



# Sustainability report 2024

Phoenix Contact





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# Foreword

Phoenix Contact operates as a family business with a long-term perspective and is therefore focused on long-term goals. We are on the right path and are making our contribution to a sustainable world – primarily with solutions for electrification, networking, and automation. Power generation and the use of power are among the most pressing considerations when it comes to stopping global warming. However, the necessary transformation will not succeed without the electrification of all sectors and coupling them together.

As a company, it is our aim to set a good example through comprehensive sustainability measures and to meet all regulatory requirements. We are starting where we can have an immediate positive influence on our climate balances: at our locations. These are the sources of emissions generated directly as a result of the consumption of fuels during operation, from transport, or from volatile emissions. Emissions generated indirectly as a result of the use of purchased electricity, heating, and cooling are also being taken into consideration. We are making this approach tangible with our “All Electric Society Park” at our headquarters in Blomberg, Germany.

Going beyond our direct opportunities for positive influence, we are working on solutions together with our partners and stakeholders: These include emissions that are included in Scope 3 within an ESG analysis.

In line with the three facets of ESG, we are also looking at sustainability in the social sector: Our focus is on equality, diversity, and integration for the welfare of the people who work for us.



# General

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# General

## What we do

Phoenix Contact has been developing products that connect, distribute, and control power and data flows since 1923. Our solutions are used in industrial production plants, renewable energy systems, infrastructure projects, and complex device connections. We do not just provide functional support to our partners, but also support them in the development of sustainable applications with more efficient processes and reduced costs. Under our global umbrella brand, Phoenix Contact offers state-of-the-art products, solutions, and digitalization expertise for the electrification, networking, and automation of all sectors of the economy and infrastructure. As a family-run company, we are empowering industry and society to transform into a sustainable world with long-term growth prospects for everyone.

### Business areas and innovation

Phoenix Contact is divided into three main business areas. In addition, we are taking advantage of the opportunities offered by digitalization, electrification,

and changing mobility in new business fields. In a global production network, we manufacture in nine countries with varying degrees of vertical integration in production. With more than 50 sales subsidiaries worldwide, we guarantee proximity to our markets and customers.

We offer a wide range of products, from innovative components and systems through to sustainable solutions and research into new technologies.

### Innovative components and systems

We offer innovative components, which include a wide range of modular and special terminal blocks, PCB terminal blocks and connectors, cable connection technology, and installation accessories. Electronic interfaces and power supplies, automation systems based on Ethernet and wireless technology, open control systems, safety solutions for people, machines and data, along with surge protection systems, all provide smart solutions for system installers and operators, for facilities, and for urban and traffic concepts.

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### Sustainable solutions for the future

Together with customers and partners, we develop solutions for the future using trend-setting connection and automation technology. Our integrated concepts, which include engineering and services, are applied in transportation infrastructure, e-mobility, for clean water, renewable energy systems, intelligent supply networks, and in energy-efficient machine building and systems manufacturing. The product range consists of components and system solutions for generating, transporting, and distributing energy, for device manufacturing and machine building, and for control cabinet building.

### Digital transformation and research

Phoenix Contact supports efforts towards the digital transformation with products, systems, and solutions. Thanks to our experience gained from in-house machine building, we are familiar with the requirements of digitalization and the continuous flow of data throughout the entire product lifecycle. Product innovations and custom solutions for specific customer requirements are created in our development facilities in Germany, China, and the USA. Numerous patents underscore the unparalleled



character of our developments. Working closely with universities and scientific institutes, we research technologies of the future, such as e-mobility and digitalization, and transform these into marketable products, systems, and solutions.

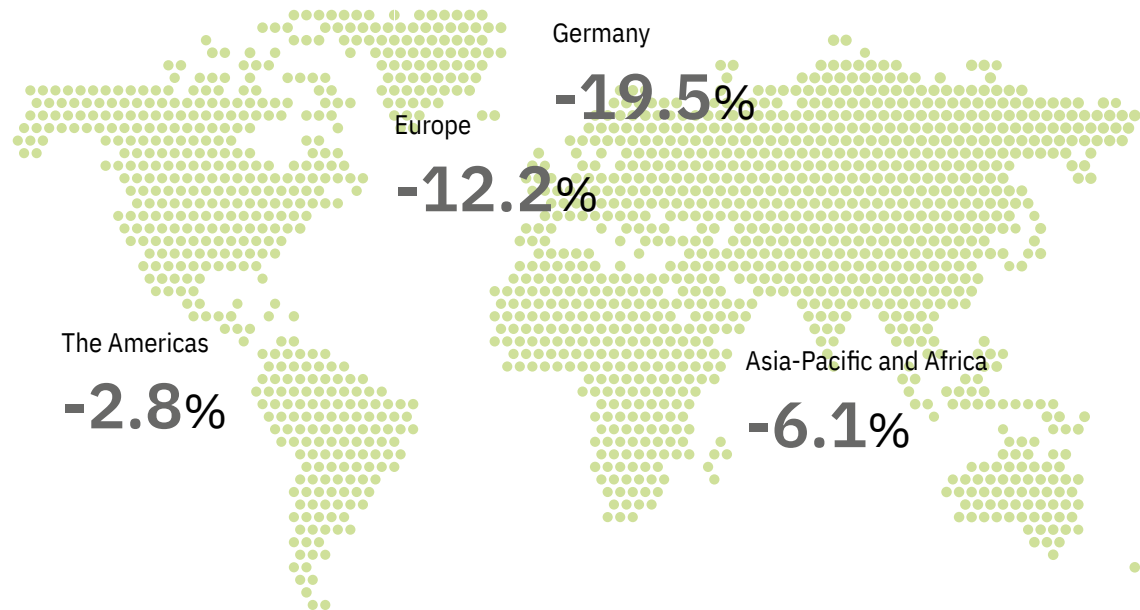
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### Fiscal year 2024

Group sales in the fiscal year 2024 decreased by 11.4% year-on-year to 3.0 billion euros. The share of revenue from international subsidiaries was 72 percent. The EBIT margin fell by 2.3 percentage points year-on-year to 0.3 percent. Expenditure on research and development fell by 2.3 percent to 237.1 million euros. The number of employees

was more than 20,000, of which around half work in Germany. Payroll costs were reported at around 1,384 million euros. Investments in tangible and intangible fixed assets were reported as 210 million euros, which is equivalent to about 7% of revenue. Liquid assets amounted to 331 million euros worldwide.

#### Sales development in all regions of the world in euros



**3.0 billion**  
euros of consolidated revenue

**-11.4%**  
sales development

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## What makes us who we are

Harmony among economic, environmental, and social issues forms the framework for sustainable management and corporate responsibility at Phoenix Contact. This attitude is reflected in our corporate principle:

“ Together, we are creating a sustainable world based on our passion for technology and innovation.

We take responsibility for the environment and society. All our thoughts and actions are guided by this. We combine innovation and sustainability to ensure economic success. Trust, appreciation, and reliability characterize our relationships with employees, customers, and partners.



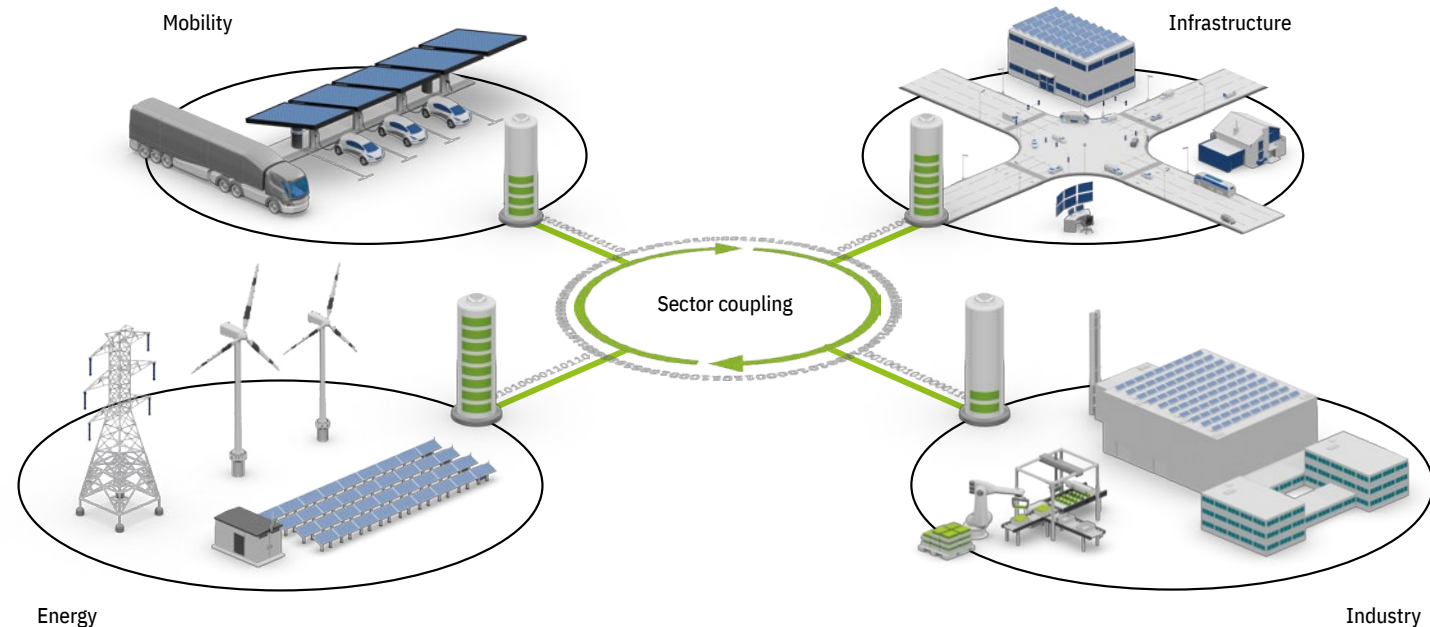
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## Empowering the All Electric Society

Our decade-long strategy “Empowering the All Electric Society (AES)” is the basis and strategic direction of Phoenix Contact. The All Electric Society describes the vision of a future world in which energy from renewable resources is available worldwide at affordable prices, in sufficient quantities, and sustainably. This strategy provides technical answers to challenges such as the energy transformation, climate change, and securing

sustainable development. The path to this goal leads through the comprehensive electrification, networking, and automation of all sectors of the economy and infrastructure.

Our goal is to use products, solutions, and our expertise in digitalization to empower industry and society to succeed in this transformation to a sustainable world with long-term growth prospects. The focus here is on the energy, industry, infrastructure, and mobility sectors.



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### Corporate Guidelines and responsibility

As a family business, we place great value on preserving what has been created for future generations and on contributing towards a sustainable world. Our Corporate Guidelines, Corporate Principles, and Code of Conduct provide customers, business partners, and employees alike the basis for taking responsible and sustainable action. These principles apply to all employees, regardless of their position or other personal characteristics. They define the legal and moral guidelines for daily actions within the company.

Central values include fair working conditions and social responsibility, quality and product safety, environmental protection and ecology, integrity and fairness in business dealings, and a focus on employees and customers. Phoenix Contact adopted the Global Compact Principles of the United Nations in 2005 and the Code of Conduct on Social Responsibility issued by the Central Association of the Electrical and Digital Industry (ZVEI) in 2009. We are committed to respecting human rights and the abolishment of forced and child labor. Compliance with the globally recognized core labor standards of the International Labor Organization (ILO) and with the United Nations Conventions on the Rights of

the Child and on Human Rights are of fundamental importance to us. We strongly oppose inappropriate behavior and discrimination.

