By adhering to this policy, Essex Solutions aims to ensure that its mineral supply chains are sustainable, ethical, and socially responsible. The policy serves as a valuable resource for customers, partners, and stakeholders who are interested in understanding the company's approach to responsible sourcing and its commitment to ethical business practices.

The policy is publicly available on the Essex Solutions website: essexsolutions.com/corporate-governance

Company Management Systems

Essex Solutions aims to support the execution of a company-wide minerals due diligence program. By utilizing a comprehensive system, we identify—and address—risks associated with minerals from CAHRAs. Essex Solutions and its partnership with a third party ensures that these risks are effectively managed and mitigated.

One of the key features of the Due Diligence in Mineral Supply Chains System is its ability to identify red flag risks. By leveraging advanced technology and comprehensive data analysis, the system can pinpoint potential risks and provide actionable insights. This empowers the company to make informed decisions and take proactive measures to ensure responsible mineral sourcing.

Essex Solutions understands the importance of prioritizing efforts in specific areas. The system enables us to focus on the top 90% spend in critical sectors such as copper, aluminum, chemicals, tapes, wraps, and packaging. By concentrating resources on these high-priority areas, Essex Solutions can maximize the impact of their conflict minerals program and drive positive change throughout their supply chains.

As part of its supply chain policy, Essex Solutions has structured internal management systems to support supply chain due diligence. The company diligently evaluates risks and implements risk mitigation measures for identified risks. By establishing a system of controls and transparency over the conflict minerals supply chain, Essex Solutions aims to ensure responsible sourcing practices.

To strengthen engagement with relevant suppliers, Essex Solutions expects suppliers to commit to a supply chain policy consistent with Annex II and the due diligence processes recommended by the OECD guidance. The company also seeks to establish long-term relationships with suppliers, enabling better leverage and fostering responsible supply chains.

The company understands the importance of communication in executing its supply chain policy and communicates its expectations to suppliers and incorporates the supply chain policy and due diligence processes into commercial contracts and written agreements. Additionally, Essex Solutions may conduct spot-checks on suppliers and have access to their documentation to ensure compliance.

Essex Solutions is committed to supporting and building the capabilities of its suppliers. The company actively collaborates with local and central governments, international organizations, and civil society to design measurable improvement plans and mitigate risks effectively.

The commitment to responsible mineral supply chains is further exemplified by the establishment of a company grievance mechanism aligned with the UN Guiding Principles. This mechanism ensures that any concerns or grievances related to the supply chain can be addressed promptly and effectively:

The Anonymous Reporting System is publicly accessible from the company's Corporate Governance page and in our *Code of Ethics*: whistleblowerservices.com/spsx

Team

- **Global VP Strategic Sourcing:** This member of senior management is responsible for overseeing and managing all aspects of the company's sourcing strategy on a global scale, including ensuring all suppliers are performing to our *Supplier Code of Conduct* standards. This includes developing and implementing sourcing strategies, identifying and evaluating potential suppliers, negotiating contracts, and ensuring the highest level of quality and cost-effectiveness in the procurement process. They are also tasked with both traditional procurement and a more specialized role in commodity risk management, a pairing that may not always meet in other organizations.
- **General Counsel and Corporate Secretary:** This individual plays a crucial role in ensuring legal compliance and provides strategic legal advice to our organization. They are responsible for overseeing all legal matters, including contracts, regulatory compliance, intellectual property, and corporate governance. They also work closely with senior management to provide guidance on legal issues, risk management, and corporate strategy which requires them to stay up to date with changes in laws and regulations that may affect the company's operations.
- **Quality Team:** Our Quality Management Team is involved in overseeing the entire production process from product development to delivery. This includes implementing and maintaining a robust quality management system that adheres to industry standards and regulations. This team ensures that every product leaving our facility meets the correct specifications and is of the highest quality. This team is also responsible for conducting thorough inspections and audits to identify any potential quality issues. By proactively addressing issues, this team prevents any non-conformities from reaching our customers, ultimately safeguarding our reputation for delivering the highest quality products. They also collaborate closely with cross-functional teams, including production, engineering, and sales, to ensure a seamless flow of information.

- **Plant Manager:** As the leader of all plant operations and activities, the plant manager serves as a representative of the company and a liaison with the surrounding community local stakeholders. Their role is crucial in maintaining a positive relationship with the community and addressing any concerns or issues that may arise. By actively engaging with stakeholders, the Plant Manager helps build trust and transparency, ensuring the community's needs are met.
- **Director of Environmental Health & Safety:** This individual is responsible for maintaining a safe working environment and ensuring compliance with environmental regulations. They are crucial in communicating with relevant parties to obtain necessary permits and approvals. By actively engaging with stakeholders, he ensures that the plant operates in an environmentally responsible manner, safeguarding the well-being of both employees and the community.
- **Corporate Sustainability:** This shared services member plays a vital role in overseeing corporate level engagement and partnerships with non-governmental organizations (NGOs). They are largely responsible for reporting on sustainability initiatives to internal and external stakeholders and ensuring the company's commitment to environmental and social responsibility. This individual is a vital liaison that must also communicate with the Sustainability Leadership Council (SLC) on all things that affect our business, in relation to sustainability efforts globally.
- **Third-Party:** We have contracted with a third party to engage our most critical suppliers to collect and validate this information related to our supply chain. With the support of this team of regulatory subject matter experts, we can manage all stages of regulatory compliance, from data acquisition to report declaration.

