



RESPONSIBLE SOURCING POLICY

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1. PURPOSE

MX Holdings and its subsidiaries (collectively, “MXH” or the “Company”) are committed to conducting business with integrity and to sourcing materials and services in a manner that respects human rights, protects the environment, and promotes ethical business conduct throughout the supply chain. This Responsible Sourcing Policy establishes the Company’s framework for managing supply chain risks, conducting due diligence, and promoting responsible practices among suppliers.

This Policy is intended to operate in conjunction with the MXH Supplier Code of Conduct and is integrated into procurement and supplier management processes. It is designed to support a risk-based and systems-oriented approach to responsible sourcing, including supplier oversight, due diligence, traceability, conflict-affected and high-risk area review, grievance mechanisms, audit readiness, and continuous improvement.

2. SCOPE

This Policy applies to all procurement activities conducted by MXH and governs the sourcing of all goods and services, including raw materials, semi-finished and finished products, packaging, components, and services procured globally. The Policy applies to all direct and indirect suppliers and extends, where appropriate, to upstream supply chains, subcontractors, agents, and other business partners that contribute to products or services provided to MXH.

3. GOVERNANCE AND ACCOUNTABILITY

MXH maintains a cross-functional governance structure to support responsible sourcing practices. Responsibility for implementation and oversight is shared across Procurement, Legal, Environmental Health and Safety, Sustainability, and other functions, as applicable. Procurement is responsible for integrating responsible sourcing requirements into supplier selection, onboarding, contracting, and ongoing supplier management processes and for supporting supply chain risk identification, screening, monitoring, and enforcement actions.

Management oversight is supported by documented policies, procedures, escalation pathways, and periodic review of sourcing risks and supplier performance. MXH expects responsible sourcing considerations to be incorporated into procurement decision-making and supplier engagement throughout the supplier life cycle.

4. RESPONSIBLE SOURCING COMMITMENT

MXH is committed to sourcing materials and services in a manner aligned with internationally recognized principles relating to human rights, environmental protection, labor rights, ethical conduct, and responsible business management. Suppliers are expected to comply with applicable laws and maintain responsible labor practices, environmental management standards, and business integrity controls, and to communicate similar expectations throughout their own supply chains.

MXH does not regard responsible sourcing as a one-time certification exercise or document-only requirement. Rather, the Company expects suppliers to maintain management systems and evidence capable of demonstrating that risks are identified, assessed, managed, and remediated where necessary.

MXH applies a risk-based approach to environmental and sustainability expectations. Supplier requirements may be scaled based on risk, environmental impact, and operational significance, including baseline compliance expectations for all suppliers and enhanced data reporting, target-setting, and performance monitoring requirements for higher-risk or higher-impact suppliers.

5. RISK-BASED DUE DILIGENCE

MXH applies a risk-based approach to supply chain due diligence. Risks are evaluated based on geographic location, supplier profile, industry sector, material type, labor profile, environmental exposure, and supply chain complexity. Suppliers are categorized according to risk level, and due diligence is proportionate to the nature, likelihood, and severity of identified risks.

Suppliers may be required to complete assessments and provide supporting documentation, including policies, certifications, disclosures, supply chain information, and records demonstrating management of human rights, environmental, and ethical business risks. Where higher risks are identified, enhanced measures may be implemented, including additional documentation review, management engagement, monitoring, corrective action plans, or verification activities.

MXH maintains a Supplier Risk Due Diligence Framework to support consistent, documented, and proportionate supplier risk review. The framework guides supplier scope screening, initial risk categorization, due diligence expectations, escalation, monitoring, and reassessment at a high level, while allowing the Company to scale the depth of review based on relevant risk factors such as geography, supplier type, supply chain position, certification status, spend or operational criticality, transparency, and changes in risk conditions.

6. CONFLICT-AFFECTED AND HIGH-RISK SOURCING

MXH applies enhanced due diligence to sourcing associated with conflict-affected and high-risk areas. Suppliers are expected to identify the origin of relevant materials, assess risks connected to geographic exposure, governance conditions, conflict financing, and human rights concerns, and implement effective controls to mitigate those risks.

MXH does not knowingly source materials that contribute to armed conflict, serious human rights abuses, unlawful activity, or other severe adverse impacts. Where risks are identified and cannot be adequately mitigated, MXH may require corrective actions, suspend new business, or terminate the supplier relationship, depending on the severity of the issue and the supplier's willingness and ability to address it.

7. SUPPLY CHAIN TRANSPARENCY AND TRACEABILITY

MXH promotes transparency and traceability in its supply chain in order to strengthen sourcing risk management. Suppliers are expected to maintain records regarding material origins and relevant upstream sources and to support traceability to the country of origin and other source information where feasible and reasonably available.