Our responsibility does not end at the factory gates, rather it also includes ensuring compliance with the relevant standards throughout our supply chain.

**WE SUPPORT**



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## Sustainability at Phoenix Contact

Sustainable management, the economical use of resources, innovative product development, and social commitment are the central obligations of our company and the basis for successful growth. For Phoenix Contact, sustainability is not just an objective, but an integral part of our corporate identity.

### Sustainability as part of the corporate strategy

Since 2021, sustainability has been firmly anchored in our corporate strategy and is a pillar of strategic further development. Both the Group Executive Board and the Advisory Board are given regular updates on sustainability issues. Annual targets, measures, and key performance indicators (KPIs) are taken on by the Group Executive Board (GEB) and presented to the international subsidiaries.

Phoenix Contact acts in accordance with ESG criteria and takes equal account of environmental (E for Environmental), social (S for Social), and economic aspects, bringing them transparently into line with legal requirements (G for Governance) – all with the aim of sustainable corporate management.

Sustainability Management is housed within the Corporate Quality and Product Compliance division. The Corporate Finance division is responsible for ESG reporting. In addition, we have set up two steering committees. This shortens decision-making processes and ensures the involvement of all relevant parties. Phoenix Contact has a global sustainability network. Sustainability measures are coordinated at the headquarters in Blomberg, Germany. The subsidiaries are multipliers and enable global management.

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## Environmental

Measures to minimize environmental impacts, including emission reductions and sustainable resource management.



## Social

Social impacts such as diversity, fair working conditions, and the protection of human rights.



# ESG

## Governance

Corporate governance principles that ensure transparency, ethical behavior, and legal compliance.



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## Integration of the ESG goals

Phoenix Contact is conscious of its responsibility as a globally active company. Our ESG goals ensure that we are actively committed to a sustainable future and are helping to master the global challenges of our time. The ESG goals are an integral part of our sustainability strategy. They are continuously scrutinized, further developed, and implemented worldwide.

## E for Environmental

More renewable energy for the Phoenix Contact locations: Our goal is to reduce carbon emissions in line with the science-based targets. Green electricity instead of fossil fuels such as oil and gas: This goal is accompanied by efficiency measures aimed at fundamentally reducing consumption.

We working on reducing the emissions of our supply chain together with our partners and stakeholders. The goal is to achieve the science-based targets aimed at limiting global warming to less than two degrees. This will be achieved through the increased use of green electricity, the reduction of fossil fuels for production and transport, and a clear commitment to the circular economy.

With our Product Environmental Footprint (PEF), we are also providing information on the environmental impact of our products. This enables us to support our customers in their transformation. Our goal is to provide all products in our web shop with an environmental footprint. With this approach, we are paving the way for sustainable product design and opening up new economic opportunities.

## S for Social

At Phoenix Contact, our employees are the top priority. Each product and every service begins with an idea, which is brought to life through the interaction of different skills and abilities. In the long term, we want to attract the best talent for our company, bring them together, and ensure the best possible performance. At the same time, we recognize the uniqueness of each individual and know that it is important to meet their different needs so that everyone can do their best.

By better exploiting existing potential and developing new talent pools, we want to meet the challenges of the demographic change and further optimize performance through various functions. This will result in more women of all ages being

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inspired to take up technical careers and them being supported in taking on management roles. With this support, we are creating a working environment that ensures sustainable entrepreneurial success. We have set ourselves the goal of ensuring equal pay for the same work, regardless of diversity characteristics.

### **G for Governance**

Sustainable corporate management – Corporate Governance – is crucial for long-term success and is therefore the foundation for a healthy, profitable company. We have set ourselves three governance goals that must be achieved by 2030:

As a global company, Phoenix Contact is responsible for the economical use of resources. Our Strategic Purchasing department evaluates suppliers in accordance with recognized ESG risk ratings and develops measures in accordance with our Code of Conduct. The goal is to exclude suppliers with high ESG risk ratings.

Cybersecurity is necessary to ensure effective protection for Phoenix Contact against threats. Our Global Cyber Defense Center protects all essential processes against cyberattacks. In operational terms, we protect our systems and data with

international teams of experts and the use of the latest technologies.

Ambitious sustainability goals in the categories of Environmental, Social, and Governance can only be achieved if these goals are embedded in a sustainable corporate management approach. Therefore, these goals are included in the variable remuneration components for our management teams.

### **Involvement of stakeholders**

To anchor all sustainability activities within the organization, the “Corporate Sustainability Governance” (CSG) function was created in 2022, and it manages ESG-relevant measures throughout the Group. This management function actively involves the international companies and relevant stakeholders, synchronizing all action steps and targets. One of the CSG’s key tasks is coordinating the materiality assessments performed by the international companies to obtain a global impression of Phoenix Contact. The team made up of various disciplines reports directly to the GEB, initiates the agreed action steps together with the relevant Business Units, and manages the measures needed to achieve the targets.

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## Awards

Various partners based in India, China, Great Britain, and Denmark honored Phoenix Contact in 2024 for outstanding sustainability efforts.

Phoenix Contact was once again awarded gold status in the Ecovadis ranking in 2024. These acknowledgements reflect our ongoing commitment to sustainability and responsible business practices, as well as environmentally friendly practices and innovative solutions. As a result of this award, we are among the top five percent of companies in the world that have been awarded the gold status by Ecovadis for their sustainability efforts.



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## Key topics

In previous reporting years, the measures and reporting focus of Phoenix Contact were documented based on the standards of the Global Reporting Initiative (GRI). In 2024, the method was revised in accordance with the ESRS (European Sustainability Reporting Standards), starting with scrutinizing the key topics.

### Determining the key topics

Determining the key topics in the context of preparation for the reporting obligation in accordance with the Corporate Sustainability Reporting Directive (CSR) and the associated sustainability reporting was carried out as a double materiality assessment in accordance with the European Sustainability Reporting Standard (ESRS) for the first time for the 2024 reporting period.

### Double materiality assessment

The overall result of the assessment included both dimensions of the impacts (outside-in and inside-out). Any changes that influence the materiality assessment of the Phoenix Contact Group will then be taken into consideration in all subsequent years.

## Stakeholder groups

The following interest groups were formed for surveying after the respective assessment for the inside-out perspective to map the view of all stakeholders:

- Business partners
- Employees
- Shareholders
- The local community and neighbors
- Banks and insurance companies
- General civil society

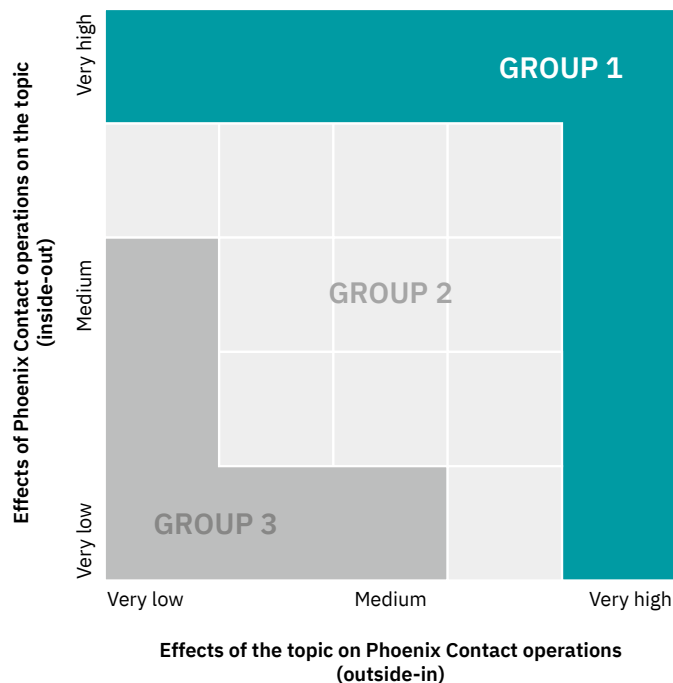
The answers were evaluated using a scale from one (low impact) to five (high impact). The individual results were then combined into an overall result. Phoenix Contact reports on all aspects that received a five on the scale. Wherever it was not possible to clearly assign a result, individual case decisions were made, whereby the results of the experts were given a higher weighting. The survey results were mapped together with the international ESG network. An international comparison including a uniform understanding was made during discussion groups. The final result has been harmonized between the international ESG network and the headquarters. In future surveys, potential deviations will be re-examined and the overall result will be adjusted where necessary.

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### Materiality matrix

The key Phoenix Contact Group sustainability issues were brought together in the materiality matrix. This matrix shows the “Effects of the topic on Phoenix Contact (outside-in)” on the horizontal axis and the “Effects of Phoenix Contact on the topic (inside-out)” on the vertical axis.

(inside-out)” on the vertical axis. Topics that have been defined as key for Phoenix Contact from at least one of the two perspectives are listed in the upper right-hand quadrant under “Group 1”. On this basis, the sustainability report has been restructured along the topics identified as being key.



#### GROUP 1: Key topics

- E** ESRS E1: Adaptation to climate change
- E** ESRS E1: Climate protection
- E** ESRS E1: Energy
- E** ESRS E5: Resource inflows
- E** ESRS E5: Resource outflows
- E** ESRS E5: Waste
- S** ESRS S1: Equal treatment and equal opportunities for all
- S** ESRS S1: Other work-related rights
- S** ESRS S1: Working conditions
- S** ESRS S2: Working conditions
- S** ESRS S2: Other work-related rights
- S** ESRS S2: Equal treatment and opportunities for all
- G S** ESRS G1: Corporate culture
- G** ESRS G1: Corruption and bribery
- G** ESRS G: Economic performance

E1 – Climate change  
E2 – Pollution  
E3 – Water and marine resources  
E4 – Biodiversity and ecosystems  
E5 – Resource use and the circular economy  
S1 – Company workforce  
S2 – Workers in the value-added chain  
S3 – Affected communities  
S4 – Consumers and end-users  
G1 – Business conduct

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### Contribution to the Sustainable Development Goals (SDGs)

In 2015, 193 United Nations member states adopted the 2030 Agenda for Sustainable Development, the core of which includes

17 Sustainable Development Goals. Our key topics contribute to the following seven SDGs:

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**Objective 4: High-quality education** – we promote educational initiatives and offer comprehensive further education opportunities for our employees.



Support partnerships with educational institutions to impart knowledge and skills.

**Goal 5: Gender equality** – we are committed to gender equality and promote an inclusive corporate culture. Equal opportunities and the promotion of women in management positions are central aspects.



**Objective 7: Clean and affordable energy** – energy has been at the core of our product portfolio since 1923. Many of our products and systems are already supporting the energy transition.



**Goal 8: Decent work and economic growth** – we offer fair working conditions and promote respectful interaction with each other. Our employees can rely on a trusting working environment.



**Goal 9: Industry, innovation, and infrastructure** – we are continuously developing new products and promoting the digital transformation with our technological solutions.



**Goal 12: Sustainable consumption and production** – we practice economical use of resources and maximum recycling. We live and breathe sustainability in all areas of our production operations.



**Goal 13: Measures for climate protection** – resource conservation and environmental protection are central points in the development of new products and in production.