Internal Communication

Teams meet consistently to ensure proper communication of policies and procedures related to the Strategic Sourcing Policy.

- **Sustainability Leadership Council (SLC):** The SLC was created in 2021 to further advance the initiatives of Essex Solutions' Vision 2030. The SLC includes key stakeholders from across the organization, selected to offer well-rounded but differing perspectives on the business. The group meets regularly to provide insights from internal and external communications as well as make suggestions regarding the future of our holistic sustainability efforts. The goal of the SLC is to ensure that *Vision 2030* is ever-present in our decision making.
- **Sustainability Business Review (MBR):** It's a priority that executive leadership keep informed and engaged regarding our ongoing sustainability program. To meet this expectation, the sustainability team regularly meets with the executive leadership group to share goal progress, challenges, as well as plans on the global and regional scale. This forum is also an opportunity to share expectations of external stakeholders. Additionally, it allows us to discuss and strategize regarding our company's sustainability policies to ensure they align with the needs of all internal and external stakeholders in a rapidly changing environmental space.
- **Responsible Sourcing Subcommittee:** As part of reducing our environmental impact, this subcommittee seeks to better understand the role that our supply chain plays in accomplishing *Vision 2030* goals. It aims to reduce that impact by ensuring purchasing decisions are made in a responsible manner that considers the impact on the environment, and the community as well as ensuring quality and cost controls. Led by the Global VP of Strategic Sourcing, this subcommittee also includes the Corporate Commodity Manager among its members. The committee reports on the mapping of our supply chain,

offers information on practices and performance, as well as investigates potential risks, opportunities for improvement, and information gaps in data.

Risk Assessment

Identify and Assess Risks

Essex Solutions has taken proactive measures to identify, assess, and avoid the possibility of purchasing minerals that have been sourced, transported, or traded in ways that provide funds to non-state armed groups. These groups, in turn, may utilize these funds to commit human rights abuses.

This report highlights the importance of identifying and mitigating serious abuses linked to the extraction, transport, or trade of minerals. Essex Solutions recognizes the significance of avoiding any direct or indirect support to non-state armed groups, as well as public or private security forces. The company firmly condemns bribery and fraudulent misrepresentation of mineral origins, along with any involvement in money laundering activities.

Furthermore, the company emphasizes its dedication to its suppliers fulfilling its tax obligations and paying all necessary fees and royalties to governments. By doing so, the company ensures that its supply chain operates ethically and contributes to the development of the communities in which it operates. As a responsible corporate citizen, Essex Solutions understands the importance of transparency and accountability in mineral supply chains. The Public Due Diligence Report serves as a testament to the company's commitment to upholding the highest standards of integrity and ethical conduct.

The company's actions include identifying "to the best of their efforts" the source of origin smelters or refiners (SORs) within their supply chain and engaging with them to gather information about the country of mineral origin, transit, and transportation routes used. Essex Solutions also assesses whether SORs have conducted due diligence for responsible supply chains of minerals from CAHRAs. In cases where necessary, the company participates in industry programs and conducts joint spot checks at the SORs' own facilities.

The below resources are used to determine the CAHRAs:

- **Third-Party:** As part of its due diligence process, Essex Solutions collaborates with third-party organization to identify CAHRAs that may be present in its supply chains. The third party reports the CAHRAs that apply to the company's operations in biweekly meetings. This valuable partnership, combined with the Human Trafficking and Slavery self-assessment module, allows suppliers to respond effectively to potential risks and ensure compliance with international standards. This third party uses the European Commission CAHRA List for determining countries.
- **European Commission CAHRA List:** The EU Commission's CAHRA list plays a crucial role in ensuring responsible sourcing practices within the mineral supply chains. The list is under regulation (EU) 2017/821. Essex Solutions reviewed the latest CAHRA list in January 2024.

To ensure a thorough assessment, Essex Solutions follows a step-by-step approach. This includes identifying relevant or highest priority first-tier suppliers, requesting information from them, reviewing the provided information, and comparing the identified SORs to assess potential risks.

By implementing this robust Due Diligence in Mineral Supply Chains System, Essex Solutions demonstrates its commitment to responsible sourcing and ethical business practices. The company aims to set a benchmark for the industry, promoting transparency and accountability throughout the mineral supply chain.