Suppliers shall provide such information upon request, subject to applicable confidentiality obligations. MXH recognizes that traceability capabilities may vary across supply chains and therefore prioritizes traceability efforts based on risk, material relevance, and supplier maturity, while working to improve visibility over time.

8. SUPPLIER ENGAGEMENT AND MANAGEMENT

All suppliers are expected to comply with the MXH Supplier Code of Conduct and this Policy. MXH monitors supplier performance through ongoing engagement, risk-based reviews, periodic reassessments, and requests for documentation or other evidence of compliance. Where gaps or non-conformances are identified, suppliers may be required to implement corrective action plans with defined timelines, accountability measures, and follow-up verification.

MXH seeks to engage suppliers as partners in continuous improvement. Where appropriate, the Company may work with suppliers to improve risk controls, management systems, traceability, and overall responsible sourcing capability.

9. GRIEVANCE MECHANISMS

MXH maintains mechanisms through which employees, suppliers, workers, and other stakeholders may raise concerns related to responsible sourcing. These mechanisms are intended to be accessible, confidential, and non-retaliatory. The Company prohibits retaliation against any person who raises a concern in good faith.

Suppliers, workers, contractors, customers, community members, and other stakeholders may report grievances or concerns related to this Policy, the Supplier Code of Conduct, responsible sourcing, human rights, environmental, ethical, or responsible business conduct matters through the Pennex Sustainability webpage: <https://www.pennex.com/how-we-work/sustainability>.

These mechanisms are supported by cross-functional functions, including Human Resources, and may be integrated with broader Company grievance and ethics programs.

Suppliers are expected to maintain similar grievance mechanisms within their own operations and to ensure that issues raised by workers or stakeholders are appropriately investigated, addressed, and remediated where necessary.

10. MANAGEMENT SYSTEMS AND CONTINUOUS IMPROVEMENT

Suppliers are expected to maintain management systems appropriate to the size and nature of their operations. Such systems should include policies, clearly defined responsibilities, training, monitoring, reporting, corrective action processes, and continuous improvement practices designed to support compliance with responsible sourcing expectations.

MXH recognizes that supplier systems evolve over time and supports progressive improvement. The Company expects suppliers to respond to changing requirements, emerging risks, and reasonable requests intended to improve performance and transparency.

11. DOCUMENTATION AND RECORDKEEPING

Suppliers must maintain records demonstrating compliance with this Policy, including risk assessments, training and communication records, supplier due diligence information, grievance records, corrective action documentation, and traceability information where applicable. Such records shall be retained appropriately and made available to MXH upon request, subject to confidentiality considerations.

12. AUDIT AND VERIFICATION

MXH reserves the right to conduct audits, reviews, assessments, or other verification activities, either directly or through third parties, to evaluate supplier compliance with this Policy. Such activities will be conducted on a risk-based basis and in a manner proportionate to the supplier's risk profile and the nature of the products or services provided.

12A. OECD-ALIGNED VALIDATION AND REPORTING

MXH maintains a structured approach to validation and reporting aligned with OECD Due Diligence Guidance Steps 4 and 5.

- **Validation and Verification:** MXH may validate supplier-provided information through document reviews, third-party audits, site assessments, certifications, or other verification mechanisms deemed appropriate based on risk level.
- **Audit Evidence:** Suppliers shall provide documentation sufficient to demonstrate compliance, which may include policies, procedures, risk assessments, traceability data, corrective action documentation, and relevant certifications.
- **Annual Reporting:** MXH shall maintain internal documentation summarizing responsible sourcing activities, risk assessments, due diligence outcomes, and corrective actions. Where appropriate, suppliers may be required to provide periodic or annual updates supporting this process.
- **Continuous Improvement:** Validation outcomes shall be used to inform supplier engagement, corrective action requirements, and continuous improvement initiatives across the supply chain.

13. ENFORCEMENT

Failure to comply with this Policy may result in corrective action requirements, suspension of new business, or termination of the supplier relationship, depending on the severity of the issue, the risks involved, and the supplier's willingness and ability to address identified concerns.

14. REVIEW AND UPDATES

MXH will periodically review and update this Policy to reflect changes in regulatory requirements, evolving industry practices, internal risk assessments, and new information regarding supply chain risks or responsible sourcing expectations.

In addition to periodic review, the Policy shall be subject to trigger-based review upon the occurrence of:

- Material ESG risk changes within the supply chain;
- Identified control gaps or deficiencies in due diligence or supplier management systems;
- Significant sourcing shifts, geographic exposure changes, or supply chain disruptions;
- Substantiated grievances or compliance incidents.