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### **Additional information**

In addition to the given framework of the topic fields, additional information was also included in the report at the request of the stakeholder surveys. Therefore, we voluntarily report on the topics of “Social Engagement” (Social section) as well as “Tax Compliance” and “Cybersecurity” (Governance section). The harmony among environmental, social, and governance aspects (ESG) together is the framework for sustainable management as well as corporate responsibility. As a result of the activities, this report summarizes the action steps to be taken and also the impact on the Group’s key performance indicators of the topics defined as being material.

In the following sections, we list the objectives and measures of the three segments Environmental, Social, and Governance, each with regard to the key aspects of the respective segment.



# Environmental

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# Environmental

## Climate change

Climate change and the energy transition are presenting the world with major challenges and complex issues. CO<sub>2</sub>e neutrality and decarbonization are the global targets that also drive Phoenix Contact. Together, electrification, networking, and automation are the key to mastering these challenges. Solutions from Phoenix Contact are essential for sector coupling based on renewable energy.

Phoenix Contact contributes technology and expertise to make the All Electric Society vision of the future a reality. This vision requires sustainable concepts for power supply and sector coupling, as well as intelligent energy management. Examples of these concepts include DC power grids, the charging infrastructure for a sustainable power supply, and smart grids.

### DC power grids

Regenerative power generation produces DC electricity, battery storage systems store DC electricity, and electric vehicles consume DC electricity. The recovery of kinetic energy is also based on DC electricity. Based on the significance of this, Phoenix Contact takes a holistic view of this topic. On the one hand, we develop safe products and, on the other hand, we work in international alliances to promote and standardize the use of DC electricity.

Our commitment is tangible: We have integrated a DC power grid into our All Electric Society Factory at our Blomberg location. We have created a blueprint for industrial DC grids, from planning right through to the finished installation. In doing so, we are trusting in our own products and developing further DC-capable components.

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## Charging infrastructure

The electrification of road traffic requires a comprehensive nation-wide and smart charging infrastructure. Intelligent load management systems enable fast charging with High Power Charging (HPC) and bidirectional charging within the framework of the vehicle-to-grid concept. The intelligent CHARX control charging controller from Phoenix Contact contributes to the stabilization of the grid and the integration of renewable energies.

## Smart grids and energy management

Phoenix Contact develops and implements intelligent grid solutions (smart grids) that enable the efficient distribution and use of energy. Our energy management systems monitor and control energy consumption in real time so that we can maximize energy savings and cut peak loads.



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## Protection of environment and climate

Our commitment to environmental and climate protection is reflected in a variety of initiatives aimed at minimizing our ecological footprints.

We established climate protection as the central pillar of our corporate strategy back in 2021. We continuously invest in advanced manufacturing technologies and actively promote cooperation with leading research institutes, universities, and development facilities.

### Science-based targets

Phoenix Contact supports the long-term goals of the climate protection agreement adopted by the United Nations in 2015. Since 2021, Phoenix Contact has also reinforced this as a supporting business of the Stiftung KlimaWirtschaft (German CEO Alliance for Climate and Economy), committed to taking corporate responsibility in efforts to counteract climate change. Phoenix Contact joined the Science-Based Targets initiative (SBTi) in the summer of 2024. The initiative defines and promotes procedures for reducing emissions in line with established climate science.

### ISO 14001 and ISO 50001 management systems

Phoenix Contact uses internationally recognized management systems to systematically and efficiently design environmental and climate protection measures. The company's established and certified environmental management system in accordance with ISO 14001 helps to continuously improve our environmental performance, set environmental targets, and ensure compliance with legal requirements. In addition, the energy management system in accordance with ISO 50001 supports us in increasing our energy efficiency, reducing energy consumption, and reducing the associated greenhouse gas emissions. By implementing and regularly reviewing these management systems, we ensure that our environmental and climate protection measures are sustainable and effective.

### Energy-efficient production technologies

Phoenix Contact's production facilities are equipped with state-of-the-art, energy-efficient machines and systems. They also feature intelligent control systems that optimize energy consumption. Highly efficient drives also make a valuable contribution.

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### Renewable energies

We are increasingly focusing on the extension of renewable energy in our facilities. Photovoltaic systems on the roofs of our production and office buildings help to meet the energy requirements and reduce carbon emissions with renewable solutions. The purchase of third-party electricity from renewable sources is documented with proofs of origin.

### E-mobility

We are promoting e-mobility by extending the charging infrastructure at our locations and integrating electric vehicles into our vehicle fleet. This reduces direct emissions and promotes the spread of sustainable mobility solutions.

### Resource management

Phoenix Contact is committed to sustainable resource management in all areas of the company as well as in the upstream and downstream supply chain. We assess the environmental impact of our products over their entire lifecycle and take measures to reduce CO<sub>2</sub>e and improve resource efficiency.



charging points at the Blomberg location



of the vehicle fleet in Germany is already powered completely with electricity (an additional 32% with hybrid drives)

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### **Resource-efficient design of new products**

Beyond the application and benefits of the products, sustainability already plays a decisive role in the development and manufacture of new products. One goal is to reduce CO<sub>2e</sub> emissions right from the start through optimized part geometries and production processes. We also evaluate all the materials used in our products and their packaging from the perspective of later recycling.

### **Sustainable procurement**

Sustainable action is an integral part of purchasing policy. The objective is to decarbonize our supply chain in the long term. We have been collecting the CO<sub>2e</sub> footprints for the materials that we use since 2021 and update them annually. We publish this data on an internal dashboard.

In support of this corporate objective, the employees of the Global Purchase Network have been receiving regular training on the topic of CO<sub>2e</sub> in supply chains since 2022. This knowledge is passed on to suppliers in workshops to promote transparency and reduction measures with regard to CO<sub>2e</sub>. Our company developed a Supplier Code of Conduct in 2022, and this has been contractually binding for our suppliers since 2023.

Phoenix Contact regularly checks compliance with the directives, both on-site and digitally.

### **Sustainable logistics**

Best Shipping Instructions (BSI) are used to reduce emissions during transport. This is a system-integrated method used to determine the optimal transport route between the headquarters and subsidiaries outside Europe. BSI supports the objective of a sustainable supply chain by reducing CO<sub>2e</sub> emissions. The application of this method is being continuously extended to exploit the greatest potential for CO<sub>2e</sub> savings. The first measures to reduce the CO<sub>2e</sub> emissions of logistics transport have been successfully implemented in recent years. This made it possible to shift a proportion of air freight over to sea freight and decentralize transport routes to avoid unnecessary routes.

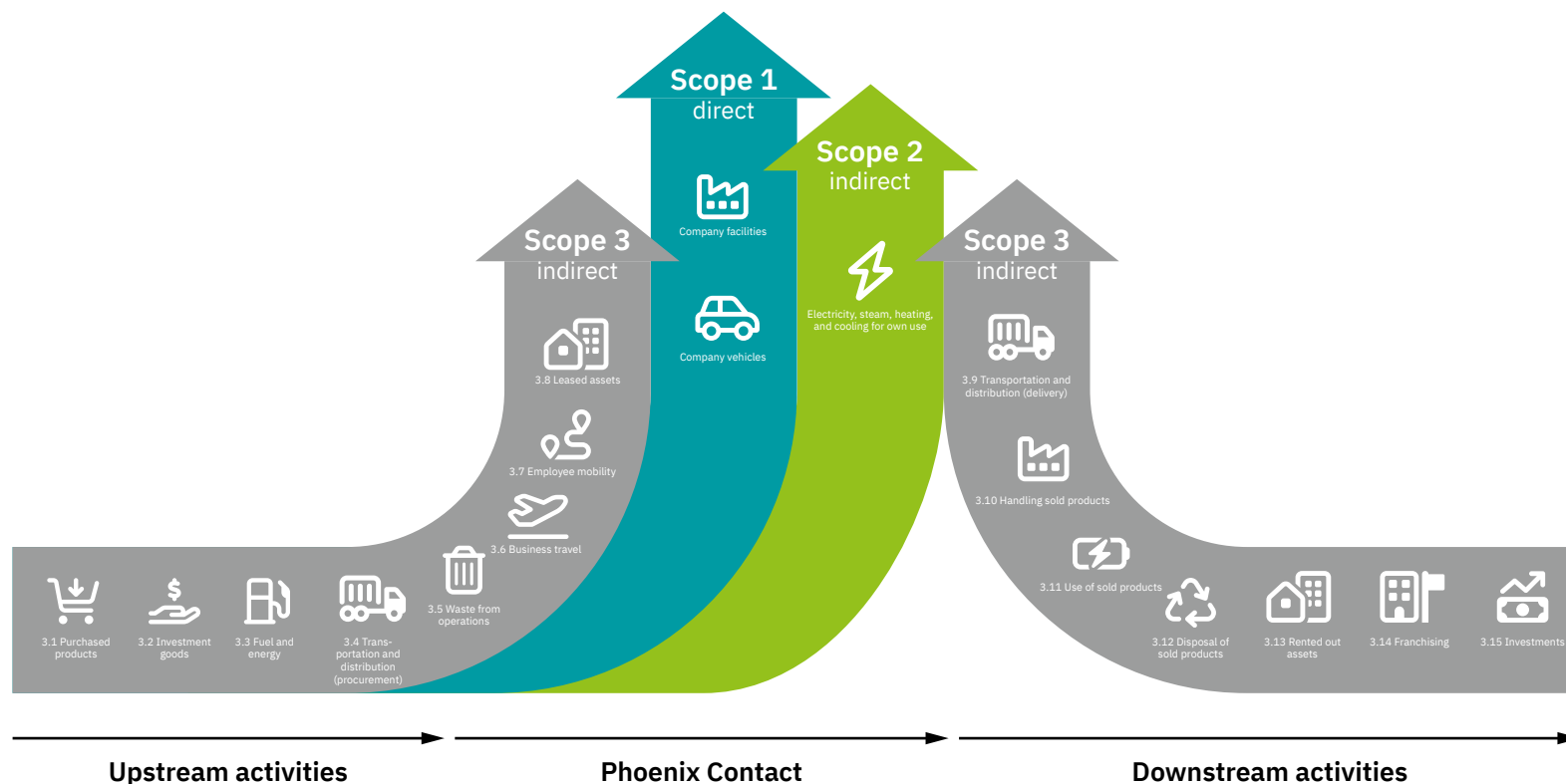
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## Energy

The decarbonization of the Phoenix Contact supply chain is divided into direct (Scope 1) and indirect (Scope 2) emissions as well as emissions along the value-added chain (Scope 3) in accordance with the Greenhouse Gas Protocol (GHG Protocol). Specific targets for Scope 1 and 2 are defined separately from Scope 3.

Phoenix Contact has been determining the Corporate Carbon Footprint (CCF) across all three scopes in accordance with the GHG Protocol since 2022. The reporting on these specific key figures covers at least 95% of the turnover, locations, and employees of the Phoenix Contact Group scope of consolidation.

[> Phoenix Contact in numbers](#)



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## Emissions generated directly and indirectly

Phoenix Contact can directly influence the CO<sub>2</sub>e emissions generated directly and indirectly (Scope 1 and 2 in accordance with the Greenhouse Gas Protocol). We have been cutting emissions with targeted measures since 2021.

From 2025, emissions caused by fossil fuels will no longer be offset by the purchase of certificates. Phoenix Contact adjusted its targets in 2023 to phase out offsets and comply with the transition in accordance with the SBT without certificates to comply with the 1.5° target (“Well below 2 degrees” in accordance with the Paris Climate Agreement).

