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Phoenix Contact Development and Manufacturing Inc.

Forced Labor Policy

Overview of Key Terms Involving Forced Labor

Phoenix Contact Development and Manufacturing Inc. ("PCDM" or "the Company") is committed to compliance with all US import laws and regulations, including the prohibition against importing goods produced or manufactured wholly or in part by forced labor. Failure to exercise reasonable care or to comply with the forced labor import prohibitions may result in US Customs and Border Protection's ("CBP") detention or seizure of merchandise imported by PCDM. This can jeopardize PCDM's ability to import and sell our products in the US, interrupt our supply chain, and harm our reputation. The US Justice Department recently announced that it intends to both broaden and strengthen the U.S. government's criminal enforcement efforts in investigating and prosecuting corporations that benefit financially from forced labor in the supply chain under the Trafficking Victims Protection Act (TVPA). While there is a much higher standard for charging importers and their staff with criminal forced labor violations, this policy does indicate the seriousness with which the Administration views forced labor violations in the supply chain. Thus, compliance with the various forced labor import prohibitions is essential to our corporate reputation and success.

The term "produced or manufactured by forced labor" covers the following variants of "forced labor" which yield products prohibited by law from entry into the United States:

Forced labor – Broadly defined by federal law as "All work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself (or herself) voluntarily." 19 U.S.C. §1307. Recognized indicators of forced labor include slavery, restrictions on movement, debt bondage, retention of identity documents, intimidation and threats, abusive working and living conditions, and withholding of wages.

Child labor –Under the International Labor Organization ("ILO") Convention on the Minimum Age, child labor is any employment or work performed below the age of 15 years of age (13 for light work). The minimum age for any type of employment or work which is considered "hazardous" shall not be less than 18 years, with a lesser age of 16 for such work performed under certain strict conditions. A subset of child labor, *indentured labor* is defined as work or service performed pursuant to a contract, the enforcement of which can be accomplished by process or penalties.

Imports from Xinjiang Province – Under the Uyghur Forced Labor Protection Act ("UFLPA"), which became effective in June 2022, products originating, in whole or in part, from China's northwest province of Xinjiang are presumed to have been made with forced labor of the imprisoned Uyghur minority. As a result, the burden is on the US importer to prove to the satisfaction of Customs that they were not. A new UFLPA Entity List identifies Xinjiang entities that produce, mine or manufacture goods with forced labor as well as other entities in China that source material from Xinjiang. Products such as polyvinyl chloride, cotton, tomatoes, and aluminum and items derived from them are on the current "target" list maintained by CBP.

North Korean labor – The North Korean government has sought to evade trade embargoes and financial sanctions by hiring out its citizens as forced labor to third country manufacturing

facilities. The wages of the North Korean laborers ae then paid to the Pyongyang government, thereby earning it badly needed foreign exchange which would otherwise be blocked to it. The Countering America's Adversaries through Sanctions Act (CAATSA), enacted in 2017, mandates that "any significant goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part by the labor of North Korean nationals or citizens" is prohibited from entry into the United States "unless CBP finds through clear and convincing evidence that the merchandise was not produced with a form of prohibited labor."

Convict labor – the importation of any goods manufactured or produced by convict labor is prohibited by 19 U.S.C. §1307.

STATEMENT OF KEY PCDM POLICIES AND PROCEDURES

PCDM strictly prohibits the use of forced labor in its international supply chain. It is PCDM's policy not to enter into a business relationship with any supplier that uses or is suspected of using any form of forced labor at any stage of the production process or at any point in its own supply chain. The Company continuously assesses the risk of labor abuses in its supply chain and undertakes due diligence to ensure that its supply chain is free of any of the types of forced labor described in this policy. The Company is empowered to unilaterally and immediately terminate its commercial relationship with any supplier when it has determined that the supplier, its subcontractors or business affiliates have utilized forced labor. Thus, if PCDM suspects that a supplier or any of the supplier's subcontractors or other business partners are using forced labor of any of the types described in this policy, it will immediately commence an investigation and suspend doing business with that supplier until the issues are resolved. The investigation can take the form of issuing a verification questionnaire to the supplier, contracting with a private investigative agency or labor certification group in the country of manufacture, and/or seeking assistance from the US trade officials assigned to that country. If PCDM determines that the supplier, its subcontractors or other business partners are in fact using any of these types of forced labor, it shall promptly terminate any commercial relationship with that entity.

As part of PCDM's forced labor compliance program, it is the Company's policy to:

- PCDM shall vet new suppliers through questions provided by the Company's documentation along with guarantees provided by Supplier in the contractual terms and conditions.
- Screen our prospective purchases against U.S. Department of Labor (DOL) lists of products and source countries that the DOL has reason to believe pose a risk of forced labor and against US State Department lists of industries and countries at heightened risk for the use of North Korean labor. The PCDM Group corporate database should be sufficient for conducting screening once it is verified that it contains and updates the Uyghur Entity List that is continually updated by US CBP.
- Require our suppliers to agree to adhere to PCDM's Standard Operating Procedure governing forced labor imports ("PCDM's Forced Labor SOP") which requires our suppliers to:
    - Promptly report to PCDM any violation of our company's Forced Labor SOP or of supplier contract provisions against the use of forced labor that the supplier becomes aware of, including the use of any of the types of forced labor specified in this policy at any point in the latter's own supply chain.

- PCDM has the right to conduct periodic audits of our suppliers' operations, to be performed by Company personnel, third-party auditors under contract to PCDM, or both at the sole choice of PCDM.
- Include terms and conditions in our contracts and purchase orders that incorporate the provisions stated in the Terms and Conditions, including to:

  - prohibit our suppliers from using any form of forced labor, including in their own supply chains;

  - require our suppliers to certify that merchandise sold to us was not produced or manufactured by forced labor.

PCDM senior management is fully committed to ensuring that the Company sources its imported merchandise in compliance with all laws. In furtherance of this goal, PCDM will provide training materials such as taped instructor presentations on US forced labor requirements and the need for foreign suppliers to comply with them.

Implementation and Updating of Policy

PCDM's Strategic Purchasing Team, with support from our outside trade counsel and General Legal Counsel, Finance Department, and Trade Compliance Team, have primary responsibility for maintaining, implementing and updating this policy to incorporate changes to US law including the regulations and policies of the U.S. Customs & Border Protection Agency. In conjunction with the Trade Compliance Team, the Trade Counsel will review the effectiveness of these procedures on an annual basis and will recommend any changes that are advisable.

Training

PCDM will ensure that all Company employees with responsibilities relating to the supply chain, including the acquisition and importation of merchandise from foreign suppliers, receive sufficient training to carry out this policy and ensure that the Company does not knowingly purchase or import any merchandise made wholly or in part by forced labor. Personnel receiving this training will include, but are not necessarily limited to, employees in our Purchasing and Finance Departments, as well as members of the Trade Compliance Team. This training may be provided in-person or via PCDM's intranet to ensure basic familiarity of its employees involved in merchandise acquisition and importation with US forced labor requirements.

Employee Responsibilities

It is the responsibility of all Company employees to immediately report any allegations regarding the possible use of forced labor in the Company's supply chain by either contacting the PCDM Legal Counsel or PCDM Trade Compliance.

Any employee who becomes aware of any governmental inquiry or investigation regarding the possible use of forced labor in the Company's supply chain shall immediately notify the PCDM Legal Counsel.

Questions Concerning the Policy

Any questions concerning the Company's policy on forced labor should be directed to PCDM Legal Counsel.