Currently, Essex Solutions North America magnet wire operations only maintain copper supply chains with North American suppliers, with the majority coming from Copper Mark certified locations.

Identified Risks

- **Columbia City, Indiana, USA:** there were no risks identified
- **Torreón, Coahuila, Mexico:** there were no risks identified
- **Fort Wayne, Indiana, USA:** there were no risks identified
- **Franklin, Indiana, USA:** there were no risks identified

Respond to and Manage Risks

Essex Solutions has designed and executed a strategy that effectively responds to and mitigates potential risks associated with mineral origin and transit. The company has adopted a proactive stance by identifying and evaluating potential risks. By doing so, Essex Solutions is able to prevent or mitigate any adverse impacts that may arise. This diligent process ensures that we maintain the highest standards of integrity and transparency throughout its supply chains.

The risk management strategy includes a thorough evaluation and response to identified risks. The company has established robust protocols to address red flag locations of mineral origin and transit. These red flags include minerals originating from or passing through CAHRAs. Additionally, Essex Solutions scrutinizes minerals claimed to originate from countries with limited known reserves or expected production levels, ensuring that declared volumes align with the country's resources.

In the event of supplier red flags, Essex Solutions promptly reports its findings to designated senior management. This ensures that key decision-makers are informed and can take appropriate action.

To effectively mitigate risks, the company has adopted a risk management plan that includes various measures. These measures encompass risk hits, corrective actions, and thorough investigations based on identified risks. The company engages in conversations, conducts site visits, and implements our KYC (Know Your Counterparty) protocols to gather essential information and assess potential risks.

Furthermore, Essex Solutions diligently monitors and tracks the performance of risk mitigation efforts. Regular reporting to designated senior management ensures transparency and accountability. In cases where attempts at mitigation fail, the company considers suspending or discontinuing engagement with the supplier.

Audit

When applicable, our comprehensive audit procedure is a key component of the company's commitment to responsible sourcing. As part of due diligence efforts, Essex Solutions conducts independent third-party audits on the SORs within its supply chain. Additionally, the company actively participates in industry programs that rigorously audit SORs' due diligence practices.

The audit process revealed that this section of the report is only applicable to the Columbia City and Torreón plants. It has been identified that there are no high-risk suppliers for these sites. This is primarily due to the fact that these plants receive copper cathode or copper rod directly from low-risk copper suppliers in North America.

To further strengthen its audit process, Essex Solutions collaborates with a trusted third-party to conduct thorough assessments. These assessments are paired with onsite visits when applicable and necessary, allowing for a comprehensive evaluation of the SORs' practices. By engaging with the third party and conducting these audits, the company demonstrates its commitment to transparency and accountability throughout its supply chain.

This audit procedure serves as a testament to the company's dedication to responsible mineral sourcing. By conducting independent third-party audits and participating in industry programs, the company ensures that its supply chain adheres to the highest standards of ethical and responsible practices. Through its robust audit 7

April 2024 superioressex.com procedure, Essex Solutions continues to set an example for the industry, promoting transparency and sustainability in mineral supply chains.

Public Report

Essex Solutions has pledged to report annually on its supply chain due diligence for minerals from CAHRAs through the *Essex Solutions Public Due Diligence Report, Mineral Supply Chains – North America*. This comprehensive report includes vital information on the company's management system, risk assessment, and the process used to identify significant risks in the supply chain. Additionally, the report outlines the company's due diligence practices and its risk management system, providing a clear overview of the steps taken to manage risks effectively.

Essex Solutions acknowledges the importance of understanding the impacts of its supply chain, both upstream and downstream. The company is dedicated to communicating this knowledge internally and externally, in accordance with the guidance outlined in its Employee Handbook. For our magnet wire operations, Essex Solutions adheres to the Stakeholder Engagement Plan, ensuring comprehensive reporting on Environmental, Social, and Governance (ESG) matters.

By enhancing public reporting and following rigorous due diligence practices, the company aims to set a benchmark for responsible sourcing in the industry.

Summary

Essex Solutions currently maintains copper supply chains for its North America magnet wire operations exclusively with North American suppliers. This strategic decision ensures that the company can closely monitor and verify the origin of its raw materials, minimizing the risk of unethical practices or human rights violations.

In line with its responsible sourcing practices, Essex Solutions has made it clear that it will not source from CAHRAs. This decision reinforces the company's commitment to avoiding any association with regions where mineral extraction may contribute to armed conflict, human rights abuses, or environmental degradation.

Our Public Due Diligence Report also emphasizes the company's alignment with the OECD guidance. By adhering to these internationally recognized guidelines, Essex Solutions ensures that its mineral supply chains are free from any connection to illegal activities or unethical practices.

Furthermore, the report highlights that no significant risks were identified at any of our four North American sites. This achievement underscores the company's dedication to maintaining a safe and responsible working environment for its employees while upholding the highest standards of quality and compliance.