The measures introduced by the Group to reduce CO<sub>2</sub>e emissions that arise in Scope 1 and 2 can be broken down into four areas.

### Area 1: Increasing energy efficiency

For production, development, and administration, Phoenix Contact consumes energy that is primarily in the form of electricity, cooling, and heat. We have been operating an energy management system in accordance with ISO 50001 at our German sites in Blomberg, Bad Pyrmont, and Lüdenscheid since 2013. This system supports the efficient operation of systems and buildings.

Our professional energy management system enables us to identify, evaluate, and implement numerous new energy efficiency measures every year. One example is the new temperature control units on the injection molding machines.

With our own combined heat and power plants at our German production sites, we generate a considerable amount of the required electricity ourselves and use the resulting thermal energy for production processes and air-conditioning systems in the buildings. In addition, we use the waste heat from our production processes to heat office buildings. At the Blomberg location, we use geothermal energy on a pro rata basis to supply the office areas.

We use our intelligent Emalytics building management system, developed in-house, to network and automate our office buildings in Bad Pyrmont, for example. Energy consumption is constantly monitored and optimized. Further energy savings can be achieved by continuously replacing inefficient systems such as lighting, pumps, air compressors, and chillers, as well as the use of artificial intelligence and the targeted shutdown of ventilation systems.

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Continuously upgrading production machinery is another step to increase energy efficiency in production. By using an electrical energy storage system, we have increased our degree of self-sufficiency and can effectively limit peak loads.

One defined goal in the area of energy management was to save 3% of the total energy consumption level of 2018 by implementing energy efficiency measures by the end of 2025. We achieved this target ahead of schedule at the beginning of 2024.

Our new energy targets are based on the four areas for reducing CO<sub>2e</sub> emissions:

- **Increased energy efficiency:** By implementing measures that lead to a reduction in energy consumption, we aim to reduce the ratio of total energy consumption to gross value added by 25%.
- **Supplying the locations with 100% green electricity:** Since 2022, the supply of almost all locations has been based on renewable energy.
- **Setting up our own systems for generating renewable energies:** We rely on PV and wind turbine generators as well as the direct purchase of electricity from systems that are not operated by Phoenix Contact.

- **Reduction of fossil fuel sources:** By electrifying our locations and using heat pumps, we are reducing the consumption of fossil fuels to a minimum.

The base year for the comparison is 2022. We report annually on how we are achieving our targets in our energy reports. The key to decarbonizing the locations is in line with our vision of the future of the All Electric Society. Our All Electric Society Park, which was opened in 2023, clearly demonstrates how this can be successfully implemented in new buildings and complexes. We are also driving the transition forward in our existing buildings. For example, by replacing the temperature control units in the injection molding area, we achieved a saving of approx. 180,000 kWh/a. In electroplating, we have saved 30,000 kWh/a by installing new bath heating systems and insulating various pipes and baths.

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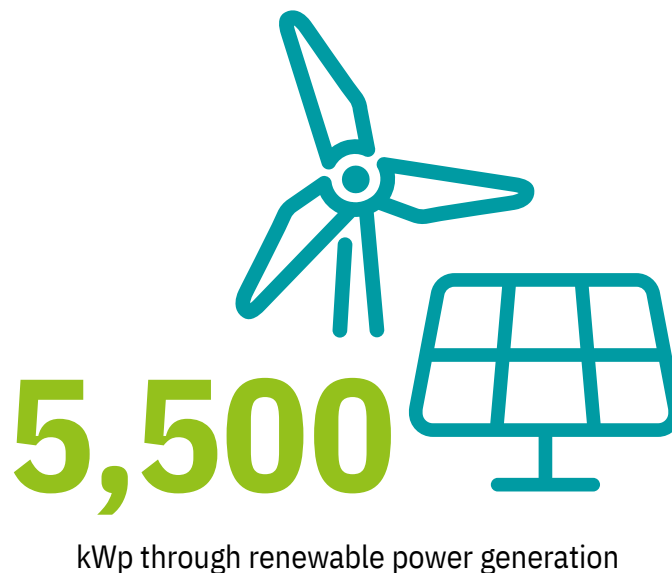
### Area 2: Purchase of green electricity

Since 2022, the electricity that Phoenix Contact purchases from the grid has been covered by 100% green electricity at almost all of our locations. This measure has contributed significantly to reducing, and in part even completely avoiding, CO<sub>2e</sub> emissions. In addition to this, we are steadily reducing the need for externally sourced energy by continuously extending the in-house generation of renewable energy at many locations.

### Area 3: Supply with renewable energies

The third measure for reducing CO<sub>2e</sub> emissions describes the extension of renewable power generation at our locations worldwide. In total, by the end of 2024 we had already installed systems with a capacity of 5,500 kWp.

One example of our efforts is the use of a battery storage system at the Bad Pyrmont location. This storage system is used centrally by our building services management system for energy management. The use of the energy storage unit enables us to increase the efficiency of the PV systems on our roofs and to absorb energy peaks.



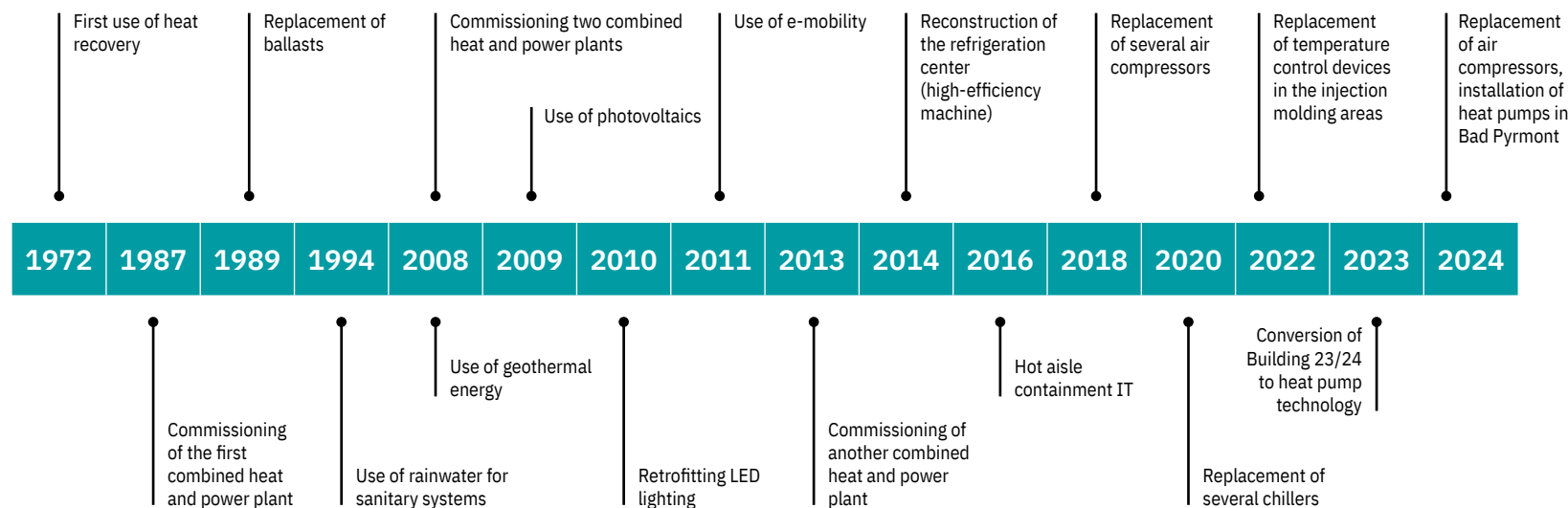
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### Area 4: Reduction of fossil fuels

The primary natural gas consumers are the combined heat and power plants that are used worldwide. Phoenix Contact is pursuing the goal of reducing the share of fossil fuels to less than 10% by 2030. We have developed transformation concepts that promote the electrification of our locations to reduce natural gas consumption.

The installation of heat pumps at the Bad Pymont location is a very interesting project. It involves so-

called multi-conductor chillers that can generate both heat and cold. This technology reduces the need for fossil fuels and helps us along the way toward the “net zero factory”. To illustrate: We were able to reduce natural gas consumption at our Bad Pymont location by almost 60% compared to 2022, and we are therefore the leader in this area.



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### Emissions along the value-added chain

The largest share of the CO<sub>2</sub>e footprint at the company level in Scope 3 is the purchase of materials for the production of the products, their delivery, the use of the products by the customer and the disposal at the end of the product's use phase. From the product perspective, the focus is on the transition in the areas of materials (3.1) and the product use phase (3.11).

### Purchasing materials

Product manufacturing is evaluated annually by analyzing the purchased raw materials and processed materials, and this is presented transparently in the PEF on a product-specific basis. Each purchased material receives a footprint, which forms the basis for the product evaluation and, at the same time, the calculation of the CCF in accordance with the GHG.

The plausibility of the product ratings can be checked based on the calculations of representatives. The calculation of the PEF is linked to the method for calculating the manufacturing costs and uses the same data. This enables the contribution of each material to the footprint of the respective product to be determined and potentials

to be defined where necessary.

Since 2021, we have been collecting CO<sub>2</sub>e footprints for materials, updating them annually, and publishing the data on an internal dashboard. As part of a further development of the tool, we can now collect and analyze other environmental key figures such as water consumption and land use in accordance with the EF3.0 of the European Union for the purchased materials in addition to the carbon footprint. The data quality will be improved continuously so that we are able to effectively manage the global carbon footprint in the supply chains.

Phoenix Contact pursues a decentralized and local purchasing structure, which enables close cooperation with the technical departments, in particular when developing new products for various markets. The Global Purchase Network (GPN) bundles comprehensive procurement activities and brings them together under the umbrella of Corporate Purchase. Decentralized, strategic purchasing departments are assigned to the main production plants and are also components of the GPN. This hybrid setup enables us to achieve regional diversification in the procurement markets and to implement management of strategic

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partnerships on local and global levels. All of this contributes to resilient supply chains.

A multi-country purchasing guideline, in which binding requirements and locally definable framework conditions are defined, forms the common framework for action and ensures a uniform presence in global procurement markets. The workflows are designed efficiently through a digital and global supplier management system, which creates transparency through globally harmonized supplier processes, KPIs, and structures.

### Product use phase

The relevance of the product use phase varies depending on the specific product. While some products consume electricity, others only forward electricity and therefore do not have a relevant product use phase. In 2023, the Phoenix Contact portfolio was analyzed accordingly and evaluated in accordance with the conversion strategies. This analysis was initially carried out by internal representatives and in cooperation with an external partner company.

In the case of power-consuming products, such as end devices or devices with loss or consumption

power, efficiency measures are taken to optimize the use of energy. Our components and assemblies are therefore evaluated in terms of energy efficiency. Potential savings are also identified to keep the losses in the use phase low. However, the greatest leverage in the product use phase lies in the conversion of energy sources in the countries where the end products are used.

Phoenix Contact's product portfolio focuses exclusively on the energy consumption of electricity. The reduction of emissions when generating electricity also contributes to reducing the carbon footprint of Phoenix Contact products.

### Transport

For Scope 3, freight volumes and means of transport based on the emission factors from the EN 16258 standard were used to determine and evaluate the inbound and outbound logistics routes.