All such reviews shall be documented and incorporated into the Responsible Sourcing Framework to support continuous improvement and audit readiness.

APPENDIX A - RESPONSIBLE SOURCING FRAMEWORK

A1. OVERVIEW OF FRAMEWORK

This Responsible Sourcing Framework establishes the structured approach through which MXH implements, monitors, and continuously improves its responsible sourcing practices. The Framework operationalizes the principles of the Responsible Sourcing Policy and Supplier Code of Conduct by aligning governance, risk assessment, supplier due diligence, transparency, corrective action, and verification activities across the organization.

The Framework is intended to support a risk-based and systems-oriented approach to sourcing oversight and to provide an auditable structure for demonstrating how sourcing risks are identified, evaluated, managed, and documented.

A2. GOVERNANCE AND MANAGEMENT SYSTEMS

MXH maintains a management system approach to responsible sourcing that includes defined roles, responsibilities, review mechanisms, and escalation pathways. Responsibility for implementation is shared across Procurement, Legal, Environmental Health and Safety, Sustainability, and other relevant business functions.

This governance approach is supported by documented policies, procedures, controls, and records intended to ensure consistency, accountability, and continuous improvement in sourcing practices.

A3. RISK IDENTIFICATION AND ASSESSMENT

MXH applies a structured methodology to identify and assess supply chain risks. Risk identification includes consideration of geographic factors, commodity and material type, supplier characteristics, labor profile, sector exposure, and supply chain complexity. Suppliers are assessed and grouped into risk tiers to support proportionate due diligence and monitoring.

The Responsible Sourcing Framework incorporates the Supplier Risk Due Diligence Framework at a high level by using defined risk indicators and risk tiers to determine when standard due diligence, enhanced due diligence, escalation, corrective action, or reassessment may be appropriate.

A4. HUMAN RIGHTS DUE DILIGENCE PROCESS

MXH implements a due diligence process designed to identify, prevent, mitigate, and remediate potential and actual adverse impacts related to human rights. This process includes ongoing assessment of supplier and supply chain risks, particularly where risks are more likely to occur because of geography, labor profile, or supply chain characteristics.

Where risks are identified, MXH works with suppliers to require and monitor corrective actions. The due diligence approach is continuous and proportionate rather than a one-time compliance exercise.

A5. CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRA) APPROACH

MXH applies enhanced due diligence measures to sourcing activities that may involve conflict-affected and high-risk areas. Suppliers in scope are expected to provide information regarding material origin and to demonstrate that reasonable controls are in place to identify and mitigate risks related to conflict financing, human rights abuses, and governance challenges.

Where heightened risks are identified, MXH may require additional information, verification, mitigation actions, or reassessment of the sourcing relationship.

A6. SUPPLY CHAIN TRANSPARENCY AND TRACEABILITY

MXH promotes increasing levels of transparency and traceability within its supply chain to support effective risk management. Traceability efforts are prioritized based on risk and material relevance, with an emphasis on improving visibility and data quality over time.

A7. SUPPLIER ENGAGEMENT AND CORRECTIVE ACTION

MXH engages suppliers as partners in the implementation of responsible sourcing practices. Where non-conformances or risks are identified, suppliers are required to develop and implement corrective action plans with defined actions, timelines, and accountability measures. Progress may be tracked through follow-up documentation, engagement, and verification.

A8. GRIEVANCE MECHANISMS AND REMEDIATION

MXH maintains mechanisms through which employees, suppliers, workers, and other stakeholders may raise concerns related to responsible sourcing. Concerns are intended to be reviewed and addressed through investigation, corrective action, or remediation as appropriate. Suppliers are expected to maintain comparable mechanisms within their own operations.

Reports may be submitted through the Pennex Sustainability webpage: <https://www.pennex.com/how-we-work/sustainability>. The mechanism is intended to be accessible, confidential, and non-retaliatory.

A9. MONITORING, AUDIT, AND VERIFICATION

MXH uses monitoring and verification activities to assess implementation and effectiveness of responsible sourcing practices. These activities may include supplier reviews, documentation assessments, and audits performed by MXH or third parties and are conducted on a risk-based basis.

A10. DOCUMENTATION AND RECORDKEEPING

MXH maintains documentation sufficient to demonstrate implementation and effectiveness of the Responsible Sourcing Framework. Suppliers are likewise expected to retain records that support due diligence, corrective action, transparency, and compliance activities and to provide them upon request, subject to confidentiality obligations.

A11. CONTINUOUS IMPROVEMENT

MXH recognizes that responsible sourcing is an evolving process and is committed to periodic review and continuous improvement of its framework, policies, procedures, and supplier engagement practices.