The area of materials, services as well as investments was determined based on purchasing volume and data available relating to industry-typical emission factors. Building on this basic data, Phoenix Contact has collected additional primary information from the supply chain so as to track the CO<sub>2</sub>e footprint in

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more detail, while also tracking its development resulting from steps taken in the supply chain:

In 2024, seaports that continued to be closed or overloaded and the unrest surrounding the Suez Canal led to significant delays in transport times on the transport routes. On the route from Asia to Europe, this resulted in up to 6,000 additional kilometers and therefore eight to 12 more delivery days in order to avoid the tense situation in the Red Sea. In addition, the rail connection to China via the Silk Road was no longer used due to the ongoing war in Ukraine. As a result, air freight was increasingly used to ensure fast deliveries and to prevent production downtimes.

In 2024, Asian global market developments had a significant impact on the increase in freight costs for imports from China. To counteract these increased freight costs, alternative routes are being planned together with our freight forwarders. Multimode transport concepts can achieve significantly more favorable conditions compared to standard routes.

In addition, various monitoring and evaluation systems are being used to reflect on which routes the volume of air freight can be reduced or converted to a transport mix.

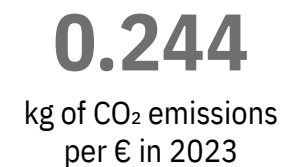
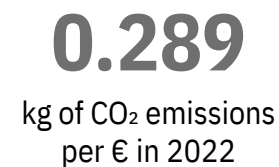


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### Changes and outlook

The company footprint with regard to the purchased materials and transport has decreased in recent years. In the coming years, one of the most ambitious goals is to decouple the carbon footprint from growth and further reduce it. However, it is important to know that the products from Phoenix Contact themselves provide a huge benefit for a more sustainable world due to their functions.

In 2024, the ratio of emissions from materials (Scope 3.1), investments (Scope 3.2), and transport (Scope 3.4) to sales was just 0.211 kg CO<sub>2</sub>e/€, which enables a rough estimate of the emission intensity for the materials used and transport based on sales.



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## Circular economy

Both alternative materials (such as bio-based materials) and recycled materials are suitable for the transition. A decarbonized circular economy can transform products into new materials at the end of their life cycle, thereby establishing a CO<sub>2</sub>e-neutral material cycle that reduces the manufacturing phase of the products. The development of new products and the testing of the initial new materials are ongoing.

As early as 2023, we manufactured our first products from bio-based and waste-based materials. In 2024, Phoenix Contact also formally enabled the external processing of plastic production waste and successfully implemented it in practice. In addition to internal reuse, this provides additional quality assurance for the circular economy and increases the use of recycled material. For metals, external recycling is already common practice and is widely used. One transition, kicked off in 2024, involves alternative packaging, which can bring about a significant change in third-party perceptions.

## Materials

To identify material use, material consumption is determined annually and evaluated at the product level via the PEF. As a key to decarbonization, the materials were given an individual CO<sub>2</sub>e footprint, from which the company's footprint is derived. In addition to CO<sub>2</sub>e, other EF3.0 indicators were also determined in accordance with EU requirements in order to determine the company's impacts and thus its opportunities for reductions.

The use of recycled materials and alternative renewable materials is evaluated and has a positive impact on the company's footprint. The proportion of recycled materials is evaluated and reported. The declared corporate objective is to reduce the CO<sub>2</sub>e footprint, taking into consideration the use of materials in accordance with the cradle-to-gate principle. Internal and external recycling as well as the use of bio-based materials are essential components for effectively reducing emissions. Consequently, the circular economy and climate protection are in line with the general goal: reducing emissions in Scope 3 by 25% by 2030 compared to the base year, 2022.

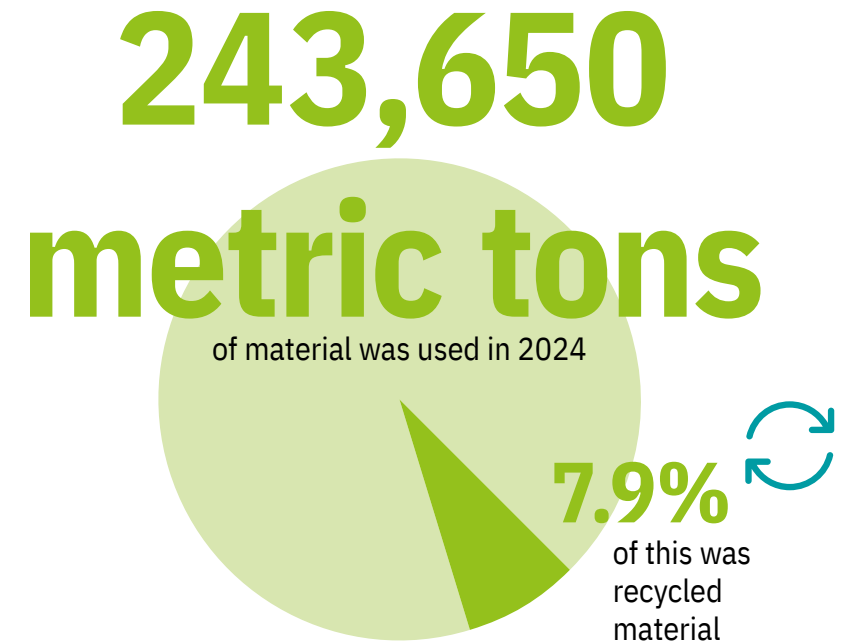
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At Phoenix Contact, an annual training course is held that raises awareness of sustainability among colleagues. At the same time, the company footprint makes progress measurable. Recycling materials are calculated with a burden-free footprint and generally have a lower footprint than primary materials. The reduction of waste through recycling plastics and returning metal shavings is also taken into consideration in the calculations.

The reduction targets include all materials that are used in production. Operating and auxiliary consumables as well as general waste are also accounted for by the purchasing volume.

**Resource inflows**

Plastics, metals, and electronics components are the main materials for production. In 2024, 243,650.5 metric tons of materials were used, of which 7.9% were made from recycled materials.



**Resource outflows**

The materials used promote the circular economy through the use of alloys with recycled components and chemically recyclable plastics. In 2024, 8,720 metric tons of waste were generated, of which 803 tons was hazardous waste. 770 metric tons were reused and 5,495.5 metric tons was recycled. The conversion to materials with higher recycling percentages is an essential part of decarbonization.

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### Handling of substances of concern

We avoid substances of concern in our portfolio to ensure product-related environmental protection. The Phoenix Contact Environmental Compliance Standard is mandatory for all suppliers and represents a worldwide minimum standard for compliance with legal requirements for materials in delivery items. The trustworthiness of the suppliers is regularly assessed. Queries are made regarding regulated materials and the accompanying documents are checked. Additional laboratory analyses are performed if required.

New materials undergo a fixed evaluation process with regard to their ingredients to ensure compliance with legal requirements such as the RoHS Directive 2011/65/EU and Article 33 of the REACH Regulation (EC) No. 1907/2006. Materials that contain substances of concern or claim legally valid exceptions will only be approved if no alternative materials are available or if the alternative materials cannot be used for technological reasons. The result of the product test is available as a product conformity report on our website under the category “Products”.

### Packaging

Phoenix Contact places great value on environmentally friendly packaging with a high level of recyclability. Various measures are taken in an effort to avoid waste, continuously minimize the amount of waste generated, and constantly reduce the negative impact of packaging on the environment. The packaging is designed to ensure maximum recyclability.

Phoenix Contact primarily uses paper-based solutions for item and transport packaging and filling materials. In recent years, we have switched the main consumers of transport packaging primarily to recycled paper. At the same time, the packaging sizes are continuously being re-evaluated and adjusted in order to reduce the proportion of unused space.

Packaging Management regularly checks the grammages of the packaging. In recent years, we have been able to continuously reduce the weight of standard packaging without compromising stability. Over-dimensioned packaging is identified through drop tests and replaced by more ecological alternatives. A CO<sub>2</sub>e calculator is used to calculate the environmental impact of different packaging, making the packaging comparable as a result.

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We have used this approach to examine paper alternatives such as grass paper and hemp paper in detail. However, this showed that the environmental impact of the waste paper packaging already in use is lower. We have been using the paper alternative to plastic air cushioning – PaperWave – in place of plastic air cushioning since 2021. This material is biodegradable. In addition, we use PadPak as a shock-absorbing filling material.

As part of the goal of “Sustainability in the value chain”, all Phoenix Contact item packaging was converted over to an unprinted, simple outer cover by the end of 2024. The material has the same technical characteristics, and this measure also conveys the sustainability of the company to the customer on first contact.

The omission of ink is another step for the company toward supporting pure recycling cycles and reducing carbon emissions. Furthermore, the unprinted outer cover enables the packaging to be reused by third-party partners within the supply chain.

Employees are continuously advised on how to handle packaging materials so that waste can be avoided and optimizations realized. Regular training courses and continuous discourse with suppliers provide an overview of the latest market developments.





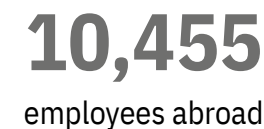
**Social**

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# Social

## Our workforce

Worldwide, more than 20,000 employees in over 55 countries contribute to the success of Phoenix Contact. They are an essential part of our company and contribute their skills and knowledge, which contribute significantly to the growth and success of Phoenix Contact. Motivated employees form the basis for a positive corporate culture and sustainable success. Phoenix Contact is committed to creating an environment in which everyone feels valued and supported in order to reach their full potential.



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## Diversity of our employees

By signing the Diversity Charter in 2009, we have been reinforcing our commitment to these values for years.

The Corporate Principles govern all Phoenix Contact activities. In these activities, we follow the social and environmental standards based on the 10 principles of the United Nations Global Compact, the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

A sustainable world consciously takes the social perspective into consideration and actively involves people in the transformation of society. This applies both to our workforce and to persons who are influenced by our activities beyond the company. We are currently developing into an organization that learns to benefit even better from its diversity. In the context of membership in the UN Global Compact, we participated in the “Target Gender Equality Accelerator” program last year. This six-month program, which was developed in collaboration with UN Women, supports companies in setting and



achieving ambitious goals for the representation and equality of women in the economy.

By participating in this acceleration program, Phoenix Contact is further emphasizing its commitment to promoting gender equality. The program provides the opportunity to analyze existing measures, develop new strategies, and implement best practices. Phoenix Contact benefits here above all from workshops, peer-to-peer learning, and expert consultation. Our commitment to equality and equal opportunities for all is an essential part of our sustainability strategy.

To increase diversity in our workforce, we promote networks for employees. This includes, for example, the “ing’enuous” women’s network and the MINT women’s network in the USA. MINT is an acronym for Mathematics, Information technology, Natural sciences, and Technology

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– fields that are of great importance for the future of our society. These networks provide important impetus for the further development of Phoenix Contact in the modern working world. In order to consciously dissolve established role models, they promote the early teaching of technical knowledge in kindergartens and schools.

As a family business, Phoenix Contact holds the well-being of its employees and their families in the highest regard. This is demonstrated by the targeted implementation of activities that promote the involvement of family.

Phoenix Contact Poland has launched a project that combines several aspects of social responsibility: the joint tree-planting campaign. This measure strengthens the community between employees and their families, promotes identification with the company, and demonstrates that we think in the long term and take the needs

of future generations into account. Together, the families have planted trees that are now, for example, enriching a newly created park in Brzezia Łąka, which serves as a meeting and leisure venue. The tree planting campaign also provides the opportunity to integrate further ecological projects. This includes building birdhouses, creating kokedamas, and creating a small garden in a glass.

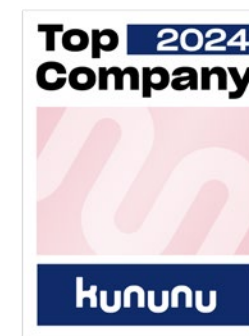
A joint get-together with the families was held under the motto of “The needs of future generations”. Young people had the opportunity to express their expectations of Phoenix Contact. Important insights were gained, such as saving energy and water, avoiding waste, and promoting recycling. The active protection of the planet and treating people and other living beings with respect were also highlighted. We are using these results to ensure that our corporate strategies are in line with the needs of employees and future generations.

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As a company, we want to ensure a good work-life balance. Flexible working hours enable a good work-life balance. Instead of rigid schedules, flextime without core times offers employees the freedom to design their work and break phases flexibly.

Furthermore, the flexibility for employees goes even further: Depending on their job, they are free to choose their place of work. This includes the ability to work from home and even from other European countries, which combines the advantages of different working models.

The workforce’s satisfaction has led to Phoenix Contact once again being one of the top employers in Germany in 2024.



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## Basic and further training

As a technology-oriented and future-oriented company, well-trained employees are crucial for our company's success. The tradition of the company's own apprenticeship in more than 10 specialized professions began back in the 1950s. This coincided with the start of the Group's own production in the fields of metal, plastics, and machine building. Since then, many generations of skilled workers and dual-study students have started their careers at Phoenix Contact.

Last year, all of the Group's German training locations participated in the training certification for the first time. All trainees, apprentices, students, and former trainees were surveyed on how they assess the quality of their training and development opportunities.

Phoenix Contact is proud to have been honored with the BEST PLACE TO LEARN® award. This seal of quality shows that the quality of our training programs is above-average. This success underlines our ongoing commitment to sustainable and high-quality training, which lays the foundation for the professional future of employees.

Since the end of the 1980s, Phoenix Contact has been offering in-house personnel development programs and comprehensive internal training programs to provide employees with the opportunity to learn throughout their entire career. Since 2016, the in-house Training Center has been the home of our trainee workshop, seminar and training rooms, and coworking spaces.

Phoenix Contact continuously adapts the courses offered to meet the current and future requirements to ensure that our employees are always up to date with the latest technology and knowledge.



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### Promoting young talent in small circles

In April 2024, a four-day MINT camp was held for the first time under the motto “Renewable Energies”. Young people from four different schools were given the opportunity to try out MINT professions and to get to know Phoenix Contact better. During the camp, the participants manufactured small solar-powered windmills, gained practical insights into mechanical activities, and worked with micro controllers. A visit to the solar system in Bad Pyrmont and a tour of a wind turbine from the inside to experience the control technology from Phoenix Contact close up rounded out the program.

### Promotion of MINT topics in kindergartens and elementary schools

Employees are also important ambassadors to the outside world when it comes to enthusiasm for technology. The women's ‘ing‘enious’ network has launched a new project to bring MINT topics to kindergartens and elementary schools. The aim of the “MINT with Mara and Felix” project is to ignite the enthusiasm for technology in children, especially girls, at an early age, and to prevent any reservations from arising in the first place.



For this purpose, an outline was developed with playful experiments, a framework story, and background knowledge for kindergarten teachers. Following a successful pilot project, other facilities will now be provided with the outline and the necessary materials.

In addition to training, the continuous further education of all employees is very important for a company. In order to offer low-threshold courses, we are also providing digital learning opportunities

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with more than 16,000 topics worldwide in addition to the classic training formats. Our employees can use this independently within working hours.

### **Respecting human rights and labor rights**

The protection of human rights is a central component of Phoenix Contact's strategy. The principles are clearly laid out and communicated in our Code of Conduct and the Code of Conduct for Suppliers. We are taking measures to exclude all forms of forced labor. This includes all work or services demanded of a person under threat of punishment and which the person involved did not declare did not voluntarily agree to perform.

Phoenix Contact does not employ children under the age at which compulsory schooling ends under the law of the place of employment. The minimum age for employment is usually 15 years, unless the law applicable at the employment location provides for exceptions.

Phoenix Contact also strictly adheres to the prohibition of all forms of slavery, slavery-like practices, servitude, or any other form of domination or oppression in the workplace, such as extreme economic or sexual exploitation and degradation.

In addition, a large part of the workforce in Germany is represented by works councils. In addition to these offers, there are whistleblower systems in place that enable anonymous reporting of rule violations. In order to remedy any negative impacts, the company has mandatory procedures in place for when there is a suspicion of a violation of human or labor rights. The effectiveness of all strategic processes is continuously examined. To this end, interviews and surveys are conducted and discussions are held with works councils and representatives of marginalized groups.

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## Health protection

Occupational health and safety and health protection are central topics for Phoenix Contact. The associated management system is continuously being improved, measures for risk minimization are derived and permanently monitored and certified in accordance with the ISO 45001 standard. Regular internal audits check compliance with the specifications and uncover potential for improvement. Annual targets are defined to ensure that all technical and organizational accidents are avoided. Work accidents as a result of improper behavior are counteracted through targeted training.

Phoenix Contact has established a standard set of basic conditions throughout the Group to ensure that all production sites comply with legal requirements and conform to company-wide standards and processes. This basic framework is certified in the area of occupational safety in accordance with ISO 45001. Regular internal audits check compliance with the specifications and uncover potential for improvement. Any potential hazards are identified, assessed, and, if necessary, measures are introduced. Given the very specific situations at each of the locations, the approaches for identifying hazards may be tailored to the

respective location.

Employees should be well both physically and mentally. One service that has been offering trustworthy support in this regard for more than 10 years is in-house social counseling. This service is available to help with professional and personal questions or challenges. With this voluntary service, our employees as well as their family members are supported with social counseling in a confidential form in the event of personal crises or when working with external agencies such as debtor advisors or care counseling services.

The Group has also been supporting exercise and healthy behavior by offering company-sponsored sports programs since 2004. Since early 2022, Phoenix Contact has been working together with the Wellpass network for company fitness, enabling employees to be able to exercise anywhere in Germany, regardless of location.

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## Social commitment

Enthusiasm for technology: To ensure this, young people in particular should be introduced to technology and any existing interest should be promoted. The “Inventors” award, aimed at appreciating the innovative strength of our employees, was presented for the first time in 2023. In addition, Phoenix Contact has its own charitable trust, which is focused on scientists. Its aim is to promote projects and research in the field of natural and technical sciences. Furthermore, the charitable trust is committed to providing individual sponsorships through doctoral scholarships in the fields of electrical engineering and machine building.

Another target group of the charitable trust is students. As a part of this, the charitable trust offers the OWL study fund, a Germany-wide cooperation project involving an alliance of five universities. This fund provides students in OWL with tangible and intangible support. There are also events with other companies that highlight topics such as modern working environments.

When evaluating our sustainability efforts in the field of social sustainability, the company does not just rely on the internal evaluation of processes. It is also evaluated by third-party certifiers such as Ecovadis. The insights gained into the current challenges faced by employees are used to derive and plan measures that minimize negative influences or take advantage of opportunities.

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## Workforce in the value-added chain

Phoenix Contact demands the same level of compliance with labor rights and human rights from all partners as it does from itself. This commitment is enshrined in the Code of Conduct for Suppliers.

The employees in the supply chain have been identified as being essential for Phoenix Contact – in particular in the areas of working conditions, equal treatment and opportunities for all, and other work-related rights (such as child labor).

### Risk assessment and management

As part of the annual LkSG risk analysis (German Supply Chain Due Diligence Act), the impacts on employees in the supply chain of direct suppliers (Tier 1) are determined. Country- and industry-specific information is collected and evaluated using various data sources. Based on this information, a potential risk for suppliers is reported in the “Labor and Human Rights” section.

In order to determine the actual effects on employees, potential risk suppliers are invited to participate in a software-supported sustainability

rating system. This rating system includes various sustainability categories and uses specific questionnaires to assess the impact on employees and other stakeholders.

### Strategies related to workforce in the value-added chain

Our strategy is to identify risk-increased suppliers and obligate them to comply with various standards within the framework of the Code of Conduct for Suppliers. The social and environmental standards within this Code of Conduct are based on the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles for Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. Phoenix Contact has set itself the goal of removing high-risk suppliers based on ESG ratings from its supply chains by 2030.

No compliance violations were identified as a result of these processes during the reporting period.



# Governance

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# Governance

## Risk management

At Phoenix Contact, risk management is structured so that it can identify, analyze, and assess existing risks at an early stage. Significant risks to the Group are described and assessed in detail in the risk management system in order to create internal transparency and increase risk awareness. The Group’s risk manual describes the concept, methods, and implementation. The Group Executive Board and the Advisory Board receive regular reports on the status of the risks and the measures initiated.

Management decisions are based on a multi-stage risk management concept that identifies risks at an early stage. This concept includes business management tools used to support decision-making and prompt reporting. The risk managers in the specialized areas take appropriate measures to minimize operational risks and to reduce the likelihood of their occurrence. This safeguards the value-added chain.

Updated forecasts and appropriate planning enable critical deviations to be identified in due time. A continuous controlling process ensures that risks are monitored and action steps are followed.

Phoenix Contact’s key objective remains that of achieving sustainable and profitable growth while striving for a balanced relationship between risks and opportunities. The company expects a growing demand for products and solutions in electromechanics and electronics in the coming years, although demand developed negatively in 2024 due to the economic situation. This applies to the same extent to the untapped market potential of existing product lines and to business with customized solutions. In addition, the megatrends of digitalization, urbanization, globalization, and the increasing pressure to adapt to mitigate the effects of climate change offer long-term opportunities. Phoenix Contact has the necessary development and product expertise as well as technological solution expertise for the most urgent future topics. We see sustainable growth potential in the markets

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for renewable energies, the conversion of energy into other forms of energy (Power-to-X), energy efficiency, smart grids, water management, and e-mobility. Phoenix Contact’s vision of the future – the “All Electric Society” – gives the company the opportunity to tap new sales potential and play a decisive role in shaping the industry’s transformation towards climate neutrality.

For Phoenix Contact, designing our products in compliance with standards and norms is mandatory. The Group monitors changes within the relevant standards centrally and forward them to the Business Areas promptly. The European Union and other countries are increasing their efforts to reduce the use of lead in products. The Phoenix Contact Group is preparing to completely replace lead in alloys. This involves time-consuming and resource-intensive tests as well as material changes. Given the increase in manufacturing costs, a change to lead-free products will temporarily impact earnings in the low single-digit million range. In the meantime, new alloys have been increasingly entering the market, and the price disadvantages can be expected to wane over the medium term. New studies have been carried out on other substances, including PFAS. Currently,

PFAS are used in particular in technical plastics. Manufacturers are repositioning themselves regarding PFAS, so we as a group of companies are actively monitoring market developments in order to evaluate PFAS-free alternatives coming onto the market with regard to their suitability for use in our products. Phoenix Contact is preparing for new regulatory initiatives and requirements that affect the cybersecurity of products.

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## Corporate compliance

As an independent organizational unit in the Corporate Legal & Compliance division, Corporate Compliance Management (CCM) ensures that regulations are observed. This unit reports to the CFO and is based on a comprehensive compliance risk analysis supported by a specialized law firm. CCM is responsible for the global implementation of the Compliance Management System within the Phoenix Contact Group. This includes developing standards and frameworks that are implemented nationally and internationally. CCM operates within a defined scope and is supplemented by decentral compliance teams, which are anchored organizationally in another part of the Group.

The central rules and guidelines are laid out in the Corporate Principles and the Code of Conduct of the Phoenix Contact Group and are implemented in all Group companies worldwide. In addition, CCM and the decentral compliance teams publish guidelines on specific compliance topics. Within the framework of the integrated management system of the Phoenix Contact Group, the publication of all CCM directives is ensured by a central directive database and an intranet site. Consistent communication internally ensures that all employees are well

informed. In addition, there is a comprehensive compliance training concept that includes regular, target-group-specific, and risk-oriented training courses for all employees – in accordance with their tasks and areas of responsibility. A total of 23,592 compliance training courses were held covering various topics were held during 2024.

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### Whistleblower system

A whistleblowing system is available to employees, business partners, and third parties in the event of knowledge of damaging conduct or economic and legal risks. These systems are globally certified and ensure anonymity. Reports of potential violations of the law and internal regulations can also be made anonymously. An electronic mailbox enables anonymous dialog, with the opportunity to ask follow-up questions. The systems are accessible via the respective homepages and are located on an external server, which means that the reported information cannot be traced. Data protection requirements are completely fulfilled. The reports are recorded by employees at an international law firm. If further communication is necessary between the relevant attorney’s office and the whistleblower, this will be conducted in strict confidence and, if desired, anonymously. The information is then forwarded to Phoenix Contact’s Corporate Compliance Management, who will then carefully review the matter. If necessary, measures will be taken and the situation will be rectified as quickly as possible.



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## **Preventing and uncovering corruption and anti-competitive behavior**

Preventing corruption is a central CCM topic. The Allocation Directive, which contains all corruption-related risks identified in the compliance risk analysis, lies at the core of the prevention activities. The directive is conveyed as part of the compliance training concept. Specific compliance risks that require further investigation are dealt with by supplementary individual guidelines.

Another important topic of CCM is the prevention of anti-competitive behavior. At the heart of these activities is the antitrust policy, which contains all antitrust-related risks identified in the compliance risk analysis. The directive is also conveyed as part of the compliance training concept.

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### Training on corruption prevention and the antitrust law

Phoenix Contact maintains a comprehensive risk-based compliance training concept, which includes training courses on the prevention of corruption and the antitrust law. Risk-based in this case means that

the intensity of the training for different employees is based on the individual degree of risk exposure. These training courses are mandatory. Against this backdrop, Phoenix Contact conducted the following training courses, among others, in the fiscal year 2024:

| Topics handled                      | Mandatory | Method                | Minimum duration | Interval      | Risk-bearing functions | of which are managers |
|-------------------------------------|-----------|-----------------------|------------------|---------------|------------------------|-----------------------|
| Onboarding compliance               | x         | In person             | 1 h              | -             | 331                    | 27                    |
| Basic training course on compliance | x         | E-learning            | 35 min           | Annually      | 4,830                  | 1,324                 |
| Gifts                               | x         | E-learning            | 25 min           | Annually      | 4,941                  | 970                   |
| Advanced training, gifts            | x         | In person/live online | 2 h              | Every 2 years | 327                    | 52                    |
| Fair conduct in competition         | x         | E-learning            | 20 min           | Annually      | 2,278                  | 549                   |
| Advanced training, competition      | x         | In person/live online | 2 h              | Every 2 years | 190                    | 27                    |
| Competition – dual sales            | x         | In person/live online | Indiv.           | Annually      | 119                    | 17                    |
| Competition – dual sales (II)       | x         | In person/live online | 30 min           | Annually      | 274                    | 8                     |
|                                     |           |                       |                  |               | <b>13,290</b>          | <b>2,974</b>          |

In comparison, 12,869 of the above-listed training courses were held in 2023.

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## Tax compliance

Taxes have both economic and regulatory implications. At Phoenix Contact, tax compliance is not only understood as an administrative task, but also as a strategic management task. This means that tax regulations are adhered to efficiently and in a timely manner in operations and processes. In view of the continuous growth and increasing complexity of business models and the international regulatory environment, the tax function is becoming increasingly important. This function is anchored in the Corporate Tax & Group Governance unit in the CFO area. Phoenix Contact addresses its tax requirements by applying a tax strategy that is derived from the Corporate Principles and the Code of Conduct and based on three pillars:

### 1. Tax Compliance

In line with the principles of sustainability and a trust-based cooperation set in the Corporate Principles, the systematic and correct fulfillment of tax law requirements is the overriding principle of Phoenix Contact’s tax strategy. Aggressive tax arrangements that could impair the public awareness of the family business are avoided. Reputation risks are minimized. Our tax managers maintain a professional relationship with the tax

authorities, always bearing in mind the legitimate interest of the Group and its owners in keeping the tax burden as low as possible.

### 2. Tax follows business

In the event of conflicts between non-tax business development objectives and tax objectives, the principle of “tax follows business” takes precedence without jeopardizing the compliance objective. The long-term healthy development of our business takes precedence over short-term tax considerations.

### 3. Considering tax impacts on business strategies

Taxes as outgoings and tax savings as incoming payments impact the key performance indicators (KPIs) for business performance. This applies to both the tax payments themselves and the process-related costs of the process design, which are sometimes only incurred after several years as a result of tax audits. This limits the principle that “tax follows business”.

The three principles of Phoenix Contact’s tax strategy outlined above are defined in the tax policy that applies throughout the Group. This directive regulates the responsibilities between the local units and the central controlling unit. In addition, it specifies when the central tax unit should be

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involved and which principles apply in cooperation with external tax consultants. The directive is reviewed annually for update requirements.

In addition to the Group’s tax policy, the tax principles are also embedded in other directives, such as the Transfer Pricing Guideline, which applies to the entire Group. The rules and regulations can be accessed in a worldwide database and on the intranet. The central tax department offers both mandatory and elective training on such guidelines and other special tax questions at both a national and international level. This is an integral part of the central Tax Compliance Management System at Phoenix Contact. Tax aspects are also embedded in the Group’s overall compliance system. As part of Phoenix Contact’s overall risk management system, significant tax risks are reviewed, re-evaluated, and updated every six months. External auditors also examine and report on tax-relevant aspects while auditing the annual financial statements, as does our internal audit department. The whistleblowing systems are also open for tips on aspects related to tax compliance.

At this time, various projects are planned as part of the Digital Transformation Roadmap, aimed at modernizing, digitalizing, and automating numerous

business processes. The resulting technological and organizational potentials are actively utilized in the Tax Compliance unit.

The Tax Compliance Management System is continuously being strengthened and further interlinked with national and international business processes. This increases process reliability beyond the measures already taken. The three core approaches include increasingly harmonized data structures, further standardized and automated process flows, and increased use of IT-based and automated controls.

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## Cybersecurity

In recent years, companies have increasingly become targets of cyberattacks, and the frequency of successful attacks has increased significantly. Therefore, the “Information Security” segment plays a central role within the corporate strategy and risk management at Phoenix Contact. Our ultimate goal is ensuring that the company can act with confidence and independence at all times. Of equal importance is not endangering the security of our business partners or their ability to act and meeting the applicable legal requirements. Within this context, the term “cybersecurity” applies to the following aspects within the Phoenix Contact Group:

### Protecting business capabilities

We protect the business capabilities of the Phoenix Contact Group and our business partners against attacks, unauthorized access, manipulation, and other types of harmful events that have impacts on our digital information, the information technology infrastructure, or the automation technology infrastructure.

### Detecting and evaluating hazards

We recognize and evaluate corresponding hazards and introduce preventive as well as risk-reducing measures.

### Effective response and recovery

We respond effectively to dangerous situations and harmful events that have already occurred and recover the affected data, systems, and infrastructures after damage.

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## About this report

In this sustainability report, Phoenix Contact provides information on the sustainability strategy and the sustainability activities of the Phoenix Contact Group for the fiscal year from January 1, 2024 to December 31, 2024.

In preparation for reporting in accordance with CSRD, a double materiality assessment was carried out for the first time in accordance with the requirements of the ESRS. On this basis, the sustainability report was restructured along the topics identified as being key.

### > Key topics

To satisfy the stakeholders’ need for knowledge as fully as possible, we have also included information above and beyond these standards in this report. Unless explained otherwise in each of the individual topics, the report refers to the Phoenix Contact Group. Last year, the ESG reporting was further rolled out and the listed key figures and measures no longer cover just 80% of internal sales, but also include all fully consolidated subsidiaries of the Phoenix Contact Group. At least 95% of the sales, the locations, and the workforce are therefore

covered, which significantly improves the range and accuracy of the ESG reporting. In any case where key figures do not represent the complete consolidation group, this is pointed out separately. As a signatory of the UN Global Compact, Phoenix Contact is obliged to report on the progress of the implementation of the 10 principles. The required annual “Communication on Progress” (CoP) is also taken into account in this sustainability report.

Furthermore, the report makes reference to the United Nations sustainable development goals. The goals which Phoenix Contact is focusing on and which company activities lead to achieving the goals is presented in the “Sustainability at Phoenix Contact” section.

All forecasts in this report are based on assumptions valid at the editorial deadline (2025-05). Given unknown risks, uncertainties, and other factors, the actual changes and developments in the Group’s performance may differ from the forecasts, estimates, and announcements published here. The report has not been checked externally.



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In recent years, Phoenix Contact has voluntarily published sustainability reports and has oriented it to the standards of the Global Reporting Initiative (GRI). In order to ideally prepare for the mandatory switch to the European Sustainability Reporting Standards (ESRS), Phoenix Contact carried out the CPIS in accordance with the ESRS requirements for the first time in 2024.

Unless explained otherwise in each of the individual topics, the report refers to the Phoenix Contact Group. Last year, the ESG reporting was further rolled out, such that the listed key figures and measures no longer cover just 80% of

internal sales, but also include all fully consolidated subsidiaries of the Phoenix Contact Group since 2024. This means that at least 95% of the sales, the locations, and the employees are covered. If key figures do not represent the complete consolidation group, this is indicated separately. Therefore, some KPIs are not comparable with previous years in the following and may not be shown for previous years.

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| ESRS  | Key performance indicator  | Unit        | 2022        | 2023          | 2024        | Difference |
|---|--|-------------|-------------|---------------|-------------|------------|
| <b>E1-5<br/>Energy<br/>consumption and<br/>energy mix</b> | Total energy consumption in connection with in-house activities                                | kWh         | 298,705,000 | 270,783,000   | 269,144,153 | -0.6%      |
|   | Total consumption of energy from fossil sources  | kWh         | 176,513,826 | 154,152,104   | 143,235,123 | -7.1%      |
|   | Total consumption of nuclear power energy  | kWh         | 0           | 0             | 0           |            |
|   | Consumption of energy from nuclear power sources as a percentage of total energy consumption   | %           | 0           | 0             | 0           |            |
|   | Percentage of fossil sources in total energy consumption                                       | kWh         | 59 %        | 57 %          | 53 %        | -6.5%      |
|   | Total consumption of energy from renewable sources   | kWh         | 122,051,158 | 116,653,355   | 126,523,344 | 8.5%       |
|   | Consumption of fuel from renewable sources   | kWh         | n/a         | n/a           | 627,569     |            |
|   | Consumption of purchased or drawn electricity, heat, steam, and cooling from renewable sources | kWh         | 122,051,158 | 116,653,355   | 126,523,344 | 8.5%       |
|   | Electricity  | kWh         | 122,051,158 | 116,653,355   | 125,895,775 | 7.9%       |
|   | Wood   | kWh         | n/a         | n/a           | 627,569     |            |
|   | Usage of non-fuel-based renewable energy generated in-house                                    | kWh         | n/a         | n/a           | 3,523,741   |            |
|   | Percentage of renewable sources in total energy consumption                                    | %           | 41 %        | 43 %          | 47 %        | 8.6%       |
|   | Consumption of fuel from coal and coal products  | kWh         | n/a         | n/a           | 122,755     |            |
|   | Consumption of fuel from crude oil and petroleum products                                      | kWh         | 18,692,348  | 20,044,395    | 24,629,435  | 22.9%      |
|   | Oil  | kWh         | 1,870,973   | 3,408,502     | 412,669     | -87.9%     |
| Fuel (gasoline)   | kWh  | 5,154,733   | 8,688,894   | 16,344,280.25 | 88.1%       |            |
| Diesel  | kWh  | 11,666,642  | 7,946,999   | 7,872,485.69  | -0.9%       |            |
| Consumption of fuel from natural gas                      | kWh  | 152,660,211 | 127,859,966 | 113,019,949   | -11.6%      |            |

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| ESRS  | Key performance indicator   | Unit                | 2022       | 2023       | 2024       | Difference |
|---|---|---------------------|------------|------------|------------|------------|
| <b>E1-5<br/>Energy consumption and energy mix</b>   | Consumption of purchased or drawn electricity, heat, steam or cooling from fossil sources | kWh                 | 5,161,267  | 6,247,743  | 5,462,984  | -12.6%     |
|   | Electricity   | kWh                 | n/a        | n/a        | 0          |            |
|   | District heating  | kWh                 | 4,691,000  | 5,516,386  | 4,688,929  | -15.0%     |
|   | District cooling  | kWh                 | 470,267    | 731,357    | 774,055    | 5.8%       |
|   | Non-renewable energy production   | kWh                 | 40,571,373 | 34,680,660 | 31,398,423 | -9.5%      |
|   | CHP (combined heat and power)   | kWh                 | 40,571,373 | 34,680,660 | 31,398,423 | -9.5%      |
|   | Renewable energy production   | kWh                 | 1,875,669  | 2,564,082  | 4,789,079  | 86.8%      |
|   | Photovoltaics   | kWh                 | 1,875,669  | 2,564,082  | 4,789,079  | 86.8%      |
| <b>E1-6<br/>Gross GHG gross emissions of Scope 1, 2, and 3 as well as total GHG emissions <sup>1)</sup></b> | Scope 1 Direct emissions <sup>2)</sup>  | t CO <sub>2</sub> e | 39,487     | 34,327     | 28,813     | -16%       |
|   | Scope 2 Indirect emissions, location-specific <sup>2)</sup>                               | t CO <sub>2</sub> e | 62,970     | 62,776     | 66,494     | 6%         |
|   | Scope 2 Indirect emissions, market-related  | t CO <sub>2</sub> e | n/a        | n/a        | 0          |            |
|   | Scope 1 – 3 Total emissions   | t CO <sub>2</sub> e | 3,348,980  | 3,112,629  | 2,521,468  | -19%       |
|   | Scope 3 <sup>3)</sup>   | t CO <sub>2</sub> e | 3,309,493  | 3,078,302  | 2,492,655  | -19%       |
|   | Scope 3.1 Purchased materials and services  | t CO <sub>2</sub> e | 874,243    | 679,706    | 542,267    | -20%       |
|   | Scope 3.2 Capital assets  | t CO <sub>2</sub> e | 83,098     | 100,986    | 62,835     | -38%       |
|   | Scope 3.3 Fuel and energy-related emissions   | t CO <sub>2</sub> e | 53,764     | 52,474     | 47,451     | -10%       |
|   | Scope 3.4 Transport and distribution  | t CO <sub>2</sub> e | 61,935     | 53,014     | 48,372     | -9%        |
|   | Scope 3.5 Waste   | t CO <sub>2</sub> e | 11         | 10         | 5          | -48%       |
|   | Scope 3.6 Business travel   | t CO <sub>2</sub> e | 5,404      | 7,305      | 2,923      | -60%       |
|   | Scope 3.7 Employee commuting  | t CO <sub>2</sub> e | 29,491     | 29,255     | 28,851     | -1%        |
|   | Scope 3.8 Rented or leased property, plant, and equipment                                 | t CO <sub>2</sub> e | 0          | 0          | 0          |            |
| Scope 3.9 Transport and distribution  | t CO <sub>2</sub> e   | 43,712              | 33,985     | 27,113     | -20%       |            |
| Scope 3.10 Processing of the products sold  | t CO <sub>2</sub> e   | 0                   | 0          | 0          |            |            |

<sup>1)</sup> The Corporate Carbon Footprint for 2022 and 2023 has been corrected based on the findings from 2024.

<sup>2)</sup> Adjustment of the emission data for 2022 and 2023, as all fully consolidated subsidiaries of the Phoenix Contact Group have been considered since 2024.

<sup>3)</sup> Change of the emission data in Scope 3 for all years, as more detailed data is available and all fully consolidated subsidiaries of the Phoenix Contact Group have been considered since 2024. Furthermore, all Scope 3 categories were determined and included.

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| ESRS  | Key performance indicator  | Unit                   | 2022      | 2023      | 2024      | Difference |
|---|--|------------------------|-----------|-----------|-----------|------------|
| <b>E1-6<br/>Gross GHG gross emissions of Scope 1, 2, and 3 as well as total GHG emissions <sup>1)</sup></b> | Scope 3.11 Use of the products sold  | t CO <sub>2</sub> e    | 2,065,337 | 2,027,621 | 1,652,976 | -18%       |
|   | Scope 3.12 Handling of sold products at the end of their lifecycle   | t CO <sub>2</sub> e    | 92,496    | 93,945    | 79,863    | -15%       |
|   | Scope 3.13 Property, plant, and equipment rented out or leased out   | t CO <sub>2</sub> e    | 0         | 0         | 0         |            |
|   | Scope 3.14 Franchise   | t CO <sub>2</sub> e    | 0         | 0         | 0         |            |
|   | Scope 3.15 Investments   | t CO <sub>2</sub> e    | 0         | 0         | 0         |            |
|   | Intensity of total GHG emissions   | kg CO <sub>2</sub> e/€ | 0.930     | 0.907     | 0.815     | -10%       |
|   | Intensity of production-related GHG emissions  | kg CO <sub>2</sub> e/€ | 0.289     | 0.244     | 0.211     | -13%       |
| <b>E5-4<br/>Resource inflows</b>  | Total weight of the products, technical materials, and biological materials used during the reporting period | t                      | 375,523   | 348,925   | 243,650   | -30%       |
|   | Percentage of biological materials (and bio-fuels used for non-energy purposes)                              | %                      | n/a       | n/a       | 2.0%      |            |
|   | Percentage of reused or recycled components, secondary intermediate products, and secondary materials        | %                      | 5.30%     | 3.40%     | 7.90%     |            |
| <b>E5-5<br/>Resource outflows</b>   | Total waste, weight  | t                      | 9,132.8   | 8,579     | 8,720.75  |            |
|   | Total weight of hazardous waste for disposal   | t                      | 824.5     | 831.8     | 803.5     | -3%        |
|   | Total weight of non-hazardous waste for disposal   | t                      | 8,308.30  | 7,747.20  | 7898.5    | 2%         |
|   | Hazardous waste that is forwarded for recycling  | t                      | 179.7     | 131.2     | 109.74    | -16%       |
|   | Non-hazardous waste that is forwarded for recycling  | t                      | 6,773.10  | 5,757.40  | 5,385.75  | -6.5%      |

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| ESRS  | Key performance indicator   | Unit                | 2022                | 2023   | 2024   | Difference |
|---|---|---------------------|---------------------|--------|--------|------------|
| <b>S1-6<br/>Company workforce facts and figures</b> | Total number of employees   |                     | 19,957              | 21,734 | 21,121 | -3%        |
|   | Of which  |                     |                     |        |        |            |
|   | Male  |                     | 13,970              | 15,214 | 13,907 | -9%        |
|   | Female  |                     | 5,987               | 6,520  | 7,152  | 10 %       |
|   | Other   |                     | n/a                 | n/a    | 10     |            |
|   | Not specified   |                     | n/a                 | n/a    | 52     |            |
|   | Of which  |                     |                     |        |        |            |
|   | 0 – 29 years  |                     | 1,112 <sup>4)</sup> | 3,531  | 3,438  |            |
| 30 – 50 years                                       |   | 4,728 <sup>4)</sup> | 12,318              | 12,179 |        |            |
| 50+ years   |   | 3,430 <sup>4)</sup> | 5,723               | 5,504  |        |            |
| <b>S1-9<br/>Diversity parameters</b>                | Gender distribution at the top management level                                       |                     | 6                   | 6      | 6      |            |
|   | Proportion of women   | %                   | 0                   | 0      | 0      |            |
|   | Proportion of men   | %                   | 100                 | 100    | 100    |            |
| <b>S1-13<br/>Training and skills development</b>    | Number of employees who have taken part in regular performance and career assessments |                     |                     |        |        |            |
|   | Male  |                     | n/a                 | n/a    | 13,286 |            |
|   | Female  |                     | n/a                 | n/a    | 5,566  |            |
|   | Average number of training hours  |                     |                     |        |        |            |
|   | Male  | h                   | n/a                 | n/a    | 10.70  |            |
| Female  | h   | n/a                 | n/a                 | 7.08   |        |            |

4) 2022: Germany only

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| ESRS  | Key performance indicator   | Unit | 2022    | 2023    | 2024   | Difference |
|---|---|------|---------|---------|--------|------------|
| <b>S1-14 Occupational health and safety</b>         | Percentage of persons in own workforce who are covered by a health and safety management system based on legal requirements and/or recognized standards or directives | %    | n/a     | n/a     | 99.38  |            |
|   | Number of work-related accidents in own workforce that require reporting  |      | 414.8   | 224.6   | 210    | -7%        |
|   | Sick days   |      | 1,136.7 | 1,711.9 | 2,245  | 31 %       |
| <b>S1-15 Compatibility of work and private life</b> | Percentage of employees who are entitled to leave for family reasons <sup>5)</sup>  |      |         |         |        |            |
|   | Male  | %    | n/a     | n/a     | 10.44  |            |
|   | Female  | %    | n/a     | n/a     | 20.99  |            |
| <b>G1-4 Corruption or bribery cases</b>             | Total number of confirmed cases of corruption or bribery  |      | 0       | 0       | 0      |            |
|   | Number of convictions for violations of corruption or bribery regulations   |      | 0       | 0       | 0      |            |
|   | Total number of employees receiving training on preventing corruption and the antitrust law   |      | n/a     | 12,869  | 13,290 | 3.3 %      |

*5) Percentage of people who can take parental leave because they are providing care or become parents.*